

Leaders

Draft London Skills Strategy and AEB Governance

Item 4

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Summary: This report outlines the proposals for governance of the devolved Adult Education Budget (AEB) in London and the Mayor's draft skills and adult education strategy.

Recommendation: Leaders' Committee is asked to:

1. Note the publication of the Mayor's draft skills and adult education strategy and provide any initial feedback on the draft strategy.
2. Comment on and endorse the proposed governance arrangements for the Adult Education Budget (AEB) in London.

Draft London Skills Strategy and AEB Governance

Background

1. Since March 2014, London government has been making the case for skills devolution. This is because the national system does not work well enough for learners and businesses because of a series of system failures. Provider incentives focus largely on achievement of outputs (qualifications) rather than job or progression outcomes; providers are encouraged to compete rather than collaborate and there is insufficient transparent information available to learners or providers around performance and London's labour market. This makes for a system that is less responsive to employer demand and less inclusive for all Londoners than it should be. Leaving the EU will provide a series of challenges and opportunities that means London needs a more agile and responsive skills system more urgently than ever.
2. In March 2015, the government announced that it would devolve the Adult Education Budget (AEB) to the Mayor, subject to mutually meeting a series of subsequently issued readiness conditions. The AEB is estimated to be worth around £400m per annum in London. Progress in agreeing a devolution deal with the government has been very slow due to machinery of government changes and the general election this year, but the AEB should be devolved to the Mayor in 2019/20.
3. London boroughs and the Mayor have worked closely on the preparations for skills devolution – including jointly working on the Area Review of further education (FE) and sixth form colleges and setting out joint principles¹ for boroughs (working through London Councils and sub-regional partnerships) and the GLA to work together to prepare for and deliver skills devolution.
4. The Deputy Mayor for Planning, Regeneration and Skills will attend Leaders' Committee to discuss the Mayor's draft skills and adult education strategy for London and the proposed governance arrangements for the devolved AEB in London.

¹ Agreed at the Congress Executive on 29 June 2017.

Draft skills and adult education strategy for London

5. The Mayor has committed to developing a skills and adult education strategy for London. This strategy focuses on post-16 technical and vocational education in the capital and will provide a strategic framework for informing the AEB. It also considers 16-18 education, apprenticeships, careers information, advice and guidance and progression into work and further learning, including Higher Education. It sets out the Mayor's vision for skills – 'A city of all Londoners – making sure Londoners and employers get the skills they need to succeed in a fair, inclusive and thriving economy'. To achieve this vision, it lists three priorities for further education, adult education and skills provision in London:
 - Empower all Londoners to access the education and skills to participate in society and progress in education and in work;
 - Meet the needs of London's economy and employers, now and in the future; and
 - Deliver a strategic city-wide technical skills and adult education offer.
6. It then outlines a series of proposed priority actions to meet the skills challenges outlined in the document. The draft strategy was launched on 24 November 2017 and the consultation period runs until 2 January 2018. The full draft strategy can be found [here](#). There will be a series of consultation events, including jointly with sub-regions, and London Councils will be submitting a response. London Councils and sub-regional partnerships will also be working with the GLA to ensure that local differences and sub-regional priorities around skills are included in the final skills strategy. This is due to be published in May 2018.

AEB Governance

7. From 2019/20, a number of statutory functions and powers relating to the AEB² are expected to be devolved and transferred from the Secretary of State for Education to the Mayor of London. Ahead of this, the Secretary of State will need to undertake a formal consultation with London boroughs and the London Assembly on the transfer of these powers to the Mayor. This is expected to take place in February and March 2018.

8. In June 2017, the Congress Executive agreed the principle of joint governance over a devolved skills system between the Mayor and the boroughs. Below is a proposal for joint governance arrangements between the Mayor and London boroughs for the AEB. It aims to give boroughs tangible influence over the AEB, whilst recognising that the final decisions will be taken by the Mayor, as stipulated by government and the Greater London Authority Act 1999, under which the powers are being transferred. Appendix 1 contains a diagram of the proposed governance structure.

Pan-London arrangements

9. The Mayor will establish an Adult Education Programme Board (AEPB)³ to steer and provide recommendations and advice to the Mayor on:
- reviewing the desired outcomes from the AEB and skills strategy for London,
 - the annual AEB funding requirements and priorities,
 - commissioning strategy,
 - funding and allocations modelling,
 - performance and risk.
10. The Board will comprise the following members, appointed by the Mayor:
- Deputy Mayor for Planning, Regeneration & Skills (Chair);
 - Five London Councils nominees: London Councils Executive Member for Business, Skills and Brexit (Deputy Co-Chair) and the chair of each Sub-regional Skills and Employment Board;
 - SfL Taskforce member (Deputy Co-Chair);
 - LEAP business member;
 - Provider representative⁴.
11. The Board will have a majority of elected representatives and its aim is to try and reach consensus between the Mayor and nominated borough Leaders, prior to Mayoral decisions being made. The Board will:
- Publish its recommendations in line with the GLA's openness and transparency policy. This would mean that where all borough Leaders oppose the final

² Contained in the Apprenticeships, Skills, Children and Learning Act (2009)

³ It is proposed that the Adult Education Programme Board is a non-incorporated consultative and advisory body established by the Mayor of London under sections 30 and 34 of the GLA Act 1999.

⁴ This should be someone with senior and substantial former leadership experience within the FE sector and skills in London.

decision, there should be a public record of this, with the Mayor giving the rationale behind his decision. Where one or more borough Leader has opposed the final decision, this should also be on public record.

- Deal with conflicts of interest, given that boroughs also receive funding via the AEB. Where there is a direct conflict of interest for the borough Leaders, the relevant Leader would not participate in the discussion or take part in making the final recommendation.
- Give consideration to the Skills for Londoners Capital funds, Work and Health Programme and European Social Funds (ESF) to ensure alignment and strategic fit with the devolved AEB.
- Be supported by an AEB London Government Officer Group, comprised of GLA, London Councils and Sub-Regional Partnership officers. This would be jointly chaired by senior GLA and local government officers.

12. It is proposed that the Board is established in early 2018. Given that the precise operations and functions that will be devolved to the Mayor are still not clear, and consequently, the approach that will be taken by the GLA on allocating the AEB, these governance arrangements will be reviewed by the Mayor, GLA and London Councils on a quarterly basis until August 2019 and then on a yearly basis once delivery is established. Leaders would have the opportunity to consider any major changes to the arrangements set out here.

Sub-Regional Arrangements

13. Given the scale of London and the diversity of skills challenges and opportunities and communities across London, local leadership is needed to develop the necessary partnerships and collaborative work to achieve the identified changes needed in the skills system. The governance of AEB should therefore include a sub-regional element.

14. Sub-Regional Partnerships⁵ will be responsible for setting up Sub-Regional Skills and Employment Boards, at which the GLA will also be in attendance as observers. These boards will:

- Provide the AEPB and the GLA with sub-regional skills priorities, based on a robust and up-to-date evidence base that will help to inform and underpin the AEB Skills Statement and commissioning plan/strategy.

- Provide the AEPB and the GLA with information on how key providers are meeting these priorities, to be taken account of in the GLA monitoring of provider contracts.
- Advise the AEPB on the alignment of SfL Capital and all related funding to support sub-regional skills needs and ambitions.

15. The Boards will also take a strategic view of the wider skills needs and priorities among residents and employers and work with employers, providers and other stakeholders on skills priorities and developing the skills offer within their area.

16. The Boards will need to establish a common set of principles, membership, actions and governance arrangements in relation to any AEB activity that takes place. The role of these Boards will be considered as part of the regular reviews of the AEB governance arrangements.

17. A Memorandum of Understanding will be developed between the GLA, London Councils and Sub-Regional Partnerships that will set out in detail what the roles and responsibilities of each will be in relation to the devolved skills system in London.

Recommendations

Leaders' Committee is asked to:

1. Note the publication of the Mayor's draft skills and adult education strategy and provide any initial feedback on the draft strategy.
2. Comment on and endorse the proposed governance arrangements for the Adult Education Budget (AEB) in London.

Financial implications for London Councils

None

Legal implications for London Councils

None

Equalities implications for London Councils

There are no direct equalities implications for London Councils as a result of this paper.

⁵ Central London Forward, Local London, South London Partnership and the West London Alliance

Attachments

Appendix 1: Proposed governance structure for the devolved Adult Education Budget from 2019/20

Proposed governance structure for the devolved Adult Education Budget from 2019/20

