

## ▶ Draft Skills for Londoners Framework

### ▶ A response from London Councils

London Councils represents London's 32 borough councils and the City of London. It is a cross-party organisation that works on behalf of all of its member authorities to make the case for powers, freedoms and resources to best serve the needs of London's residents and businesses.

#### 1. Introduction

London Councils welcomes the opportunity to respond to the Mayor's consultation on the working draft of the Skills for Londoners Framework. London Councils has worked closely with boroughs, sub-regional partnerships and the GLA on preparing for the devolution of the Adult Education Budget (AEB) to the Mayor. London Councils has not responded to all the questions listed in the Framework, as some of these are clearly directed at training and education providers.

#### 2. Adult Education Budget (AEB): Priorities for reform

- 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. As the Framework highlights there were an estimated 788,000 adults in London in work and paid less than the London Living Wage. This number has been growing. There are now more children in poverty in working households than in workless households across the capital and numbers are high across both inner and outer London boroughs. It reflects changes to London's labour market. Evidence<sup>1</sup> also suggests that low paid people are likely to be most affected by the introduction of automation and disruptive technologies.

Providing training and support to people in work is a relatively new area and the evidence base of what works effectively is currently limited. Providers will need to be more flexible in terms of their methods of delivery and timings of provision, given the target group, and have strong marketing approaches. Evidence from some London borough schemes, such as WLA's Skills Escalator pilot project in Hounslow and Harrow, shows that mentoring and advice is crucial, alongside skills

<sup>1</sup> Frey, Osborne and Deloitte, 2014, *London Futures Agiletown: the relentless march of technology and London's response*

provision. Given the lack of evidence on what is effective provision in this space, the GLA should evaluate in-work provision under the AEB and build up an evidence base to inform future commissioning.

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

Provision of 'wraparound support' in the ESF Youth Programme over successive funding rounds has been effective and the GLA should explore applying some of this learning to the design and commissioning of AEB provision.

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

As highlighted in the Framework, London Councils commissioned a report, alongside Sub-Regional Partnerships (SRPs) and the GLA, to identify the future role and distinct focus of Adult Community Learning (ACL) in London. Following extensive consultation, the report identified the following seven priority groups for ACL:

1. Those furthest away from being ready to take up work (with provision planned in partnership with DWP)
2. Those working in very low paid work or insecure employment, and those falling outside the parameters of the benefit system and seeking a return to work. (Provision for low-paid workers should be planned with reference to DWP services).
3. Residents who would benefit from training in English for Speakers of Other Languages (ESOL), with a focus on those who are not literate in their first language
4. Mental health service users.
5. Adult with learning difficulties and disabilities.
6. Those who are socially isolated or at risk of becoming so, including some older learners (50+). This might include people with chronic health problems.
7. Residents with multiple support needs including those living in areas identified as a priority by Boroughs and including family learning.

The GLA should build on this work when considering which learners should be prioritised, given the extensive discussions with boroughs and other providers of ACL, such as Institutes of Adult Learning.

The Framework also highlights City Hall's intention to ensure there is a fairer spread of ACL provision across the capital. Initial modelling shows that, even with safeguarding a percentage of each borough's current allocation, several boroughs would experience very sharp increases or reductions in funding and this could have unintended consequences on provision and therefore learners. City Hall's approach should not be a 'one size fits all' one towards ACL but one that

recognises how ACL is embedded into other local services such as housing and social care<sup>2</sup> and the local borough context. Boroughs should not be penalised for investing their own resources into ACL. City Hall should keep London Councils, SRPs and boroughs closely informed on further work on this issue and set out a clear timetable for any changes. As highlighted in the pan-London report on ACL, any changes to allocations should be phased in over a period of time with transitional funding and City Hall should explore the option of developing more precise data that better reflects need and the specific priority groups for ACL.

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

London Councils supports City Hall's intention to measure social outcomes associated with skills provision, in addition to economic outcomes. The social outcomes/metrics should enable providers to benchmark both regionally and nationally and to exchange good practice. Measuring social outcome will provide clear evidence about the types of programmes and delivery styles which promote significant improvements in health and wellbeing, confidence, empowerment and which foster positive social relationships.

There has already been much work in this area. Social metrics work led by the Learning and Work Institute, on behalf of the DfE, identified social metrics in three broad categories:

**Confidence and Progression** – questions seek to establish how positive people feel, whether they are able to make decisions, resolve problems, think more clearly and think more optimistically about their life. For the progression element, questions focus on people's attitude to work, and how they view their readiness to take up employment.

**Empowerment**, which includes questions about anxiety, confidence in managing and completing tasks and overcoming challenges.

**Social Relationships** asks questions such as the breadth of friendships (including those about age and racial origin and religion), levels of trust in others, and people's sense of 'belonging'.

The GLA should work closely with London Councils, SRPs, ACL and other skills providers to develop a consistent way of measuring social outcomes that can be practically and relatively easily adopted. Following the pan-London ACL project, London boroughs have already stated that they are keen to work with the GLA to develop and pilot social outcomes in the coming year.

<sup>2</sup> As highlighted in 'Adult Community Learning in the context of London's vision for skills', February 2018, see pg 8, <https://www.londoncouncils.gov.uk/our-key-themes/economic-development/adult-skills-0/adult-community-learning>

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

Learners with Special Education Needs and Disabilities (SEND) should qualify for disadvantage uplift payments. Other characteristics added to these should be based on evidence that these characteristics mean a learner requires additional support within or around their learning.

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

It is vital that providers align their provision with the needs of business and key sectors. Boroughs and sub-regional partnerships have an important strategic and brokerage role in working with providers and employers to make skills provision more responsive to local economic needs. Boroughs have established sub-regional skills and employment boards to work with providers and businesses to improve the skills provision in their area and will be in an excellent position to test out ways to align provision to local business clusters and economic need. London boroughs are in a unique position to engage locally with business and there are already excellent examples of strong and active Business Forums where Councils and employers are working together on common issues. The localisation of business rates is likely only to intensify these relationships. Boroughs and SRPs can provide an extensive network of boroughs and businesses working together on skills provision that will support the ambitions of the Mayor and the Skills for Londoners Board. Boroughs are ready to develop and prototype new ways of working either at a borough or sub regional level. There is real ambition and appetite to try different ways of working. Boroughs have an important role as leader of place and can be the glue that knits together the different providers such as Jobcentre Plus, ACL and colleges with employers. Boroughs have strong relationships with those further away from the labour market, who in some cases live in social housing and receive other support from councils. They have an important bridging role in bringing all of these partners together at a local level to effect change. We outline in more detail some of the practical ways can achieve this in Section 5 'Ensuring local approaches'.

London Councils considers that City Hall's stated move towards outcome based commissioning is a crucial element in aligning provision to occupational skills needs.

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

N/A

### **3. European Social Fund (ESF)**

**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?**

London Councils is supportive of the proposed ESF programme priorities and priority groups set out in the Framework. The priority groups for NEETs should explicitly include carers among the most disadvantaged groups. 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.

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

London Councils has already inputted into developing the youth elements of the ESF programme and have emphasised including the following in these programmes:

- Prevention – taking action while young people are still engaged in education or employment but at risk of dropping out, so that they continue learning and / or working
- Supporting those people in learning or employment who may be struggling and in need of extra help (for example through the 'wraparound provision' proposed in the strategy)
- Early re-engagement, so that young people who leave a course or job early are identified promptly and do not have to wait very long for support to become available.

The ESF programme should also be used to take account of the recent rise in youth violence across the city. London Councils welcomes that young people at risk of getting caught up in crime are a target group. Work placements and specialist support are important activity to help prevent young people being groomed into drug activity and should be included in the ESF programme.

#### **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?**

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 business 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 the 3Cs - 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, to inform the wider AEB.

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

N/A – providers are best placed to respond to this.

## **4. Commissioning and Contract Management Arrangements**

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

The annual minimum grant of £100,000 seems sensible and realistic. It is correct that City Hall should review this on an annual basis, so that contract management is effective and management costs are proportionate.

**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?**

A 20 per cent cap on subcontractor management fees seems sensible and proportionate, with a by-exception agreement where higher fees can be clearly justified.

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

N/A – providers are best placed to respond to this.

**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?**

N/A – providers are best placed to respond to this.

## **5. Ensuring local approaches**

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

It is vital that providers better respond to local and sub-regional priorities if London is to build a response and agile skills system that delivers on the Mayor's vision for skills. London Councils is working with SRPs to establish an infrastructure that allows this and links this work back into the pan-London governance and working arrangements for AEB and skills more widely. All SRPs have created sub-regional Skills and Employment Boards and the chairs of these boards will be represented on the Skills for Londoners Board. This should apply to the devolved AEB but work between providers and SRPs and local authorities, alongside local businesses, should cover other parts of the skills system such as apprenticeships, careers, higher level skills and adult learner loans.

Local authorities, working collaboratively through sub-regional partnerships, are in a unique position to help shape and develop the skills system locally – working within an agreed pan-London framework with the Mayor. They have a democratic mandate and therefore have a huge stake in providing support and opportunity for their residents and support to help local businesses and their local economies thrive. They can provide political leadership at a local level to drive change within the skills system, alongside the Mayor at a pan-London level. Their links with local businesses and residents gives them a reach into local communities that cannot be achieved at a pan-London level and they have an important convening role of all relevant partners locally. As highlighted earlier, there is real ambition and appetite to pilot and test different ways of working among boroughs and SRPs.

Our response to question 17 below outlines the role that London boroughs and SRPs can play within a devolved skills system in London.

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

In order for providers to better meet local and sub-regional skills needs, London Councils, SRPs and City Hall need to work together to embed local authorities in the commissioning cycle for the Adult Education Budget (AEB) rather than create separate processes that will be time consuming for providers and which could be viewed by providers as an ‘add on’ or less of a priority.

London Councils has worked with SRPs to develop proposals for how to achieve this, based on a number of assumptions about a future commissioning process for the AEB. We recognise this could change but would like to see a commitment from the Mayor and City Hall that this integrated approach would part of any future commissioning arrangements for the AEB. This builds on the principles for a devolved skills system agreed by London Councils and the GLA in 2017 that included giving London boroughs joint early strategic input at political and officer level into AEB policy and funding decisions, a commitment to effective employer engagement by boroughs and a role for sub-regional partnerships in monitoring provider performance. Whilst London Councils recognises that the Mayor will be responsible in statute for the devolved AEB and that AEB decisions cannot be delegated, we would expect that the London boroughs and SRPs are treated as key strategic partners by the Mayor (reflecting the fact that boroughs are only other local democratically accountable bodies in London) and that this will be reflected in a process around AEB that fully integrates boroughs’ knowledge and political leadership/views.

Once an integrated approach is developed and agreed, this should be set out in a Memorandum of Understanding (MoU) between London Councils, SRPs and the Mayor, so that all stakeholders are clear on our respective roles and responsibilities and there is a consistency of approach across London.

Sufficient data sharing between the City Hall, London Councils and SRPs will be crucial for this integrated approach to work. Current indications suggest DfE may look to significantly limit the data

around AEB that City Hall can share with key strategic partners. This goes against the principles of openness and transparency promoted by the Mayor and local government. London Councils requests that, should the GLA be severely limited by government on the AEB data that it can share, then we work together to address this. This should include the option that the GLA develops its own database based on providers returns direct to them and puts measures in place that this can be shared with strategic partners such as London Councils and SRPs. The table below outlines the roles and activities that SRPs could undertake in the future AEB outcome based commissioning process and the added value that this would bring to a pan-London process:

<b>Commissioning Stage</b>	<b>Proposed SRP/borough activities</b>	<b>Added value</b>
<p><b>Defining needs</b></p> <p><i>GLA role: Undertake pan-London needs analysis; assessment of current provision and a gap analysis</i></p>	<p>Develop sub-regional needs analysis to form clearly delineated sub-regional section of pan-London needs statement, using a common format across the sub-regions. This will add value to any GLA sub-regional analysis from publicly available and DfE data, rather than duplicate this.</p> <p>Process overseen and signed off by Sub-Regional Skills and Employment Boards (SEBs).</p>	<p>Provides GLA with more finely grained and geographically specific data and narrative, based on local intelligence. Additional information and local intelligence would draw from local and community knowledge and data; business surveys and forums; impact of major regeneration and infrastructure schemes. Some of this data could inform the Skills and Employment Knowledge Hub.</p>
<p><b>Designing services/ provision/ outcomes</b></p> <p><i>GLA role: Develop proposals and mechanisms to measure outcomes for commissioning and which services to apply this approach to.</i></p>	<p>Work jointly with GLA to develop desired outcomes, targets and overall commissioning approach Endorse overall commissioning approach at sub-regional senior officer level to feed into the Skills for Londoners (SfL) Taskforce.</p> <p>Supporting or handling relationship with stakeholders, particularly providers and employers – for example, working with providers to test out new approaches.</p>	<p>Local intelligence will add value and ensure important target groups, key sectors and employers are not overlooked in London-level targets and outcomes.</p> <p>Ensures buy-in and ownership of final approach across sub-regions and London boroughs (including political ownership), making new approaches easier to implement SRPs and boroughs to test out and pilot new approaches, working with providers;</p>

Commissioning Stage	Proposed SRP/borough activities	Added value
	<p>Work jointly with GLA to develop evaluation measures and targets at sub-regional level.</p>	<p>informing AEB policy.</p> <p>ACL would be a good test bed pan-London around developing social impact measures.</p>
<p><b>Formal procurement – writing specification, tendering</b></p> <p><i>GLA role: Developing and writing specifications, leading the tendering process and awarding contracts.</i></p>	<p>Work jointly with GLA to write specification(s)</p> <p>Formal input into the decision-making process on tender reviews and contract award and input into key outcome agreements</p> <p><b>Note:</b> This would be subject to level of resources within boroughs and SRPs. SRPs and boroughs would need clarity about their role and sufficient notice to get resources in place. Any conflicts of interest can be dealt with by using ethical walls.</p>	<p>Provides additional capacity within the overall process and draws in local knowledge and additional perspectives to the process.</p> <p>Ensures buy-in and ownership of final programmes across sub-regions and London boroughs (including political ownership).</p> <p>Ensures more nuanced and targeted approach at local and sub-regional level to maximise value for money and effectiveness of funding.</p> <p>Promoting procurement opportunities locally, potentially helping to bring in new providers or develop new partnerships between providers.</p>
<p><b>Contract Management/ Performance Management</b></p> <p><i>GLA role: Leading this process</i></p>	<p>Receive regular and timely updates from GLA on performance at detailed level, with scope to feed into sub-regional and/or borough level intelligence.</p> <p>Receive regular and timely</p>	<p>Local and soft intelligence would act as an effective ‘early-warning’ system, to complement the hard data analysis that can create a significant lag in identifying problems/issues.</p>

Commissioning Stage	Proposed SRP/borough activities	Added value
	<p>information and data on evaluation and performance against sub-regional targets, as part of outcome based commissioning.</p> <p>Develop data-sharing agreement with GLA to share detailed performance data as well as e.g. ILR data at borough level.</p> <p><b>Note:</b> Desire for a data-sharing agreement with GLA in whatever model is finally agreed</p>	<p>Gaining a shared understanding of provision and performance with GLA will enable sub-regions to target their work effectively through Skills and Employment Boards.</p> <p>Lever local political capital into the contract management and monitoring process, where appropriate and needed. For example, working with providers to undertake key improvements or joint lobbying of DfE and HMRC to access their data.</p>

In addition to activities related to the commissioning process, SRPs and boroughs can also:

- Undertake some ‘deep dives’ into issues and provision for particular sectors/themes in their sub-regions. These could then inform the needs and gap analysis in AEB commissioning but also policy and activities around the wider skills sector (beyond AEB).
- Input into and test out policy around integrating other services and funds (including SfL capital) to the AEB. This could include aligning the devolved Work and Health Programme and AEB provision, as well as the work of borough employment services and local activities around apprenticeships. SRPs and boroughs could test this out at a local or sub-regional level to inform any pan-London roll out. For SfL capital alignment, this would include giving SRPs an opportunity to comment on proposals and whether these meet sub-regional and local priorities, as part of the GLA’s overall assessment process. This would ensure that FE investment reinforces both sub-regional and pan-London skills priorities, and does not result in any over capacity within an area.

Austerity has meant that capacity within London boroughs has been reduced. London boroughs remain ambitious for AEB and the skills agenda, but may need some support to make the most of the local leadership role.

## 6. Delivering the right outcomes

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

It is important that London moves towards an outcome based commissioning approach for the AEB, rather than just funding on the basis of qualifications delivered. These should include economic, social, community cohesion and well-being outcomes. Social cohesion outcomes are as important as economic outcomes. Outcomes should be realistic, relevant and measurable.

London Councils is concerned that that sub-regional priorities are listed as only relevant to the Skills for Londoners Capital Fund, but not the wider AEB and ESF. Boroughs and sub-regions can add significant value to the AEB commissioning process, as outlined in our response to questions 16 and 17, so should sub-regional priorities should be applied to the wider AEB and ESF.

Table 4 also indicates that in-work progression outcomes will only be monitored for ESF programme, not the AEB. If this is the intention, it is unclear how the success of the full funding pilot for low paid workers will be evaluated. As stated earlier, it is important that this provision is fully evaluated to build a robust evidence base for this emerging provision and this should include data on whether people's earning actually increased.

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

London Councils offers to work with City Hall to lobby government on the importance of the availability of RTI data about learners' employment, as used in the Work and Health Programme. This would provide accurate information and reduce the costs and time providers would use to track outcomes of participants.

In the meantime, providers should learn from best practice in the welfare-to-work industry about effective and low cost ways to track individuals' progression into work. Other outcome data, such as health, social cohesion and well-being outcomes, could be systematically collected at the start and end of courses.

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

London Councils supports the testing of PbR to see if it improves outcomes. The PbR model for AEB should avoid the pitfalls and unintended consequences experienced under some previous models, such as 'parking' of harder to help participants and 'creaming' of others or losing smaller providers within the supply chain, because of the financial constraints and pressures a PbR model places on them. The trials should test out a range of models for different types of AEB provision and different types of outcomes (social and community cohesion outcomes, as well as economic outcomes). Small scale trials should help identify ways to avoid unintended consequences. London Councils, SRPs and boroughs can support the development of trials and help facilitate them in

different parts of London, drawing on our local leadership role and the role of boroughs as ACL providers.

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

London Councils supports the establishment of the Knowledge Hub. If the skills system is to operate effectively in London, City Hall, boroughs, providers and employers need a common understanding of the labour market and underlying trends. Bringing data together in an open and transparent way and using this data to underpin strategic decisions, as well as those of individual learners, would be an important step forward. London Councils has highlighted the types of data that boroughs and sub-regions could provide and add value to existing official data sources in questions 17.

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