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| **Monday 03 October 2016** |

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|  | Post-16 Education Area Reviews |
|  | A response from London Councils |

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|  | 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. |  |
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# 1. Introduction

London Councils welcomes the opportunity to submit evidence to the Sub-Committee on Education, Skills and the Economy on their inquiry into the current post-16 education area reviews. As this process is still ongoing in London, this submission will provide a snapshot of the process in the capital so far. Area Reviews are also underway in a number of other areas, so London Councils would recommend that the committee comes back to look again once they have been completed to examine the outcome of the process.

# 2. The Area Review Process To Date

The scale and complexity of skills provision in the capital has resulted in the London Area Review consisting of four sub-regional reviews feeding into a pan-London process. The London Area covers 31 General FE Colleges, 3 Specialist Designated Institutes and 12 Sixth Form Colleges. The geographies for the sub-regions were agreed by London Councils and took as their starting point existing sub-regional partnerships between London boroughs.

The original format of the sub-regional reviews was for a staggered process – two sub-regions (West and Central) would begin in March as part of the national Wave 2, with the remaining two sub-regions (South and East) beginning in May as part of Wave 3. The sub-regional reviews form part of one overall London review process, with recommendations from the sub-regional reviews considered together at a pan-London level. In order to strengthen the pan-London overview of the process and provide a more holistic and strategic approach, it was agreed with government that all four sub-regional reviews would run concurrently from August. This reflects the significant number of cross-boundary issues that need to be considered within London. Cross-boundary issues also need to be considered between London and its surrounding areas as well, as learner and provider activities cross administrative boundaries.

Each sub-regional steering group is chaired by a borough leader and deputy chaired by a business representative. Chairs of Governors and Principals of all participating institutions are invited to attend the steering group meetings. Other members include the FE and Sixth Form Commissioner and representatives from the GLA, local government and local business.

The London Steering Group is formally chaired by the Mayor, and deputy co-chaired by a LEP representative and the London Councils’ Executive Member for Young People, Skills and Employment. Members of the group include the sub-regional steering group chairs, representation from participating institutions across the sub-regions as well as the FE Commissioner, Sixth Form Commissioner and representatives from central government. The Regional Schools Commissioner is also invited.

Each institution that is in scope for the London Area Review or that chose to opt in to the process is a full participant in one sub-regional review, meaning it sits on one sub-regional steering group. However, taking into account travel to learn patterns, and provision across multiple sites, each institution also has the opportunity to feed into any other sub-regional review(s) in which it has a substantial interest, including scrutinising the findings and recommendations.

Local government’s experience of the Area Review process to date has been mixed. There have been a number of clear positives. The process has been effective at bringing local government, the GLA, colleges, employers and other providers around the table, starting off a number of discussions that will be important in developing a more strategic approach to skills provision in London. These have included analysis of skills needs in different parts of London, different models for FE provision, expected access to different levels of qualifications, the curriculum offer and whether this is meeting employer needs, particularly in key sectors. For example, in East London, providers and boroughs have worked together to consider the curriculum offer in the construction sector and how it might need to respond to the future demand from construction businesses.. London government views the Area Review as the first stage in a longer term process to develop some of the future structures that will be needed to deliver skills within a devolved system and to establish whether the curriculum offer is right one for London and is sufficiently flexible and responsive to business needs. London is keen to establish sub-regional and pan-London structures to oversee the implementation of the review’s recommendations, as well to continue strategic discussions.

The decision to move ahead with a strategic review of adult and community learning provision – the only one in the country – feeding into the wider area review process has been a positive one. It has highlighted an area of skills provision that is often overlooked. It has enabled a more strategic conversation about what this provision should look like in the future and how London government could address a number of skills needs, such as ESOL and community provision of basic skills.

However, there have also been some areas of frustration with the process. Firstly, the focus of the Area Review has been firmly on securing the financial resilience of institutions, through a process of mergers. The strategic aim to deliver quality post-16 provision that meets London’s economic and social needs has not been given the prominence it deserves. In practice, the area review process is not well equipped to look at this in detail.

Completing an area review process for a city the size of London is a substantial undertaking, leaving a lot to do in a short space of time. The resources available for government support to the review are not sufficient to broaden the scope beyond a light touch financially focused analysis and consequently, support has not always met the boroughs’ expectations. Information provided for the review has sometimes been delayed, leaving boroughs with insufficient time to be able to feed in to the process effectively. There have been data constraints, meaning sub-regions have lacked the necessary information on outcomes, quality and effectiveness to enable them to develop sufficiently well informed views on options being presented.

Some members of the steering groups have also felt that, in some cases, there has been a degree of inflexibility in the process when looking at potential partnerships beyond the Greater London boundary, even though for some providers such an option may make more sense both geographically and financially.

At time of writing, Steering Group meetings were still taking place to discuss the long-listing of options, so it would not be appropriate at this point to make an assessment of the impact of steering group recommendations until this process is complete.

# 3. Role of Area Reviews in Mergers Between Institutions

As stated, many of the discussions around mergers are still taking place so it is too early to provide a full assessment of what the impact of the Area Review and the Steering Groups recommendations on mergers has been.

It is clear that by bringing colleges and local government together around the table, discussions have been promoted that may not otherwise have taken place. There has been some challenge inserted into the process, which has been helpful in ensuring that discussions are focused around what is best for the future skills needs of boroughs, sub-regions and London as a whole. Steering group members have been able to push back on proposed mergers where there was no clear rationale for them.

There still remain some issues to clear up, as through the modelling process it has become apparent that while there are potential options that could deliver successful mergers, not all of them match up effectively. If a merger is proposed for institution A to merge with institution B, it may be the best option on paper for institution A, but it doesn’t necessarily follow that it is the best option on paper for institution B. The nature of the process has also meant that institutions have been more inclined to focus on relatively straightforward mergers between two or three institutions and not so far provided the space for serious consideration of a more radical restructure of the way FE is delivered in the capital.

Borough leaders are clear in their view that the Area Review process should not be the end of the discussion on how to meet London’s skills needs and that we need to continue the process of finding the best FE structures to deliver a high quality curriculum that responds to business needs even after the Reviews come to an end.

# 4. Impact of Area Reviews on the Financial Stability of the FE Sector

The government’s initial goal for the Area Review programme was to deliver a rationalised FE sector, comprised of fewer, more financially sustainable institutions that are more responsive to local need. Again, with discussions around the merger options that have been modelled still ongoing it is too early to judge whether this outcome will be delivered.

Delivering financial stability is an important outcome of the review, but there are a number of economic uncertainties, such as what shape our departure from the EU takes, that will have an effect on the FE sector and skills provision and demand in the future. The financial modelling produced for the London Area Review was also not able to take account of the government’s proposed changes to the AEB funding formula that are due to be announced shortly. As such the financial projections provided by the colleges which are used to assess the potential benefits and risk of a proposed merger may be based on an unclear understanding of future level of AEB funding in London – which on average accounts for a higher proportion of FE colleges incomes in London than it does in other parts of the country. This means that the Area Review may deliver configurations that may be appropriate in the short term, but could need to be reconsidered again in the coming years.

Resources and timescales in the Area Review remain tight, and with some merger proposals being considered as part of this process that had not previously been on the table, it is difficult for some colleges to provide clarity on curriculum delivery when they are still in the early stage of discussions with another college. This will also necessitate some discussions continuing beyond the end of the Area Review and could require some further reconfiguration in the future to ensure we are able to meet London’s skills needs.

# 5. Role of Local Authorities in Area Reviews

Local government has been actively engaged with the Area Review process in London from its inception. Strong working relationships have developed between borough representatives, London Councils and the GLA. The boroughs and the existing sub-regional partnership arrangements in London have provided important resources, leadership and challenge to the process.

Each sub-region has been chaired by a borough leader, who has led the process in each sub-region. Sub-regional partnerships have proved vital in ensuring effective borough input in each sub-region, while London Councils and the GLA have worked to ensure there is a strategic focus, sub-regional balance and effective communication between the sub-regions.

London government has approached the Area Review process with a wider view of what it can achieve beyond the government’s focus on delivering a rationalised, more financially sustainable FE sector. We consider the Area Review process as phase one of a broader programme to reform the FE sector in London. It is important that Area Review recommendations cover the need for continued, structured discussion between boroughs, the GLA and colleges on both structure and curriculum as we move to a devolved system – a phase two. This is in the context of ongoing negotiations with central government about a skills devolution deal, involving devolution of the Adult Education Budget.

The Area Review process has provided an important test of London boroughs’ ability to work collaboratively and strategically at a sub-regional level across all of London, a key component of our vision for a skills devolution deal.

# 6. Role of Regional Schools Commissioners and relationship between Area Reviews and Other Post-16 Providers

As stated earlier, the Regional Schools Commissioner has been invited to be part of the London Steering Group, though in practice they have not attended the meetings. London’s Area Review process has not tried to engage with other post-16 providers beyond FE and Sixth-Form Colleges, Specialist Designated Institutions and Adult and Community Learning providers. Given the way the Area Review process is designed, with a focus on delivering financial stability in the FE sector, London Councils believes that it has not obviously provided an incentive for other post-16 providers to take part. This has thus prevented a more strategic discussion taking place across all post-16 provision.

As part of the thinking in the latter stages of the Area Review process, London Councils would anticipate a need for greater consideration of the unintended consequences of the emerging larger college groupings and mergers. This should include, for example, the impact the greater reach and marketing of these organisations will have on smaller-scale technical provision, like University Technical Colleges.

# 7. Apprenticeships

Apprenticeships remain an important priority for London government, and business engagement events have been taking place in each sub-region as part of the Area Review process, including on the impact of and opportunities surrounding the apprenticeship levy. However, as we do not yet have full details of how the government’s apprenticeship reforms will operate, there remains a degree of uncertainty on how all of the pieces of their reform agenda will fit together.

Most apprenticeships are delivered through private training providers and have thus fallen out of the scope of the review. In London there are relatively low levels of apprenticeships and there is support in the sub-regions for the Area Review and discussions post-review to promote the take up of apprenticeships further. However, the way in which apprenticeships have been considered during the London Area Review process has varied across the sub-regions.

In the East sub-region, for example, apprenticeship provision and demand has been identified as a key element of the work that will be taken forward beyond the area review and the group is proposing to work together to deliver a wide-ranging and high quality apprenticeship programme using the opportunity of the apprenticeship levy. In some areas, though, there have been discussions about how colleges could collaborate on delivery of apprenticeships, but this has not always been informed by information on how colleges currently deliver apprenticeships. As with the discussions around the curriculum, apprenticeships have not consistently had a high level of scrutiny, though this may change as the remainder of the Area Review unfolds.

With the introduction of the apprenticeship levy, there is an opportunity for colleges to develop a new offer. It is important that the outcomes of the area review open up new opportunities and encourage new ways of working rather than entrenching low delivery in relation to new apprenticeships.