

**MAYOR OF LONDON**

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# **Skills for Londoners Framework**

**Consultation**



**European Union**

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Social Fund

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More London  
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**[www.london.gov.uk](http://www.london.gov.uk)**

enquiries 020 7983 4000

minicom 020 7983 4458

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# 1. Introduction

The [Skills for Londoners Strategy](#) was published on 10 June 2018. The Strategy is the first dedicated Skills and Adult Education Strategy produced by a London Mayor. It sets out the contextual skills challenges London faces, along with the priorities and actions required to make the London skills system the envy of the world and achieve the Mayor's vision for:

**'A City for all Londoners—making sure Londoners, employers and businesses get the skills they need to succeed in a fair, inclusive society and thriving economy.'**

There are three key priorities at the heart of the Strategy:

1. empower all Londoners to access the education and skills to participate in society and progress in education and work
2. meet the needs of London's economy and employers now and in the future
3. deliver a strategic city-wide technical skills and adult education offer

Alongside the Skills for Londoners Strategy, the draft Skills for Londoners Framework sets out how the objectives of the Strategy will be delivered in the context of the devolution of the Adult Education Budget (AEB). From the academic year 2019-20, the Adult Education Budget (AEB) in London will be devolved to the Mayor, transferring responsibility from the Department for Education (DfE) for the delivery of adult education provision to London's residents.

The Framework is published in draft on the GLA website for consultation from **17 July 2018 to 17 August 2018**. Stakeholders are encouraged to respond to the following questions under each of the key chapter headings in the draft Framework to help support the strategic aims of the AEB and to shape the AEB Funding Rules, which will be published in the autumn 2018.

This document contains excerpts from the draft Skills for Londoners Framework. You can read the full draft Framework at <https://www.london.gov.uk/what-we-do/business-and-economy/skills-and-training/skills-londoners-strategy-2018>

## 2. Adult Education Budget

The Mayor wants to tailor adult education and skills provision in the capital to ensure that every Londoner has the opportunity to learn and develop the right skills to succeed. To do this, a number of priority areas have been identified where City Hall will explore making changes to the AEB in the future. City Hall has identified eight areas to reform within the devolved AEB in London. Informed by the Skills for Londoners Strategy consultation and the wider skills evidence base, the priorities for change are in relation to:

- 1 Eligibility for full-funding for people in low-paid work
- 2 Basic English and maths skills
- 3 English for Speakers of Other Languages (ESOL)
- 4 Basic digital skills
- 5 Adult Community Learning (ACL)
- 6 Support for disadvantaged learners
- 7 Support for learners with Special Educational Needs and Disabilities (SEND)
- 8 Addressing London's sectoral and occupational skills needs

This chapter sets out the rationale for each of these priority areas, as well as wider policies to remove barriers to participation and achievement in adult education.

### Questions

**1. Do you support the changes the Mayor intends to make to widening the eligibility of AEB funding to in-work groups earning below the London Living Wage in London? Please explain your answer.**

Yes, we support the continuation of the low wage fee remission rule in 2019-20 and the widening of eligibility to in-work groups earning below the London Living Wage. AoC is convinced that in-work poverty is a major barrier to people who would value and gain from education and training. The Education and Skills Funding Agency introduced the low wage fee remission rule for the first time in 2018 in response to the changing economy. Employment rates are high and there are fewer people on income-related benefits but, at the same time, more people in work are effectively in poverty because of low income, this is particularly apparent in London. The previous adult education budget rules required them to pay a 50% fee towards publicly funded adult education and this acts as a significant financial barrier to participation.

The 2018-19 arrangements, although welcome, do not reflect the extra costs of living and working in London, including the higher cost of housing, childcare and transport and so fails to address the affordability threshold in the capital. We therefore support the 26% increase in the income threshold to £19,890 - using the London Living Wage to identify the threshold. It removes the financial barrier to learn for those in work who are on a low income, improving their career prospects and the life chances of their families.

Currently the AEB budget is underspent (nationally), not due to demand but because of limited eligibility. ESFA's changes to the AEB rules mean there is unlikely to be an underspend in 2018-19. Providing additional opportunities for Londoners earning a low wage is a positive step and should enable local people to develop the skills and knowledge required to progress within the jobs market. Since the peak in 2011/12 we have witnessed a significant reduction in student numbers – a fall which coincides with a large cut to adult further education funding (over 35%) and the subsequent requirement that learners should co-fund or self-fund their learning.<sup>1</sup> This is a participation trend that must be reversed.

However, there is a caveat. Loosening the eligibility criteria of AEB funding, to potentially include in the region of 788,000 new participants without increasing the overall budget risks stretching resources too thinly and potentially redirecting provision from one disadvantaged group to another – for example London still has one of the highest rates of adult unemployment in the English regions. ESFA has not commissioned any external research in advance of their 2018 rule change and the first set of data for 2018-19 will not be available until

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<sup>1</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/618924/SFR13-2017-June-revision.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/618924/SFR13-2017-June-revision.pdf)

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spring 2019. ESFA officials estimate that it should be possible for colleges and other providers to cope with the costs of additional demand from existing AEB allocation but will not know whether this is the case until spring 2019. The extension of eligibility may place an unprecedented demand on provision and without additional investment may distort provision. It will be important for the GLA to assess the impact of the new national rule, which only comes into effect in 2018-19.

It makes sense for City Hall and for London-based providers to plan now for an increase in the income threshold. This will ensure that City Hall can rely on an established group of London-focused colleges and providers to communicate this change to potential participants in order that they can make an informed choice.

### **2. What should be included in a package of wraparound support for adult education providers to assist the delivery of English and maths courses**

AoC would be very happy to support City Hall in its plan to commission research on participation and achievement rates, which should help answer this question. The experience of colleges of what support helps them achieve success in English and maths are that this includes:

- An appropriate and individualised curriculum. The disappointing pass rates in adult English and maths partly reflect the drawbacks of the existing functional and basic skills qualifications
- Sufficient funding. The 29% fall in English and maths participation from 2011 to 2016 is partly a result of the cut in adult education funding outside apprenticeships
- Support for pre-course assessment, linked with improved Information, Advice & Guidance
- Protected Additional Learner Support – for example to provide financial support for examination fees where costs are prohibitive for low income learners
- Support for workforce development and CPD

It will be important to build on practical college experience of what works and what the barriers are. Equally any proposed package of wrap around support needs to be sufficiently personalised to ensure the specific needs of individuals are met.

### 3. Which groups of learners should be considered a priority for Adult Community Learning?

AoC supports the findings of the London Adult and Community Learning review report commissioned by London government and published in 2017, as a result of the government's area review programme:

- Ensuring those with basic skills have access to quality provision
- Aiding integration and social cohesion by providing ESOL classes and facilitating participation by those least able to access education
- Improving personal wellbeing through ensuring there is an infrastructure capable of providing enrichment and personal development activity
- Facilitating take-up of entitlements for free education in basic skills, ESOL and up to Level 2 for 19-24 year olds
- Ensuring those with learning difficulties and disabilities have provision that supports their education progress

ACL plays a key role in the engagement of hard to reach individuals, enabling a stretch into the community to address both health and social wellbeing outcomes and the start of progression pathways into and within work and learning.

### 4. What social outcomes should City Hall measure, and are there particular approaches or trials City Hall should learn from?

AoC welcomes the GLA's acknowledgement of the wider social outcomes of learning, we know from impact and satisfaction surveys that students self-report a broad range of beneficial outcomes and improvements. There is a risk that a rigid outcome based payment system could undermine these wider benefits.

There are numerous research studies which illustrate that adult learning is linked to improving the health and social well-being of individuals and contributes to social cohesion. Those aspects highlighted in the framework are all valid and there are a range of studies that measure the impact adult learning has on individuals, particularly with respect to:

- Health and wellbeing
- Confidence
- Civic engagement
- Meeting learning aims and (for those relevant) success in supporting progress into work or in work
- Creative thinking skills; decision making skills; interpersonal and communication skills; negotiation skills; problem solving skills; team working skills; time management and organizational skills

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However, studies also highlight the fact that the impact is often seen over a period of time and is different for each individual and therefore problematic in any consistent measurement.

BIS/IOE research (Relationship between Learning and Well-being. Cara, O, BIS/IOE, 2012) highlighted the complexity of making a judgement of the impact and found 'effects are not linear or straightforward' and Field states 'evidence simply tells us that adult learning....can help fuel important changes, but cannot be seen as a 'pedagogic aspirin' that works instantly for everyone' (Adult Learning, Health and Well-Being: Changing lives. Field, J, University of Stirling, 2011).

Recent research by Schuller, commissioned by the Government Office for Science, further concluded that impact is not just predicated on the quality of the provision but on the individual's engagement with it. The research emphasises that 'because these benefits are often indirect and are the result of complex interactions with other factors, they can be hard to identify and demonstrate.' (What are the wider benefits of learning across the life course? Schuller, T, GOfS, 2017).

City Hall needs to look at this aspect of research findings, rather than look solely to quantitative outcomes, when assessing the practicality of measuring aspects of an individual's life over which providers have little influence – particularly with the intention of linking funding.

In acknowledging social outcomes we would also be keen that City Hall acknowledges community-wide or place-based outcomes alongside outcomes for individual learners – the contribution of colleges to communities (by location or for communities of interest) is as important.

### **5. On which personal learner characteristics might disadvantage uplift payments in the AEB funding formula be based?**

We agree that funding should follow learning needs and fundamentally the money needs to go where it is most needed. There is a certain logic to moving away from using postcodes, but there are significant concerns associated with the bureaucracy of alternative methods, with the potential for assessment to be intrusive and put up barriers to learner participation.

The disadvantage uplift in the national adult education funding formula is based on an individual's postcode and uses adjusted data from the Index of Multiple Deprivation. This is a long-established system, uses nationally-validated data and provides predictable levels of funding. The uplifts for those in postcodes counted as disadvantaged vary from 8% to 32% nationally but from 8% to 22% for London postcodes. 1,552 (32%) of London lower super output areas (LSOAs) qualify for the disadvantage uplift in 2017-18 compared to 21% of areas nationally. The use of the IMD and LSOAs to calculate disadvantage provides some statistical robustness to the current national method but makes the system obscure to education leaders and does not provide clear incentives to action.

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AoC and London colleges are keen to work with City Hall on a simpler, more transparent method which is more aligned with specific need. In London, there might be some merit in using Local Authority or GLA data to better target funding and to direct resources to residents in locally identified priority areas. However, there might be potential risks to financial stability and propriety in moving towards a system which provides in-year rewards to recruiting more learners from particular areas. Colleges with larger numbers of disadvantaged adult learners build up staffing costs associated with services to support them access, achieve and progress. We believe it would be better to maintain a lagged approach to distribution.

An alternative approach which recognises the additional costs associated with supporting some learners would be to strengthen Learner Support funding, increasing capacity and providing greater flexibility to better meet needs, for example through job coaching. Hardship bursaries also provide invaluable support and can be used for stepping-stones into work for help such as with buying clothes; haircuts, childcare, learning resources and travel.

There is also the possibility to retain the current disadvantage uplift methodology but to explore specific uplifts, for example for care leavers, learners living in social housing, learners with disabilities.

Whatever approach is adopted must be mindful of minimising bureaucracy, administrative burdens and intrusive evidence gathering from individual learners.

One other issue which will be worth researching is how the existing disadvantage factor is used by DFE and Ofsted in assessing performance. If a different system is introduced in London, some additional work might be necessary to align measurement.

### **6. How can providers be supported and encouraged to align provision with London's sectoral and occupational skills needs?**

Colleges require little encouragement to align their provision with London's sectoral and occupational skills needs providing the demand from students is evident. Unfortunately, student demand and occupational skills needs are not always aligned. Provision at 16-18 is incredibly important in addressing skills shortages and there needs to be more of a synergy between 16-18 and adult provision in the Framework.

Colleges recognise their responsibility to stimulate demand around priority areas where they are utilising public funding. However, they cannot do so on their own. The crucial market stimulant is high quality, independent careers advice and guidance from influencers drawing

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from both accurate and up-to-date labour market data and real engagement with employers looking to recruit. This support, along with proper funding for appropriate training, will provide all the encouragement required.

There is already a lot of great work taking place at a local level where providers have been able to align the delivery of provision to the needs of employers. This is facilitated through relationships that providers have with employers to deliver skills training in line with sector and occupational skills needs. The plan to develop a Skills and Knowledge Hub should be helpful; London needs to look at long-term skills needs, not just immediate employers' needs. Sub-regional Skills and Employment Boards will also play a part in bringing together providers, employers and stakeholders to target skills gaps based on local demand. Whilst there are numerous examples of good practice in London, in which colleges have pursued effective engagement strategies with a range of industry sectors, there is still more work to do. What is needed is more effective collaboration to deliver a pan-London approach to skills delivery. The proposed Occupational Skills Board could be useful in this respect, but it will be necessary to make sure the provider perspective is voiced on this board.

Initiatives such as the Mayor's Construction Academy help to create a stronger sense of sectoral priorities and the means to work collaboratively across a wider geographic or occupational area. Additional funding for some sectoral qualifications is also worth considering - but would need to be handled carefully so as not to make other qualification pathways unattractive

AoC would also highlight the importance of relevant CPD opportunities for teaching staff, plus the time and resourcing to allow them to take up CPD, to ensure that the offer is of the highest quality and relevance and reflective of the latest knowledge and research available to industry. There is also a clear role for employers and initiatives such as 'Teach Too' add to the quality and diversity of the student experience.

Flexibility in terms of what courses can be funded could help colleges respond better to learner and employer need. Over the last two decades, national agencies have restricted which qualifications can be funded in order to reduce pressure on budgets and make it clear that employers should fund training. City Hall's commissioning plans may mean that it can manage the adult education market in a different way, perhaps by allowing colleges to use funding for certain courses that meet economic need or that provide tickets to work, e.g. CSCS, 17<sup>th</sup> edition, Food Hygiene.

### **7. What other flexibilities or changes to the current ESFA AEB provision would providers most welcome and why?**

Essentially the ability to devise programmes to suit the needs of adults. The concept of study programmes which exists for learners 16-18 disappears when a person reaches age 19. Additional support around the course needs to be eligible for funding, for example IAG, employability skills and study skills. The essence of this is understanding the career pathway of the individual and providing them with support for all the component parts not just the qualification programme.

A specific area in which flexibilities might be effective is in relation level 2 qualifications which so often lead a returning adult student to employment or an Access course resulting in a place at University. Current rules only provide funding for full Diplomas which, for the most part, necessitate intense, full-time study over a full year. Smaller modules or Awards and Certificates which can be more tailored to individual student or employer needs do not generally attract funding.

Flexible funding allowing Awards and Certificates to be combined with Maths and English qualifications would attract more students who would then have the qualifications that are most essential for their progression.

The move towards upskilling low-income workers also requires greater flexibility and range of provision to meet these needs. We need to increase part-time adult vocational courses which are funded and offered by providers, Provision which offers students the ability to work towards a range of vocational awards, incentivised for providers to ensure they are offered, would allow these learners to upskill while working.

City Hall should take this opportunity to address the rather odd funding rule which currently prevents fundable AEB activity taking place on employers' premises. Not only does this rule seem misplaced given that apprenticeship funding has no such restriction, but it also prevents any initiatives whereby employers are able to flexibly access learning at their place of work during lunch times, after shifts etc. which specially meets employers needs and requests for responsiveness.

City Hall should also explore with DWP whether there can be flexibilities around the 16-hour rule and around Universal Credit conditions to ensure that proper incentives exist for meaningful retraining.

### 3. European Social Fund

To support the delivery of skills priorities in the capital, the Mayor and LEAP want to ensure the remaining unallocated ESF is successfully used in London up to 31 December 2023. The Mayor and LEAP oversee the London ESF programme delivered by a range of Co-Financing Organisations (CFOs) and directly funded organisations.

Where national CFOs are unable to fully use the remaining ESF funds or deliver the Mayor's priorities, City Hall will seek to match fund London's remaining ESF allocation, using the procured element of the AEB as match funding. City Hall's ESF will continue to be directed to meet identified gaps in mainstream provision of skills and employment support, as well as to pilot innovative approaches to the delivery of skills and employment provision to support the most disadvantaged groups in the capital.

This chapter sets out current and future ESF programme priorities, and how City Hall may seek to use ESF to deliver the Mayor's priorities for skills provision, as set out in the previous chapter.

### Questions

**8. For each of the ESF priority areas (Youth, Adult Employment, Adult Skills), are the proposed programme priorities and the priority groups identified the right ones?**

AoC is supportive of the proposed programme priorities and priority groups set out in the Framework in order to best provide a programme of support for all learners in London. City Hall should take the best from the lessons learnt in the last programme and retain the aspirational principles of collaboration, specialism and provider co-dependency.

The current funding and accountability measures within the further education skills have made the sector risk adverse, regarding the recruitment and retention of students. This has supported the improvements in achievement rates across London and the sector as a whole but may have further marginalised higher risk learners such as NEETS. The proposal to use ESF to test out different approaches that could then inform mainstream AEB is welcome. City Hall should therefore independently evaluate those programmes that are explicitly being used to test out approaches – for example, around in-work progression and re-engaging adults in learning.

The priority groups for NEETs should explicitly include carers among the most disadvantaged groups.

**9. How can City Hall best use ESF to support in-work progression to reduce the number of young people not in education, employment or training?**

AoC is supportive of the programmes proposed to support young people at risk of NEET and believe these principles could be applied to support for in-work progression. In particular, personalised wrap-around support, longitudinal mentoring and follow up are key. In addition, work with employers is needed to provide support to overcome barriers to progression and to increase retention and success rates.

ESF is an opportunity to provide a higher level of support and experiment with the best way to deliver services to achieve excellent outcomes for learners. The outcomes of the ESF NEET projects should be reviewed to ensure that programmes include outcomes which are more achievable for NEETs, within the short and medium term. For example, under a number of current ESF projects NEETS are expected to progress into 26 weeks of sustainable employment, following a relatively short and perhaps 'light touch' learning programme. It would be more desirable if the outcomes reflected the 'steps' a NEET student needs to take to build their confidence and skills over-time, to enable them to progress into the job market at the correct time. It would also be desirable if some of the outcomes could include NEET students progressing into more mainstream learning programmes, where they would be able to develop the skills required to achieve more gainful employment, or progress onto higher level study.

### **10. How can City Hall best use ESF to support the skills needs of both individuals and the sectors/occupations in London most likely to be affected by technological innovations, automation and Brexit?**

The key is ensuring that employer and providers collaborate to ensure that learning programmes are meeting the wider needs of each of the sectors. Employers should also be encouraged to invest in the skills of their workforce. City Hall should focus ESF skills support on those sectors most reliant on EEA migrants, working with these sectors to identify the skills challenges that they anticipate and getting businesses to inform the focus of the ESF skills support. Business investment in automation and disruptive technologies could accelerate if companies cannot access the talent that they need after Brexit. The London skills system needs to provide both young Londoners and adults with the skills to adapt to new ways of working, as research estimates that between 30 and 39 percent of jobs in London are susceptible to automation and disruptive technologies.

Transferable skills such as Creativity, Collaboration and Critical thinking will become increasingly important for Londoners to help them effectively deal with these changes and it will be important for them to re-skill throughout their working lives. These core skills should be embedded in London's education and skills systems, including the way that education and skills provision is delivered, so that London can remain a competitive, global city. ESF could provide an important test bed to identify how best to embed these skills in training provision (including how training is delivered) and how to encourage learners to re-skill throughout their working lives.

City Hall should focus on supporting educators and employers to develop programmes for new and existing employees in partnership. For example, large employers within the construction sector will need a wide range of specialist skills. A range of mainstream and specialist providers could develop and deliver these training programmes. Given the likely skills gaps into the future this would also enable employers and providers to engage with school-aged students to support future skills pipelines. Funding training for existing employees could also help employers unlock their apprenticeship levy for new recruits.

### **11. How can City Hall best use ESF to help widen participation and achievement in ESOL?**

ESOL provision should be free, accessible and integrated with other policies that can affect participation, such as access to free transport or childcare. Provision should be reflective of the diverse needs of students and recognise the wide range of needs adults have for improving their English. Unfortunately, successive funding cuts have left ESOL out of reach for many learners. We note City Hall's intention to conduct a focussed review on the quality and delivery of ESOL. ESOL teachers have been delivering high quality provision in spite of the very challenging environment due to funding cuts, and we would urge the review to incorporate the voice of practitioners into their findings.

## 4. Commissioning and Contract Management Arrangements

London has been awarded an indicative AEB allocation from the DfE of £311 million for the 2019-20 academic year. While the allocation will not be confirmed until January 2019, the DfE have indicated that this is based on a 2018-19 spend of around £277 million (89 per cent) by grant funded providers who receive their allocation on a non-competitive basis (primarily FE colleges, Institutes of Adult Learning (IAL) and local authorities) and approximately £34.3 million (11 per cent) of provision awarded through open and competitive tendering processes.

City Hall intends to allocate these funds, at least in the short term, on a similar proportion and basis to the current ESFA allocations meaning that the majority of the AEB will be awarded to grant funded providers based on their historic delivery in London and the remaining funds will be procured via an open and competitive process from the autumn 2018. The procured element of the AEB will be used to match fund a part of London's remaining unallocated ESF funding over four years.

This chapter sets out the commissioning and contract management arrangements for each of the different funding streams, and how these will complement each other to deliver the Mayor's strategic aims.

### Questions

#### **12. Is the proposed application of minimum contract values realistic?**

There is a variety of views in the sector. Arguably, City Hall needs to focus on supporting high quality providers regardless of size or scale. If a provider meets the regulatory requirements and has the skills to deliver high quality training they should be directly funded. On the other hand, a threshold of £100,000 is relatively low and City Hall resources may be stretched to support the number of organisations who would wish to contract. In reality, financial viability is the key issue. Organisations operating contracts in the low £100,000s may not be viable and/or struggle to offer good quality provision. It is often the case that a sub-contracting arrangement will work better in these cases with the prime able to offer support, particularly where quality improvement is required, and a means of rescue in the case of failure. Smaller and niche providers should be encouraged to apply as a consortium, to ensure they have the infrastructure to not just deliver programmes but report the required data, ensure audit compliance etc.

Outside of London, there are London-resident learners in a number of colleges. It would make sense for GLA and ESFA to agree an arrangement to handle funding in cases where there are small groups of learners. AoC would also still support an agreed tolerance across all colleges and providers for out of area learners – of, for example 85% as suggested by City Hall. If a restrictive approach is taken to contracting and data sharing, it is possible that providers will turn people away because they come from the wrong postcode.

#### **13. City Hall intends to make changes to the way providers subcontract, including changes to in-year subcontracting and introducing a 20 per cent cap on subcontractor management fees. What are your views on these proposals and the challenges in implementing them?**

We do not believe a 20 per cent cap on subcontractor fees would be helpful because the current form of subcontracting is a symptom of the complicated short-termist approach taken nationally towards funding and performance management. If City Hall puts in place a more stable commissioning process and actively manages the adult education market, then some of the existing sub-contracting (for example by out of London providers) will diminish and disappear.

Establishing 20 per cent means that this will become the norm, whilst 12 or 15 per cent would be more appropriate in many situations. Meanwhile, as described in our answer to question 12, there are times when a prime and sub-contractor need to share responsibility in a way that warrants a distribution above 20 per cent of available funds. In these cases, the main provider provides a large amount of support to ensure the subcontractor is meeting all the contractual and compliance requirements associated with delivering a high-quality offer. The

subcontractor therefore does not need to develop management and audit systems for itself and can concentrate on ensuring excellent delivery.

Sub-contracting receives misleading attention but is essentially a mode-of-delivery for a prime to deliver its contract and plan. It can be an enabling mechanism which allows smaller organisations and niche providers to contribute to the delivery of a comprehensive package of learner support. Important for the delivery of the Mayor's Skills Strategy.

If the purpose of City Hall's intentions on subcontracting is to ensure high quality and responsible provider behaviours we suggest consulting the sector on adopting quality standards, for example the Merlin Standard, required by DWP. Similarly, a simple set of principles for subcontracting would be sufficient to set clear expectations rather than an overly bureaucratic process of in-year scrutiny and approval.

### **14. What works well, and what works not so well, in the current management systems, and data collection and processing systems?**

National officials have developed the funding rule book along with the funding formula, funding agreements, qualification classifications, data collection systems and audit arrangements over a period of twenty years. ESFA's management of the system is carried out cheaply, as an adjunct to its other systems (16-18 funding, oversight of colleges via ILRs). There has been a strong emphasis on eliminating problems and minimising risks. Although the systems are long established, they now do not work that well because lots of the funding rates are low, the qualification list is too restrictive, and the rule book is too complicated. The reductions and the restrictions are the way in which a relatively small team of (mainly national) officials has managed the budget. Devolution may be an opportunity to reduce the number of funded providers while simultaneously relaxing some of the rules (e.g. allowing a wider choice of courses and part-time provision). However, if MCAs are careless about removing controls, they may find there are unexpected consequences. Dialogue with colleges will help problems in advance.

### **15. Are there any elements of the business process that City Hall should consider changing, and what support do you need from City Hall during the funding year?**

City Hall should consider ways to introduce funding agreements which last for more than one year. Three-year funding agreements would provide colleges and providers with confidence to invest in staff and services in a way that would provide benefits for learners and employers. At the same time, a longer commissioning cycle would shift the focus of the City Hall team towards London performance management and working with college and provider leaders on how to develop provision to meet local skills needs.

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City Hall should make every effort to issue draft allocation before March 2019. Whilst we appreciate that the final allocations from DfE is only notified to City Hall in January 2019 some early indications of allocation would be helpful, particularly if changes are to be made. It would also be helpful if the in-year timeline for business processes reflected ESFA timelines as closely as possible. Colleges will have at least two funders and already must navigate complicated processes for Apprenticeships as well as 16-18 funding and AEB.

Currently providers are required to produce and submit one ILR (Individualised Learner Record) to generate funding, for all students. The ILR is also used, with additional fields for students completing higher education learning programme funded and regulated by the Office for Students. The current model works, and it should be possible for providers to continue to submit data in this format under the current proposals. AEB funded provision is already clearly signposted within the current data reporting framework.

The audit process also works well under the current system as the ESFA audit apprenticeship, AEB and 16 – 18 provision through a single audit. There is already dual regulation for a number of providers as currently the Office for Students complete a separate audit for HE learning programmes. It would not be derisible to have three separate audits, presumably with different priorities.

AoC has voiced its concern regarding additional burdensome bureaucracy. We are anxious that as the City Hall system evolves there will be additional requirements that will need adaptation to the ILR, the learning agreement etc. (for example the suggested move from disadvantage based on post code to something unique to the learner which will require additional data to be captured, validated and reported on). The data collection must be no more onerous than now and cost neutral. Any extra requirements should be limited, and consideration given to the considerable data collection, reporting and accountability burden which is already in place and will continue. Colleges have developed effective systems to service these requirements and there should be an expectation of an absolute minimum to change. Colleges should continue to submit a single return to a single point of contact with a single audit regime and it should be expected that those agencies requiring this data to be disaggregated for their own purposes will have responsibility for doing so.

AoC supports the idea of a more effective tracking of in-year performance rather than waiting for R13 and R14, by which time there is nothing that can be done with under-performance other than claw back funding. It would be helpful to be explicit about in-year adjustments to reflect performance against profile and to agree the tolerances to be applied in terms of changes to profile, during the year and at the end of the year, as we have now.

## 5. Ensuring local approaches

Devolution of the Adult Education Budget (AEB) means that for the first time, the Mayor can ensure that adult education is tailored to meet the needs of London and Londoners. This is a momentous opportunity, requiring collaboration with a range of stakeholders, particularly London's boroughs, to ensure skills provision not only meets city-wide needs but local priorities too.

City Hall will work with London's boroughs through London Councils and the four borough SRPs to ensure the devolved AEB addresses priorities at every level. As outlined in the Skills for Londoners Strategy, there is much variation in challenges and need within and across London's boroughs. The AEB and skills system more broadly needs to be responsive to local priorities with stronger collaboration between providers, employers and boroughs. This chapter sets out how this process of collaboration and local engagement will work.

### Questions

#### **16. How can providers better respond to local/sub-regional priorities?**

The sub-regional partnerships provide a crucial further source of intelligence for colleges which they will want to take account of. However, it is important to recognise that a number of college groups operate across sub-regions and, even where this is not the case, are preparing their students to access a complex regional, national, global and virtual labour market.

With the clearer articulation of regional, sub-regional and local strategies there is an inevitable risk of 'priority conflict'. The priorities expressed by Local Authorities, sub-regional partnerships and City Hall must be aligned in order for limited resources to be prioritised. The Skills for Londoners Board will have a key role in ensuring this alignment and to engendering a collaborative approach. Partnership working is critical to creating a responsive and agile system. Through the mechanism of devolution London has the chance to build the social partnership model into its skills governance arrangements, ensuring that all key stakeholders work together to improve the region's economy and the lives of its citizens. The partnership approach is a necessity but not sufficient condition of success however. The whole system needs to be underpinned by adequate funding to allow effective delivery of education and skills. Successive cuts to the adult education budget has had detrimental consequences for the whole of the sector including the breadth of learning opportunities available, the financial viability of colleges and the recruitment and retention of the workforce.

#### **17. What can sub-regional partnerships and City Hall do to help providers to better meet local/sub-regional need?**

AoC would welcome consideration of how best to change perceptions of the place and critical economic importance of lifelong learning – and the importance policy makers and funders place on it. The Mayor could lead the way here and champion a campaign that raises awareness of the benefits for Londoners of lifelong learning: happier, healthier and more productive. To deliver the Skills for Londoners Strategy it is vital we are positive in challenging any misconception that education is what you receive as a one-off, early in life, and instead champion lifelong learning to meet the needs, interests and ambitions of Londoners

## 6. Delivering the right outcomes

City Hall is committed to making the AEB more responsive to London's needs. Currently, the AEB funding structure provides limited incentives to providers to ensure that provision is focused on labour market and other key outcomes for London's residents and businesses, as providers are primarily paid for delivering learning aims. This does not mean London's skills providers are not focused on delivering appropriate training. On the contrary, recent research from the Department for Business, Innovation and Skills (BIS) found that FE colleges took the need to match courses to local labour market needs seriously, and, on the whole, did this well. However, the picture is variable. City Hall will look to address this variability by moving towards a system that more strongly incentivises outcomes.

This chapter sets out how City Hall intends to move towards an outcomes-based approach to delivering the AEB and ESF in London in future years.

### Questions

#### **18. Are the outputs and outcomes listed in this chapter the most important for London residents?**

The outcomes and outputs listed are not significantly different from those already used and provide a starting point, but much more detailed work is required, involving City Hall, employers and colleges before any definitive list can be identified.

Until alternative measures are clear qualifications provide a reasonable outcome indicator. Qualifications have the advantage of being easily measurable, providing a currency for students who have studied them and providing a framework that employers can understand. Achievement of qualifications is genuinely of value to many students, especially at higher level, and this should be considered among the many other positive social outcomes learning can generate.

There is also room for an improved set of outcome measures to include non-accredited learning, health (including mental health) outcomes and employment, measured either through gains in employment or wage growth for those already in-work. The only relevant initiative we are aware of is the use of RARPA to measure students' attainment without the use of qualifications.

#### **19. Until City Hall can gain access to Real Time Information about learners' employment, how can outcome data best be collected within the AEB?**

AoC believes that City Hall will need to invest in a means of collecting actual destination data. Colleges attempts to do this have had limited success and are not cost effective. AoC would support efforts to gain access to HMRC Real Time information, particularly since it has been made available for the Work and Health Programme. Colleges already seek to collect outcome data and have a legitimate interest in the destination of their learners. City Hall could assist greatly in enabling this process to be more cost effective and comprehensive – not by establishing an Outcome Development Fund for providers to bid into but by centralising the process and providing a co-ordinated service, working with national agencies like DWP and HMR and potentially Local Authorities.

#### **20. How should City Hall trial PbR approaches within the AEB?**

There have been several attempts to apply outcome related funding in further education and training in recent years. We welcome City Hall's acknowledgment that outcomes are not just about supporting learners into work but include progression and the wider social benefits of adult education. Funding based on job success generally requires more data collection, delays payment for training and can result in

less money being spent on those furthest away from the labour market.

There are other interesting models like Outcome Agreements and Sector Skill Deals that might be more effective in delivering outcome focused solutions than clumsy Payment by Results systems for which there is little evidence of successful large-scale implementation. National adult education funding rates haven't increased for nine years and we cannot afford for bureaucratic or burdensome systems to be introduced. It is good that the Framework recognises the need to first improve data collection and access to national data like HMRC.

We are pleased City Hall is taking a consultative and considered approach. We would encourage any of the proposed changes to be robustly trialled before they are even considered for implementation.

### **21. What information would be most valuable for the Knowledge Hub to include?**

The Skills and Employment Knowledge Hubs is an ambitious attempt to provide comprehensive information about skills and employment in London, for a wide range of potential users. This is probably over-ambitious and unrealistic but a worthy ambition! We need good quality, accessible labour market information to inform both learner choice and strategic decision making. Colleges already provide a vast amount of data through the ILR which could be processed through the Knowledge Hub and generate reports which would inform planning.

We need inter-agency cooperation to generate and circulate information about training and employment opportunities available to all London residents, wherever they choose to learn, and an Information, Advice and Guidance offer for all Londoners which is a properly funded, independently delivered and resourced. We need to build on the learning from London Ambitions portal and to secure its future delivery and development.

Vacancy data – particularly aligned with guidance and a support service to assist residents to access opportunities would be valuable (although at risk of replicating Job Centre offer)

All of this will require a high level of skills, expertise and funding available to deliver.

### **22. Overall, do you support the changes the Mayor intends to make to the delivery of AEB in London? Is there anything else you would like to comment on?**

Under investment in further education has left the sector in a precarious position and learners and employers not receiving the range of services they need. London needs a strong advocate for additional investment in order to broaden the range of provision and invest adequately in staff and buildings to meet the Capital's social and economic needs. In the meantime the Mayor could align and maximise all his funding pots and direct resources in a cost effective way. Ensuring that the right range of provision is available and appropriately funded would assist.

### **23. Are there any other areas covered in the Framework you would like to comment on?**

Very little is mentioned on Apprenticeships in the Framework. The introduction of the levy, start of new funding rules and the transfer from frameworks to standards has caused turmoil in the apprenticeship system. The number of apprenticeship starts has fallen. There is a lack of good data on what is happening but there is some risk that the progress made by colleges in recent years in developing apprenticeships will reverse because they do not have the income to cover their costs. Meanwhile it is possible that some large employers are prioritising higher level apprenticeships for mid-career managers rather than focusing on training the future workforce. Issues associated with apprenticeships stand outside the AEB devolution arrangements and there would be some risks in further reform but AoC thinks it would be helpful for City Hall to work with colleges, providers and ESFA to work out what is going on in London in this important area.

It is also worth considering whether City Hall can also co-ordinate the funding for High Needs Students. This is complex and very intensive and inconsistent across London Boroughs. With the infrastructure for AEB, it may be possible to strengthen arrangements for HNS and improve the availability of funding and support to vulnerable students.

In implementing the Skills for Londoners Strategy and Framework care must be taken to avoid insisting that the entirety of effort is directed at improving basic skills needs or servicing the priority sectors identified as current regional and/or sub-regional priorities. Students, both young and more mature, attend FE colleges for support in preparing themselves for long working lives in jobs that may be local, regional, national, international, global or virtual in terms of their place. They may be full or part time, permanent or temporary, casual or part of the gig economy. Many of them have yet to be created. Most importantly, we must resist falling into the trap that AEB (and FE) is simply considered remedial; remedial study performs an important role, but FE also creates technical and vocational pathways that deliver great jobs below degree level. Precisely the technical jobs which employers identify as hard to fill and are so critical to strong productivity and a vibrant economy in the Capital.

### Guidance on providing your response

We would encourage you to be concise in your responses. You are not required to respond to all of the questions.

We would be grateful if you could send the completed form to [AEB@london.gov.uk](mailto:AEB@london.gov.uk) by **17 August 2018**. We may be required to release a copy of your submission under the Freedom of Information Act 2000, even if it has been marked as confidential. In any event we will ensure that information or data that could identify particular individuals and service users will be removed before publication. Please state clearly who the submission is from and whether it is sent on behalf of an organisation or in a personal capacity.

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