

Item No.	Classification: Open	Date: 16 August 2018	Meeting Name: Cabinet Member for Jobs, Skills and Innovation
Report title:		Southwark Council's response to consultation on GLA's Skills for Londoners Framework	
Ward(s) or groups affected:		All	
From:		Head of Chief Executive's Office	

RECOMMENDATIONS

That the Cabinet Member for Jobs, Skills and Innovation:

1. Notes Southwark Council's response to consultation on GLA's Skills for Londoners Framework.
2. Submits the formal consultation response as provided at Appendix 1.

BACKGROUND INFORMATION

3. The Mayor launched the [Skills for Londoners](#) Strategy in June 2018. The strategy's vision is to create *a City for all Londoners - making sure Londoners, employers and business get the skills they need to succeed in a fair, inclusive and thriving economy*. Since the publication of the Skills for Londoners Strategy the GLA have also published a draft framework to oversee the commissioning of the devolved Adult Education Budget (AEB) and delivery against the priorities set out in their Skills Strategy. The GLA are currently consulting on this framework.
4. The AEB is due to be devolved from central government to the GLA in January 2019. The Mayor aims for this funding to become more outcomes focused and directed towards the most disadvantaged groups in London. The changes set out in the framework are due to be implemented over time and, to support the transitional arrangements, changes in the first academic year 2019-2020 will be minimal.
5. The council approved the Southwark Skills Strategy at December 2017 Cabinet, the council has since worked in partnership with employers, providers and other stakeholders to develop a delivery plan for Southwark's Skills Strategy. This was approved at Cabinet in June 2018. Southwark's Skills Strategy and its associated delivery plan are consistent with the Mayor's Skills for Londoners strategy.
6. The vision of the Southwark Skills Strategy, aligned to the Council Plan and the council's Economic Wellbeing Strategy, is that *"by 2022 Southwark will have a high quality skills offer that is accessible and responsive to learner and employer needs. The offer will support all learners to build resilience and develop valuable skills for a strong local economy now and in the future."*

7. The development of the Southwark Skills Strategy and delivery plan is integral to the broader work underway to improve the quality of the further education and skills offer in London and ensure local leadership influences how the AEB is prioritised and delivered when this is devolved to London from 2019/2020. It is aligned to the priorities in the London strategy and the proposed Central London Forward (CLF) Skills Strategy.

KEY ISSUES FOR CONSIDERATION

8. The draft London framework includes the following overarching priorities for change:
 - Eligibility for full-funding for people in low-paid work
 - Basic English and maths skills
 - English for Speakers of Other Languages (ESOL)
 - Basic digital skills
 - Adult Community Learning (ACL)
 - Support for disadvantaged learners
 - Support for learners with Special Educational Needs and Disabilities (SEND)
 - Addressing London's sectoral and occupational skills needs.
9. The GLA are clear that major reforms will not happen immediately, but they will wait for the devolved budget to be settled and gather learning to continuously inform their priorities.
10. The Southwark Skills Strategy includes overarching aims:
 - Residents have the opportunity to gain the type and level of skills they need to access local opportunities and progress in the labour market
 - Employers invest in their workforce and have access to training provision that responds to their needs and allows them to recruit locally
 - Employers and providers work collaboratively to develop a local skills offer that is responsive to the needs of the local economy.
11. The delivery plan sets out how the council will focus on the following activity over the next 12 months:

For learners:

- Develop a coordinated all-age careers IAG offer
- Develop an apprenticeship and wider vocational learning campaign
- Evaluate the quantity and quality of supported internships
- Explore opportunities in the re-commissioning of local employment support.

For employers:

- Hold discussions with employers about how to better engage them in the development of sector vocational routes
- Explore the use of digital platforms as a mechanism to better match jobs and skills
- Review sources of labour market intelligence and existing relationships with businesses
- Use intelligence from employers to understand their needs post Brexit.

For providers:

- Review providers' offers and specialisms in the context of labour market information from key sectors
- Develop partnership arrangements that enable providers and employers to work together more collaboratively
- Examine pastoral care/additional support needs of learners.

For funders:

- Develop partnership arrangements that allow learners, providers and employers to collaborate locally
- Explore opportunities to develop an employer funded model to address local skills needs
- Work with sub-regional partners to develop proposals for outcomes based skills commissioning, lobby for Apprenticeship Levy localisation and explore opportunities through the GLA's Structural Infrastructure Pot.

12. The council therefore welcomes the Mayor's draft Skills for Londoners commissioning framework which mirrors local aims for skills planning and delivery. In particular it endorses the following areas:

- Extending the eligibility of funding for those in low paid employment
- Reorienting funding of skills from outputs towards outcomes, and with it the intention to ensure that local priorities form part of the approach to commissioning
- The Mayor's focus on quality learning and employability skills and progression routes
- Adopting a payment by results contracting model in order to secure wider outcomes in the Adult Education Budget
- Using unallocated European funds to increase the budget available for adult education
- Linking the adult education budget to employer skills needs.

13. As the draft commissioning strategy is developed the council recommends further consideration is given to the following:

- The impact of widening the AEB to low paid workers on other groups who currently receive funding
- The staging of adopting payment by results terms and the support providers will need in order to deliver and measure against new outcomes
- Any potential unintended effects and burdens on providers as a consequence of adopting payment by results contracting terms
- Links between skills provision and careers information and guidance
- How the devolved budget will support equal access to skills provision for vulnerable groups, such as those with disabilities and young people from disadvantaged backgrounds.

14. In preparing this response the council has taken account of, and fed into, both the London Councils and Central London Forward consultation responses.

Consultation

15. A range of external and internal stakeholders have been consulted during the process of developing the Skills Strategy and its associated delivery plan. This consultation has helped to inform the council's response to the GLA's Skills for

Londoners Framework consultation.

16. External consultation with partners included: Department of Work and Pensions, Southwark Business Forum, Better Bankside Business Improvement District (BID), Blue Bermondsey BID, Southbank BID, Team London Bridge BID, We Are Waterloo BID, Southwark Chamber of Commerce & Industry, Federation of Small Businesses, Guys and St Thomas' Hospital, London South Bank University, schools, Southwark Youth Forum, adult education providers and further education Colleges, Southwark Association of the School Governors, Central London Forward and delivery partners on our Southwark Works Framework. Partnership and key stakeholders engagement will continue as the strategy is implemented and reviewed.
17. The council has encouraged key local stakeholders to attend the Mayor's skills strategy consultation events in order to capture the views of learners and employers in the borough.

Policy implications

18. The GLA's Skills for Londoners Framework is consistent with the Council Plan 2018-22 and Economic Wellbeing Strategy. This includes:
19. A full employment borough:
 - Make Southwark a full employment borough
 - Help 5,000 more people into work and create 2,500 new apprenticeships
 - Introduce a Southwark Good Work Standard
 - Make sure everyone has basic qualifications in English and maths, provide one to one support for low paid workers to help them get better paid jobs, and improve access to financial support to those who need additional funding for courses
 - Make sure that 500 young people from low income backgrounds get paid internships with London's best employers.
20. A great start in life
 - Guarantee education, employment or training for every care leaver.
21. Southwark is well placed to help shape the delivery of the devolved AEB when this transfers to the GLA from 2019-2020.

Community impact statement

22. Not applicable

Financial Implications

23. There are no financial implications arising from this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

24. Not applicable

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Skills for Londoners: A draft skills and adult education strategy for London		
Skills for Londoners Framework: Working draft		
Southwark Skills Strategy	Local Economy Team	Elaine Gunn 020 7525 5479
Southwark Skills Strategy: Delivery Plan	Local Economy Team	Liz Gardiner 020 7525 0283

APPENDICES

No.	Title
Appendix 1	GLA draft Skills for Londoners Framework: Consultation Response

AUDIT TRAIL

Lead Officer	Stephen Gaskell, Head of Chief Executive's Office	
Report Author	Elaine Gunn, Principal Strategy Officer	
Version	Final	
Dated	16 August 2018	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	No	
Strategic Director of Finance and Corporate Services	No	
Cabinet Member	Yes	Yes
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Skills for Londoners Framework Consultation



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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.

Southwark Council's Council Plan sets out our commitments to supporting residents into better work, paying the London Living Wage and encouraging employers to adopt a 'Good Work Standard'. We therefore welcome widening the eligibility of AEB funding to in-work groups earning below the London Living Wage in London, which should lead to improved learning opportunities to move into better paid jobs. This includes improved literacy, numeracy and competence in spoken and written English. This change is viewed as being more reflective of the needs in London and Southwark.

London faces a growing need around inclusion, covering both unemployment and in-work poverty, and requires much greater focus on ensuring that lower-skilled Londoners can successfully compete in a rapidly changing labour market. There is a need to focus on how this provision will be delivered flexibly in order for those in low pay to be able to participate in learning whilst working and potentially having caring responsibilities to manage. Links to the DWP's Universal Credit conditionality regime may help to identify / prioritise those in need of skills development, though provision will need to be delivered at times and venues appropriate for learners; this may include closer working with employers to encourage existing staff development.

More information is needed on how the GLA propose to split the AEB budget between those in employment and not in employment.

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

As part of the consultation on the development of Southwark's local skills strategy, providers spoke of the importance of one to one pastoral support that is tailored to the individual's needs. For unemployed learners undertaking English and maths courses, meaningful work experience and introductions to employers would encourage courses to lead to employment. Southwark Council will be analysing the pastoral care offer our local skills providers deliver in the coming year and we will be happy to share findings with the GLA.

We know there is a range of support that is likely to support people to assist in the delivery of English, maths, digital and other basic skills provision, including:

Good quality, co-ordinated information, advice and guidance provision; dedicated Careers Advisory Services; pan London referrals to support progression; arrangements for initial assessment; liaising with examination/awarding bodies; support (resources such as staff and materials) for pre-Entry level provision; a bank/register of suitably qualified teaching staff; the use of systems and expertise in RARPA (the process which measures progress and achievement of students on non-accredited learning programmes) the capturing and measurement of outcomes incorporated into a range of quality assurance systems inspected by Ofsted, the awarding bodies and the funder.

Additional provision such as childcare has also been identified as a wraparound support need for local residents undertaking any skills development. In particular, there is a need for local childcare provision that is affordable and flexible to meet learner needs. For those studying whilst working or with caring responsibilities it is essential that provision is delivered at flexible times. The GLA should consider the specialisms and variety of providers to ensure learner needs are met, in particular young people who are seeking English, maths and digital qualifications for apprenticeships and those with disabilities.

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

Southwark Council recommends the following learners (current and potential) should be prioritised: learners with basic skills needs; in numeracy, literacy, language and digital- digital skills being essential in work and life in order to problem solve, communicate, transact and, increasingly, to handle personal information effectively (see <https://www.thetechpartnership.com/basic-digital-skills/basic-digital-skills-framework/> for more information).

- People who have not yet achieved level 2 qualifications
- People who are unemployed or economically inactive
- People on Universal Credit who are subject to in work conditionality
- People earning less than the London Living Wage
- People who are underrepresented in the labour market including: people with physical disabilities, people with learning disabilities, lone parents, young people in care and care leavers, young people at risk of being involved in crime, people who have a history of drug or alcohol misuse, ex-offenders and people with a criminal record, vulnerable young people (at risk of exploitation) minority ethnic groups.

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

Southwark Council welcomes the focus on intermediate and wider social outcomes from learning and supports Central London Forward's work in this area to date, as such we recommend the GLA should measure:

- The attainment of wider complementary skills (for instance communication, interpretation, reasoning and creative problem-solving skills (see Bahkshi, et al; 2017 or Deloitte; 2017)
- Health and wellbeing, including reduced social isolation, improved family learning outcomes, improved confidence, capacity, ambition, resilience; developed often through non-accredited learning of disadvantaged adults'.
- Engagement with other local services
- Participant satisfaction

In terms of the positive contribution of adult learning to improvement in health and wellbeing, it may also be useful to consider the recommendations made by researchers at the Institute of Health Equity (IHE), for example the Marmot Report. Also, the various indicators

produced by the IHE- for instance the Marmot Indicators (2017) and the use of the Warwick-Edinburgh mental wellbeing scale.

Local authorities have experience in developing and measuring these types of outcomes, and welcome the opportunity to work with the GLA via our sub regional partnership (SRP) to help identify and develop the specific outcome measures that will be adopted in future. We would welcome a response outlining the potential working arrangements that boroughs could participate in, such as a task and finish group or similar project development arrangements.

In the development of outcome measurement tools, providers should be consulted with to ensure that the burden of data collection is not too great and that this is supported with robust systems to collect the data.

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

Given that the disadvantage uplift provides extra funding to support the most disadvantaged learners, recognising that they are sometimes more costly to recruit and retain, this should include adults on low incomes (both in employment and not), low skills, low prior educational achievement/attainment, low self confidence and adults with disabilities and/or learning difficulties; participants most likely to be receiving support from other council and NHS services such as social care, mental health and housing.

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

Southwark Council welcomes the GLA's aspiration to align skills provision with London's sectoral and occupational skills needs. Providers can be supported through encouragement to provide a broad curriculum offer to include more work-related vocationally-based programmes which draw on the adult and community learning sector's expertise and resource strengths. This needs to include an emphasis on providing opportunities for progression pathways within organisations and local learners with good employability prospects (identified through destination data). This requires greater collaboration with employers in the planning and delivery of skills provision at all levels. Support measures needed include: access to employers for work placements, work experience and volunteering opportunities especially in the STEM occupational areas and priority sectors in local areas.

By working in partnership with sector specific employers, Southwark's Construction Skills Centre is an excellent example of effective partnership working between the council, a developer, a training provider and construction employers and their supply chains. Through this partnership local people are able to gain the specific construction skills employers need to enable them to secure jobs on site in a short space of time. The direct relationship between the employer and the training provider means local demand for skills is being met and provision is flexible and responsive- which works for both the employers and local people who want to start to earn a living in the construction sector. The council was able to use its leverage through S106 to facilitate employer engagement in this model which is an area for further development. Through the delivery of our Skills Strategy, Southwark will be exploring effective and cost effective options to replicate this model in other key sectors in the borough, especially those most likely to be affected by Brexit, such as health and social care

and hospitality.

We will continue to work locally and with CLF to focus on sectors critical to central London's economy, bringing together employers and skills providers to identify both the skills needs in a local area, and the solutions to addressing them. These are expected to result in agreements between partners around a set of priorities for the skills system, and a specific set of outcomes that each partner needs to achieve to deliver the broader objectives of the agreements.

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

No response

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?

Southwark Skills Strategy aims to ensure that “learners enjoy a comprehensive range of good quality learning opportunities on their doorstep, that young people leave education equipped with the skills and knowledge they need to enter the world of work and vulnerable learners have the additional support they require to help develop workplace skills”, the reasons for these aims are set out below. ESF funding should provide good quality, impartial advice and guidance.

Youth: Priority groups are important although the target audience should extend to include lower level interventions to address barriers earlier in a young person’s progression towards skilled, fulfilled employment. This would include activities geared particularly for young people in areas of socio-economic deprivation. Families with low level incomes are less likely to access networks which enable young people to engage with different employment sectors or to scale ladders of employment progression. Young people with learning difficulties and disabilities below the threshold for an EHCP should be included, as well as young people known to social care services/early help where post-16 engagement issues have already been identified. These groups are at risk of becoming invisible and becoming marginalised while funding polarises provision for specific at-risk groups.

Early intervention in schools would contribute to greater levels of work-related learning and reduced risk of young people becoming NEET beyond Key Stage 4. Risks of disengagement are impacted by poor mental health and wellbeing. Schools can be reluctant to provide work related learning opportunities, balancing crowded timetables in advance of public exam series; however pre-NEET activity should satisfy Gatsby benchmarks, in line with the government’s Careers Strategy. Skilled staff; internal to schools or the local authority, who understand the cohort and the context, are well placed to deliver effective activities. Investment in vocational pre-entry level and L1/2 training provision is required to ensure a good quality range of learning opportunities are available locally; without a sufficient offer at this level it is difficult to achieve ESF outcomes and increases young people’s experience of failure. The lack of small vocational training providers locally can limit choices for vulnerable learners who may not manage in large FE provisions.

Adult: Southwark Council agrees that the focus should be on priority groups and that delivery in smaller settings within communities, with financial support to engage, including childcare, is vital. The target group should extend to young/teen parents and young people known to Youth Offending services who are on the cusp of offending, to break the cycle of socio-economic deprivation or disrupt histories of offending.

Adult Skills: In line with Southwark's Skills Strategy and Council Plan commitments the focus should be on providing functional skills at L1/2 English, maths and digital if not already gained so that learner transition into the workplace is facilitated and increased. Support should also cover skills needed to secure paid work and to stay and progress in work.

A level of discretionary funding should be made available to providers to support additional costs which may prevent people from engaging in training, such as transport costs.

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?

Southwark Council welcomes the use of unallocated ESF funds to increase the AEB. Funding should be directed to support employers to offer good quality traineeship placements and supported internships placements. The GLA is well placed to explore existing mechanisms that build success in the delivery of traineeships, e.g. support in the work placement, adopting a similar model to that used for supported internships. More supported internships placements or similar type of programme prepare young people for paid work, demonstrating to young people and their families the gains made by participating.

Employers should be encouraged to support in-work coaching (e.g. hire external supervisors) or build effective transition mechanisms to employment (e.g. teacher relationships to bridge skills for the workplace).

A tranche of young people will have been on the margins of education and this will impact on their preparation for the workplace and their experience of success (e.g. young people who have attended alternative provision). Engagement systems will need to look at the education sector as a whole, aware of the various cohorts of young people and their needs. Approaches should improve the reach of Careers Clusters so that they do not only serve young people with access to mainstream schools.

Access to specialist advice and guidance from professionals working in Mental Health sectors to guide the development of education programmes and work settings should support equality both in terms of supported access to employment but also in terms of employer's duties under equalities legislation.

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?

Southwark Council supports the GLA's efforts to support EEA residents remain in the UK; the flow of migrants into London is likely to fall, reducing businesses access to potential recruits, whilst also recognising the continued importance in support all residents access employment opportunities. Southwark Council supports utilising ESF to enable greater collaboration between employers and providers to address skills demands in vulnerable sectors.

The GLA can build on the knowledge available via SRPs and that being developed through the Knowledge Hub to ensure that ESF provision can be responsive to the needs of the local labour market and track skills/employment outcomes achieved. This LMI data can be used to look at skills gaps and develop sector specific skills centres with opportunities for progression. Payment by results mechanism used in ESF means that provider behaviour should be incentivised to ensure that employers are integrated in their support offers.

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

Despite the higher concentration of ESOL provision in the Central London area, oversubscription to these services is still evident, particularly at pre-Entry and Entry levels. ESOL provision should be more community based, incorporating community activities to integrate those with English as a second language and developing skills for work readiness. Additional support is required to build capacity to navigate the skills/support system and wider careers advice and guidance; library access, places to study, where to get the right support, how to manage health, finance, wellbeing for example. Southwark, as with each local authority or London sub-region, has unique community needs and resources. A community capacity-building approach could be useful to create long term participation within various communities. This could be delivered via trained community leaders who are able to maintain longer term programmes, linking to local employer skills needs and offering progression routes.

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?

Southwark Council agrees that £100k for a one year contract, or £500k for a five year contract, minimum value is realistic. Any smaller value for either may risk losing the economies of scale which come from a realistic minimum contract value (as stated). Where ESF funding has been used, the GLA should be mindful of the additional monitoring and eligibility criteria providers will be required to adhere to, these should be taken into account in contract values.

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?

It would be of greater potential benefit to the prime contract holder and the subcontracted partner, if the prime is allowed to retain the decision making of supply change fees. An externally set cap may curb or limit the prime's ability (and/or willingness) to offer the practical and professional support given to the subcontracted partner. This includes not just the cost of the whole start to end procurement and tendering and contracting processes but also assistance with the funding returns, quality assurance and quality improvement functions such as observations of teaching, learning and assessment and signposting learners to further education and/or work opportunities.

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

What works well: Subcontractors benefit from the wider expertise and experience of the prime contract holder's staff especially in the areas of quality assurance and improvement, preparing for and submission of funding returns, inspection and audit. Prime contract holders benefit from subcontracting to partners based in a wider area and is therefore able to reach out into geographical areas it may not be able to reach on its own. Learners benefit from having learning opportunities near their homes or work.

What works not so well: when the subcontracted partner relies too heavily on the subcontracted allocation and is not able to be financially self sufficient, for example, if the payment to the partner is delayed because the invoice or the evidence needs more than usual

checking/investigation, this can have a negative impact on cash flow and subsequently programme delivery . Most subcontracted partners need much assistance with accurately check the learning aims and understand the funding rules.

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?

Create more user friendly digital and electronic systems for the collection and submission of learner and funding related data. Any changes should consider the impact on the provider; support with electronic / capacity building to help providers to deliver on the GLA's expectations.

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?

At the core of provider behaviour under the new devolved model should be regular engagement with London boroughs, sub-regional partnerships such as Better Placed (a partnership between Southwark, Lambeth and Lewisham councils) and CLF, and the businesses that operate within their boundaries.

Providers need to demonstrate their understanding and ability to respond to local priorities when bidding for future AEB funding. In Southwark we have developed a local Skills Strategy with local employers, providers and other key stakeholders, and we encourage any provider in Southwark to be mindful of the aims and objectives of the Southwark Skills Strategy and broader sub-regional skills needs.

Beyond tendering, devolution offers a chance to shift the nature of the relationship between providers and local areas to one more focused on partnership. The Southwark Skills Strategy aims to ensure that “employers and providers work collaboratively to provide innovative demand led solutions” and providers need to be supported to have regular and open dialogue between local businesses and local authorities around how the three partners can work together to meet learner needs. Southwark will be setting up a Skills Strategy partnership group to oversee the delivery of our Skills Strategy. This will include representatives from learners, employers, training providers and the FE / HE sector. Our local providers will be a vital part of this group to ensure that local skills provision meets the needs of learners and employers.

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

Southwark endorses CLF’s recommendation that the GLA should adopt the work undertaken by London Councils which sets out a clear series of roles in decision making to reflect local priorities and labour market needs. London Councils work includes a range of offers of support in exchange for meaningful co-commissioning of provision, including to:

- Work jointly with GLA to develop desired outcomes, targets and overall commissioning approach
- Sign off overall commissioning approach at sub-regional senior officer level to feed into AEB
- Supporting or handling relationship with stakeholders, particularly providers and employers – for example, working with providers to test

out new approaches

- Work jointly with GLA to write specification(s) and develop evaluation measures and targets at sub-regional level
- Formal role in decision-making process on tender reviews and contract award and input into key outcome agreements
- Receive updates from GLA on performance at detailed level, with scope to feed into sub-regional and/or borough level intelligence/concerns
- Develop data-sharing agreement with GLA to share detailed performance data as well as e.g. ILR data at borough level.

Boroughs should also be able to feed directly into GLA decision-making; in the design of evaluation measures, outcome metrics, and data sharing arrangements and be supported by the GLA (potentially through the Knowledge Hub) to develop up to date labour market intelligence that identifies the detailed nature and scale of the current and projected future needs and gaps in key priority sectors (construction, digital, health and social care, hospitality for example) to ensure that a) providers have an up to date insight into emerging local trends and issues b) that information, advice and guidance services (IAG) can be better informed by labour market trends. During the development of our local Skills Strategy, the need for labour market intelligence that could better inform skills priorities was raised by providers. It is vital that sector specific data is available by borough and sub-regional and is kept 'live'.

As mentioned, locally Southwark Council will be setting up a Skills Strategy partnership group to oversee the delivery of our local skills strategy. A task of this group will be to review all existing sources of labour market insight and existing relationships with businesses:

- Prepare Southwark / central London sector specific employer insight, available labour market information to be collated and sent to employers and providers
- Use intelligence from local large employers to understand their needs post Brexit
- Explore tech / mechanisms of linking local employer needs to training and skills providers' work, for example, Good People - Talent Pool - promote new recruitment platforms and local intelligence

The GLA should recognise, support and encourage (borough and sub regional) skills partnerships that engage providers, employers, learners and funders in the design of the local skills offer and include seed funding for local authorities to coordinate this work.

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 outputs and outcomes that the GLA hope to deliver are based around learners (particularly those from priority groups), boosting their skills, improving their chances in the labour market, and achieving other social outcomes, and on improving the quality of education facilities. These outcomes are important for London residents, and Southwark Council welcomes the emphasis on employment, progression and further education outcomes, rather than outcomes limited to participation in courses or course completion.

Southwark Council welcomes the focus on social outcomes, please see response to Q4 for more details. There will need to be a balance between what providers are able to collect practically; an approach could be to ask at tendering stage which outcomes potential partners would see beneficial to collect and give them the opportunity to choose from a basket of indicators areas they feel most relevant to their provision and learners. The GLA should ensure that appropriate processes are in place to provide transparent reporting outcomes for demographic groups including gender, ethnicity, disability etc.

The framework mentions the importance of including specifications for skills provision in particular sectors, which Southwark supports and would be happy to help develop.

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

The success of various ESF projects on employment and skills show that it is possible for providers to collect robust outcome data as part of their delivery of positive outcomes. The collection of relevant outcome data should become a condition of funding – not least because of the limitations of RTI information.

As such, data collection by providers should not be thought of only as a temporary option until the GLA can gain access to Real Time Information (RTI), rather it should remain an important part of ensuring a rich picture of AEB performance is available across a broad range of economic and social metrics. Individual learner records can provide information that RTI cannot, and should be valued in and of itself.

The GLA should offer support and clear guidance for providers in implementing systems to collect the qualitative and quantitative information needed. This needs to be made clear at the outset of procurement activity so providers can plan their budgets and staffing accordingly. Support in contract delivery to share particularly effective practice in data collection will be needed to ensure providers are able to demonstrate the full impact of their provision.

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

Southwark Council and other CLF boroughs are supportive of a move towards outcomes-based commissioning in their potential to better focus providers' attentions on local labour market demands and skills needs. This is a positive move but needs to be well managed and providers need to be supported to deliver this model through effective commissioning and contract management. It is well documented that a heavy emphasis on PbR approaches can often have unintended consequences, and lead to incentivisation of undesirable behaviour and Southwark believes that more localised partnerships and management approaches can contribute to improved outcomes without an over reliance on PbR. It is therefore crucial to trial different PbR approaches in order to ensure that providers and all learners, regardless of the level of additional support needs, achieve the best results.

In order to ensure contract viability, Southwark Council suggests incentivising providers through a hybrid payment model to effectively incentivise providers to deliver outcomes. There should be less financial emphasis on results from the outset, allowing providers to adjust to this change in contract structure. Trialling should focus on identifying the best ways to develop measurable outcomes, finding a good balance of payments re. programme vs. outcome payments, and how to ensure that 'cherry-picking' does not occur, and that the most vulnerable learners are supported.

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

Southwark Council welcomes the proposal of a Knowledge Hub that includes information on the balance of skills demand and supply, learning opportunities, and job opportunities. Once more information is available on outcomes, it will be critical to feed this into the hub to support better information, advice and guidance for learners. Information on pathways to gain the job opportunities to inform career information and guidance would also be welcomed.

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?

Southwark Council broadly supportive of these proposals, particularly where these align to the Southwark Skills Strategy. In particular the council is supportive of reorienting funding of skills from outputs towards outcomes, and with it the intention to ensure that local priorities form part of the approach to commissioning. The council is also supportive of the move to eligibility of funding for those in low paid employment.

The council is also broadly supportive of the inclusion of the use of payment by results in the contract model, though we would encourage a staged transition to a full PbR model so any unintended consequences of this model are understood. We consider that co-production and good contract management are also likely to result in improved outcomes for learners.

Southwark Council recommends exploring what exists in boroughs already before expanding the London Enterprise Advisor Network. Where Education Business Partnerships continue to thrive, a wide work-related learning offer will be available to schools. Targeting activities towards senior career leaders only will reduce the impact of professional development programmes which can impact across school structures, at multiple levels of seniority and across teaching disciplines. Education Business Partnerships are well-placed to deliver more holistic activities with schools and businesses Southwark will be exploring how we can improve our all-age careers offer through the delivery of the Southwark Skills Strategy and would welcome the opportunity for greater collaboration with the GLA in this area to ensure that available resources complement the existing and developing advisor network.

We also would like to encourage the Mayor to recognise that whilst there are commonalities in the key sectors working across the whole of London, each sub region has it's own distinct set of sectors and populations and that boroughs and sub regions are well placed to support the GLA in the development of new approaches, with particular regards to developing social outcomes, aligning provision with local sectoral needs, developing sector-specific outcomes, and trialling outcomes-based commissioning.

The GLA should recognise, support and encourage (borough and sub regional) skills partnerships that engage providers, employers, learners and funders in the design of the local skills offer and include seed funding for local authorities to coordinate this work.

The GLA should identify areas where national FE/HE policy and/or funding models are leading to provision that does not meet industry needs and work with employers, local authorities and providers to lobby government to address this.

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

Southwark is supportive of the devolution of skills funding and the more localised management of the AEB will help ensure that skills funding is more aligned to local needs, further supporting key aims of the Southwark Skills Strategy, that:

- Devolved skills budgets meet the needs of learners, employers and funders in Southwark and London
- Employment outcomes are considered in the planning and delivery of skills provision
- We make the most of partnerships, funding and resources to develop innovative local solutions

Southwark welcomes the approach set out in the framework and that the proposals provide a sensible and stable transition from current arrangements into new arrangements from 2019/20. Southwark would welcome further discussion on how arrangements may continue to develop from 2020/21 to ensure that as a sector and region we are fully embracing the opportunities that a devolved system of skills delivery can bring. As London faces a complexity of challenge (and opportunity) – such as the impacts of the UK leaving the EU, automation of certain roles and professions and the risks and new opportunities that affords, further development of apprenticeships including high level apprenticeship, development of “Good Work” standards and safeguards across sectors, and other such factors – it is imperative that sight is not lost of the opportunity to reshape skills provision and delivery so that it is equipping learners with the best possible ability to compete in future jobs market, equipping employers with the workforce that can meet future demands, equipping providers with the flexibility to design provision that equally recognises vocational and academic success and ensures funding models are shaped around delivery of social value outcomes that recognise positive local economic and community impact. The risk in shaping new provision is that current models are simply replicated and refined rather than radically reformed in a way that builds a stronger local economy and place that meets today’s and future needs. Southwark would therefore welcome and be happy to work with the GLA to shape (and where possible test out) the process for further developing the skills framework into future years including looking at opportunities for cross-alignment with other government programmes around apprenticeships and related skills and employment initiatives.

Southwark Council encourages the GLA to adopt this approach and maximise the use of local partnerships and intelligence across London to further inform and develop a skills system that really makes London a “city for all Londoners”.

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 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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