

MAYOR OF LONDON

Skills for Londoners Framework



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Deputy Mayor's Foreword

To realise the Mayor's vision to make London a city for all Londoners we need an education and skills system that is the envy of the world. There is no doubting the profound impact that a high quality education and skills offer can have on a person's life chances, as well as the boost it can give to our economy and competitiveness.

That is why the Mayor and I are determined—through devolution of the Adult Education Budget (AEB) and the other skills funding available to us—to tailor adult education and skills provision in the capital to ensure that Londoners and London's businesses can secure the skills they need to succeed.

It will not be easy. We face a number of challenges: from too many young people leaving school without basic skills, to too many adults stuck in low-paid jobs. The constantly evolving nature of skills requirements, rapid technological advancements, and the impact that Brexit will have on the availability of skills and talent, also pose significant challenges.

To tackle these challenges and to make the most of the opportunities in London's growing economy, City Hall—working with London's boroughs, employers, skills providers, charities and unions—has a vital role to play in helping London become a fairer, more inclusive city which achieves its economic potential.

This Framework builds on the aims of the Mayor's Skills for Londoners Strategy—the first dedicated Skills and Adult Education Strategy for London. It sets out in more detail how we intend to use devolution of the AEB to help realise the Mayor's vision to deliver a more strategic adult education and skills system tailored to meeting London's needs. It also provides information about our proposed approach to the other skills and employment funding we have available to us, particularly the European Social Fund.

The Framework sets out the Mayor's priorities for these funding streams, including promoting diversity, social mobility and inclusion across the capital, as well as creating a more locally responsive approach to education and skills in London.

The Mayor's plans are ambitious. We want the AEB to be more outcomes-focused. This means not only supporting Londoners into better paid and higher quality jobs but also developing social outcomes, recognising the wider benefits of learning to a person's health and wellbeing, confidence and ability to participate in society.

Realising our vision for London's education and skills system can only be achieved through collaboration, so any changes will be incremental and informed by engagement with the sector.

We were therefore delighted to receive so many positive and constructive responses to the consultation on the draft version of this Framework. The responses will help inform our proposals for the AEB and other skills funding streams moving forward to ensure the Mayor's vision to deliver a more strategic adult education and skills system tailored to meeting London's needs is realised.

Together, we can truly make this 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.

A handwritten signature in black ink that reads "Jules Pipe". The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that underlines the text.

Jules Pipe

Deputy Mayor, Planning, Regeneration and Skills

1. Introduction

The Mayor's Skills for Londoners Strategy sets out an ambitious vision for the skills and adult education system in London. This vision of a city for all Londoners aims to make London's skills and education system the most successful and inclusive in the world, based on excellent teaching and learning.

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

As set out in the Strategy, there are many challenges to achieving this vision. These range from too many Londoners being held back from fulfilling their potential because of low levels of qualifications and skills, to too many employers in the capital struggling to fill skilled vacancies, while underinvesting in workforce training. Some of the challenges relate to long-standing systemic issues, such as a misalignment between supply and demand for skills in London. Others have emerged more recently, including the impact of rapid technological change on skills requirements, and the threat to the availability of skills and talent following Brexit.

The challenges are wide-ranging, holding London back from being a fairer, more inclusive city which achieves its economic potential. For the capital to truly become 'A City for All Londoners', City Hall¹ will work together with London's boroughs, employers, skills and employability providers, charities, and unions to address these challenges. This means tailoring provision to respond to and meet the specific needs of London, addressing the failures of the past.

¹ From this point forward, the Greater London Authority (GLA) will be referred to as City Hall.

The Skills for Londoners Strategy—the first dedicated Skills and Adult Education Strategy for London—sets out the Mayor’s priorities and actions for achieving his vision. These are:

1. Empower all Londoners to access the education and skills to participate in society and progress in education and in work

- Reduce barriers to participation in lifelong learning and progression in work, through the creation of an all-age careers offer
- Increase targeted support to the most disadvantaged groups, so they are better equipped to access education and work
- Increase the number and diversity of adult learners in London gaining the skills they need to participate in society and progress into further/higher level learning, work or an apprenticeship

2. Meet the needs of London’s economy and employers, now and in the future

- Promote increased productivity by supporting employers to develop and make the best use of the skills of their current and future workforce
- Work with employers to ensure the devolved AEB and wider technical and vocational education system delivers for the London economy
- Increase employer engagement to improve the relevance and quality of training in some of London’s key sectors and occupations

3. Deliver a strategic city-wide technical skills and adult education offer

- Help improve access to information to support learners and employers to make informed decisions and to enable a more strategic approach to planning and commissioning skills provision
- Improve progression pathways into intermediate and higher-level skills
- Raise the quality of facilities, teaching and leadership in London’s further and adult education sector, promote its specialisms and ensure its sustainability

This Framework outlines how City Hall will support the delivery of these objectives. From the academic year 2019-20, the Adult Education Budget (AEB) in London will be devolved

via a transfer of powers from the Department for Education (DfE) through delegation to the Mayor via section 39A of the GLA Act 1999.²

This Framework, which has been developed in consultation with AEB providers, Sub-Regional Partnerships of boroughs (SRPs) and employers, sets out how City Hall will capitalise on the opportunities presented by devolution to deliver a more strategic adult education and skills system tailored to meeting London's needs.

The Framework outlines areas where City Hall will seek to make changes from the national programme to the delivery of the AEB in London. Priorities for reform focus on maximising the potential of the AEB to promote diversity, social mobility, and inclusion across the capital. They also reflect City Hall's intention to create a more locally responsive approach to skills and education in London.

The Framework reflects the Mayor's ambition to make the AEB outcomes-focused. It details how City Hall will draw on robust evidence and engage extensively with the sector to develop metrics that will be used to implement stronger impact measures and in time deliver an outcomes-based commissioning model. Not only will these outcomes focus on progression and supporting Londoners into work (through apprenticeships, further and higher-level learning), they will also recognise the importance of the wider social benefits of adult education. This approach will ensure that the AEB delivers for the most disadvantaged groups in London.

The Mayor's plans for the devolved AEB are ambitious. At the same time, he recognises the importance of maintaining stability for the sector during the transition to the devolved AEB. Many of the changes outlined in this Framework will not occur in the first year of devolution; any changes in the 2019-20 academic year will be minimal. Where changes are made in future years, City Hall is committed to ensuring they are implemented in consultation with the sector, providing reassurance and adequate preparation time. To support this process, the Mayor has established a new Skills and Employment Unit at City Hall, which includes dedicated relationship officers to work directly with AEB providers.

The devolved AEB is not the only funding stream which will be used to achieve the Mayor's vision for skills. The Mayor, working with London Economic Action Partnership (LEAP), has already committed around £295 million from the European Social Fund (ESF) towards skills, employment and youth programmes in London. This funding is targeted at the most disadvantaged groups—often those individuals who face multiple barriers to participating in adult learning and work. City Hall will seek to use the devolved AEB as match funding to unlock some of the remaining uncommitted ESF funding to plug gaps and add value to mainstream skills and employment programmes.

² The Mayor is being delegated certain functions of London's Adult Education Budget by the Secretary of State for Education through the GLA Act 1999. In this document we use the term devolution, this is in effect reference to the delegation of functions.

Capital investment in further education and skills will also be prioritised. Using devolved funding from the Government via the Skills for Londoners Capital Fund, an indicative £114 million of Skills for Londoners Capital Funding will have been invested by LEAP to support high-quality equipment and facilities at London's further education colleges and other education and training providers by March 2021. The funding will support the delivery of high-quality training, responding to the needs of London's employers, while reflecting working environments, collaborative spaces, and innovative ways of working.

The Mayor's Construction Academy and the Digital Talent Programme further demonstrate the Mayor's commitment to improving skills in specific in-demand sectors. More details about these funding streams are also included in this Framework.

As City Hall prepares for and progresses with devolution, it will ensure that the priorities and outcomes for the AEB, ESF, Skills for Londoners Capital Fund and other City Hall skills and employment programmes complement each other, delivering greater consistency across the skills system and better outcomes for Londoners.

The Mayor recognises that he cannot achieve his ambitions for a successful and inclusive adult education and skills system alone. City Hall is committed to working collaboratively with a range of key stakeholders. The Mayor has set up a new advisory body, the Skills for Londoners Board³, comprising boroughs, employers, and providers to support implementation of the AEB, other skills and employments programmes, and the Skills for Londoners Strategy. Through greater partnership, City Hall will achieve a more integrated skills and adult education offer for London and deliver a more strategic, whole-system approach to post-16 skills.

The Framework was widely consulted on during July and August 2018 and a report setting out the key issues raised by respondents, and our responses to them, is published alongside this Framework. We would like to thank everyone who responded to the consultation. We welcome the constructive and positive feedback and look forward to working with you on developing our proposals for the AEB and other skills funding streams in the future.

³ <https://www.london.gov.uk/what-we-do/business-and-economy/skills-and-training/governance-and-decision-making/skills-londoners-board>

2. Adult Education Budget (AEB)

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 from 2019/20 or in the future. This chapter outlines what these indicative priorities are, and how they will be delivered.

Overview of the Adult Education Budget

The Adult Education Budget

The AEB is managed by the Education and Skills Funding Agency (ESFA) on behalf of the DfE. It covers skills provision for learners aged 19+, including Adult Community Learning. It is delivered by a range of different types of providers including:

- general further education (FE) colleges;
- local authorities;
- independent training providers;
- institutes for adult learning;
- sixth form colleges; and
- universities.

The role of AEB in relation to other funding streams

In addition to the AEB, there are several other adult funding streams which are managed by the ESFA on behalf of the DfE. Most significantly, this includes funding for apprenticeships and traineeships, and provider allocations for advanced learner loans. Nationally funded other activities to complement the AEB, include the National Careers Service (NCS), quality improvement, data collection and management, financial support for learners and funding for community learning mental health pilots.¹

City Hall will work collaboratively with strategic partners to align the devolved AEB funded provision in London with these activities and to ensure they complement the wider learning experience for Londoners.

Statutory entitlements

As part of the AEB, the Government funds statutory entitlements. The entitlements allow learners aged:

- 19 to 23 to be fully-funded if they study for a first qualification at level 2 and/or level 3

- 19 plus, who have not previously attained a GCSE grade C or grade 4, or higher, to be fully-funded if they study for a qualification in English or maths up to and including level 2^{4,5}

Following AEB devolution, the Mayor is legally required to continue delivering statutory entitlements.⁶

In October 2016, the Government announced it would introduce a new, statutory basic digital skills entitlement for adults aged 19+ who lack the essential digital skills to realise the benefits of modern technology. The entitlement will be introduced from 2020-21. Funding for the entitlement will come from within the devolved AEB, which means the overall spend on statutory entitlements is likely to increase from 2020-21.

The Government has not yet provided information on the level of funding that will underpin this entitlement. However, it is estimated that the share of the AEB devoted to the digital entitlement will fall in the region of seven to nine per cent of the overall budget to London.⁷

Priorities for reform

Outside of the statutory entitlements, the Mayor will have the freedom and responsibility to determine the funding priorities for the remaining portion of London's devolved AEB. This is a ground-breaking opportunity to tailor adult education and skills provision in the capital to ensure Londoners can learn and develop the skills they need to succeed. However, **the Mayor is committed to providing stability to the sector throughout the transition to devolution.** As such, many of the proposed changes in this Framework will not occur in the first year of devolution, but will be phased in over future years following engagement with providers and other key stakeholders.

A key objective of the Skills for Londoners Strategy is to increase the number and diversity of adult learners in London gaining the skills to participate in society and progress into further/higher level learning, work or an apprenticeship. The devolved AEB is a key mechanism to deliver this objective. 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 reform are in relation to:

- 1 Eligibility for full-funding for people in low-paid work

⁴ The entitlement covers the following qualifications: GCSE English language or maths; Functional Skills English or maths from Entry to level 2; or approved stepping-stone qualifications (including components, where applicable) in English or maths

⁵ ESFA (2017), *The Legal Entitlements for 2017 to 2018*

⁶ As set out through the s87 and s88 (as amended by the Digital Economy Act 2017) of the Apprenticeships, Skills, Children and Learning Act 2009

⁷ GLAE analysis (2018)

- 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 is not intended to be an exhaustive list of priorities for change. The following section 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.

1 Eligibility for full-funding for people in low-paid work

In recent years, eligibility for fully-funded AEB courses has been limited to adults who are unemployed, young people (aged 19 to 23) with skills below level 2, and adults aged 19 and over without English and maths up to level 2. Individuals who did not fall into one of these categories may have had to contribute 50 per cent towards the cost of their learning (also known as co-funding).

This has acted as a significant financial barrier to participation in adult education courses for many people in low-paid work. Many adults with low level skills are already in the workplace, unable to benefit from training funded through the AEB that could support them to progress in their career.

In June 2018, the ESFA announced a one-year trial for the 2018-19 academic year that will enable AEB providers to fully fund learners who are employed and in low pay, earning less than £15,736.50 a year. City Hall welcomes this extension of eligibility of fully-funded AEB courses. However, the significant disparity of living costs in London means this policy does not go far enough to benefit potential learners in the capital.

The Mayor wants to widen participation to all adults and young people in London who would benefit from upskilling and advancing in their careers. Consequently, from 2019-20, we will continue with the ESFA's pilot and extend this to people who are employed and earning up to the London Living Wage (LLW) (£10.55 per hour, as of November 2018). As

of 2017, there were an estimated 788,000 adults in London aged 19+ in work and paid less than the LLW.⁸

This presents a great opportunity to support the many Londoners who are stuck in low paid and low skilled jobs to gain new skills and progress. It is recognised that extending the pilot to support employed people earning below the LLW will require a change in how providers plan their funding and could have an impact on participation levels for prospective learners who are out of work. City Hall has undertaken some modelling on the potential impact of the extended flexibility and will review what is being delivered in 2019/20 against this to help plan for the future.

2 English and maths skills

A good level of basic English and maths is critical to improving the life chances of many Londoners. Often employers require a “standard pass”⁹ in English and maths for the jobs they have available. Without securing qualifications in these subjects, young people and adults may struggle to secure or progress in work.¹⁰ Additionally, these qualifications enable learners to access higher level qualifications that can unlock roles in many professions. Recent research has shown that narrowly missing the expected standard in English language at 16 decreases the probability of enrolling in a higher-level (academic or vocational) qualification by at least nine percentage points. Narrowly missing this mark also increases the probability of dropping out of education altogether at age 18 and increases the chances of being Not in Education, Employment or Training (NEET).¹¹

There is evidence that achieving basic qualifications in English and maths boosts earnings, and yields good labour market returns.¹² Moreover, literacy and numeracy are the ultimate transferable skills. In a rapidly changing labour market, the adaptability of these skills means they will continue to be highly valued by both employers and individuals.

Good literacy and numeracy skills also bring wider benefits to individuals and society. These skills are associated with higher levels of confidence and well-being. A recent longitudinal study by the DfE found that many learners on basic English and maths courses reported a positive improvement in their levels of personal confidence during and

⁸ This figure reflects the London Living Wage as of 2017. Note, the overall figure is likely to be an underestimate, as the analysis excludes those who are self-employed and those not happy to share information about their earnings. GLAE analysis (2018) of ONS ASHE 2017 survey.

⁹ Following recent reforms, the DfE recognises grade 4 and above in GCSE English and maths as a ‘standard pass’ (previously, a grade C). A grade 5 and above in English or maths is recognised as a ‘strong pass’. DfE (2018), [GCSE new grading scale: factsheets](#)

¹⁰ DfE (2017), [Unlocking Talent, Fulfilling Potential](#)

¹¹ Centre for Vocational Education Research (2018), [Missing the mark at GCSE English: the costly consequences of just failing to get a grade C](#)

¹² DfE (2018), [Adult learners of English and maths: longitudinal survey](#)

after the course.¹³ An impact evaluation of learners studying the English and maths Skills for Life courses in 2002-3 identified positive impacts on learners' self-esteem and attitudes towards education and training.¹⁴

Analysis suggests that over three million adult Londoners require basic literacy support and more than 4.5 million are in need of basic numeracy support.¹⁵ Worryingly, adult participation in basic English and maths courses in London fell by 29 per cent between 2011-12 and 2016-17 (from 188,920 to 134,340).¹⁶ This direction of travel takes London further away from having an education and skills system that delivers for individuals, our economy, and our society. While other cities around the world are improving their levels of basic skills participation, London is losing ground.¹⁷

Courses that support young people and adults to improve their basic literacy and numeracy skills include GCSEs, Functional Skills, Adult Basic Skills Certificates, Qualifications and Credit Framework Certificates, and Awards in English and maths, up to and including level 2 qualifications. However, nationally, four in ten adult learners on level 2 English and maths courses (excluding GCSEs) did not go on to achieve their qualification in 2016-17. One third of adult learners on level 1 maths courses and over one quarter of those on level 1 English courses also did not go on to achieve their qualification (see Table 1).¹⁸

Table 1 – Achievement rates on basic English and maths courses (excluding GCSEs) in 2016-17¹⁹

Level	English	Maths
<i>Entry level</i>	83%	89%
<i>Level 1</i>	73%	67%
<i>Level 2</i>	61%	62%
<i>Overall (entry level, level 1 and level 2)</i>	74%	74%

¹³ Ibid.

¹⁴ DfE (2007), *Evaluation of the Impact of Skills for Life Learning: Longitudinal Survey of Learners, Wave 3*

¹⁵ This analysis was produced for the GLA by the Learning and Work Institute, using the 2011 Skills for Life Survey. Consequently, the figures reflect the position in 2011. The figures refer to estimates for the working age (16-64) population with qualifications up to and including level 1. Learning and Work Institute (2018), Greater London Authority AEB Dashboard

¹⁶ GLAE analysis (2018)

¹⁷ Learning and Work Institute (2017) *Going down: the continuing falls in adult participation in learning*

¹⁸ GLA analysis (2018). The figures are calculated using the qualification level achievement data from the 2016/17 National Achievement Rate Tables published in March 2018, and exclude GCSE qualifications.

¹⁹ Figures are national, as it is not possible at present to breakdown the proportion of learners achieving their qualification in London. GLA Analysis (2018)

Significant barriers underpin low participation, retention and achievement on basic English and maths courses. These barriers can come from institutional practices and policies, as well as from an individual's own circumstances, such as a lack of time or other obligations. Barriers can also take the form of a person's own beliefs, attitudes, personality or perceptions of their ability, or need to improve these skills.

More needs to be done to support learners and providers to overcome the barriers to securing these basic skills. **City Hall will commission new research into the participation and achievement rates, including GCSEs, of basic English and maths qualifications in London.** This research will also identify areas of best practice in basic English and maths qualifications. We will use the findings of this research to develop a package of wraparound support to assist the delivery of English and maths courses, working with colleges and training providers to ensure that this support can be implemented with minimal additional resources.

This package of support will also be informed by the recent research by the Behavioural Insights Team, which identified several behavioural interventions that improve participation and completion of courses in these subjects within adult education.²⁰ City Hall envisages this package of support will be available from 2020-21. **City Hall will also support adults to gain basic English and maths skills, up to level 2, within specific vocations where these qualifications are typically required for progression.**

3 English for Speakers of Other Languages (ESOL)

London is sitting on a pool of untapped talent. While proficiency in the English language is a prerequisite for most jobs and career progression in the capital, some 210,000 working-age adults in London report that they cannot speak English very well.²¹ Around 25,000 people cannot speak English at all.²² Being able to speak English is also crucial to supporting social integration; it is associated with improved independence, confidence, and better access to healthcare and education.²¹

ESOL matters for London. Over half of the country's ESOL provision takes place in the capital.²³ The considerable volume of ESOL provision in London is complemented by non-formal provision offered by other organisations, many of these in the third sector.²⁴ National reductions in funding for ESOL since 2010 have had a disproportionate impact on the capital in terms of rates of participation.²⁵ Those in low-paid work have been

²⁰ DfE (2018), *Improving engagement and attainment in maths and English courses*

²¹ 2011 census

²² Ibid.

²³ GLA (2012) *English Language for All*

²⁴ Learning and Work Institute (2017), *ESOL provision in Greater London*

²⁵ NATECLA (2016), *Towards an ESOL strategy for England*

particularly affected.²⁶ Given the demand for ESOL in London, **the Mayor will conduct a focused review on the quality and delivery of ESOL provision in the capital.** This follows City Hall's commitment to fund learners who are employed and in receipt of a low wage, which is anticipated to enable 40,000 more Londoners²⁷ to access ESOL provision which was previously out of reach.

City Hall will also deliver a series of ESOL Plus pilots in partnership with community groups, charities and employers. These pilots aim to remove barriers to communication and improve the suitability and availability of ESOL provision. Pilots will focus on meeting identified gaps in ESOL provision for learners with particular needs, such as those with childcare responsibilities. Findings from the pilots will help to further inform City Hall's planning for future AEB decisions, and inspire better commissioning and delivery of ESOL for diverse groups of people. Opportunities to use ESF to address further gaps and develop innovative approaches to ESOL delivery in London will also be explored (see Chapter 3 for more information on the priorities for ESF funding matched to the devolved AEB).

4 Basic digital skills

As services and occupations become increasingly digitised, Londoners should feel empowered to take advantage of the many opportunities that technology enables. To do this, individuals must be equipped with the most essential digital skills.

Yet a considerable proportion of Londoners do not feel they can use technology to the best of their ability. According to research by Lloyds Bank in 2017, almost one in five Londoners do not have basic digital skills, and four per cent are offline altogether.²⁸ Additionally, half of all Londoners are not aware of the support in digital skills that is available.²⁹

With AEB devolution, the Mayor has an important role to play in increasing the digital capabilities of Londoners. City Hall is working with government to influence the shape of the future basic digital skills entitlement, which will be introduced from 2020-21. Using the forthcoming Essential Digital Skills Framework,³⁰ and modelling of basic digital skills need in London, **City Hall will look to ensure that the basic digital skills entitlement is best suited to the needs of Londoners.** In the meantime, City Hall will continue to provide basic digital skills training through the devolved AEB for eligible groups and will explore the

²⁶ Learning and Work Institute (2017), *ESOL provision in Greater London*

²⁷ GLAE analysis (2017)

²⁸ Lloyds Consumer Index 2017, *London Factsheet*

²⁹ Ibid.

³⁰ The Essential Digital Skills Framework defines the skills needed by everyone to safely participate in, and contribute to, the digital world of today and the future. It has been developed to show the progression from the digital skills needed in life to those needed in work, with examples that demonstrate the type of tasks that exemplify the skill.

use of ESF funding to further add value (see Chapter 3 for more information on the priorities for ESF funding).

5 Adult Community Learning

Adult Community Learning (ACL) forms one part of the devolved AEB. ACL focuses on serving the hardest-to-reach adults to help them re-engage with learning. One overarching aim of ACL is to build the confidence and skills of adults to support them to thrive in both their working and personal lives. Providers of ACL often cite the benefits ACL brings in improving health and well-being and changing attitudes and behaviours.³¹

It is vital that ACL funding reaches those individuals who would benefit most from such provision. ACL is delivered locally and supported by other public services. The Mayor understands the importance of local approaches to community learning and wants to ensure the value of providing learning is maximised. **City Hall will therefore seek to ensure there is a fairer spread of ACL provision across the capital.** As set out in the ACL report³² commissioned by London Councils, existing block grant allocations for ACL are historic, with no direct relationship between the current allocations granted through the ESFA and the numbers of learners who might potentially benefit from ACL. City Hall plans to review funding for ACL to ensure it is allocated in a way that better maps to need in London, and provides clarity on the groups of learners for whom ACL provision should be prioritised.

To support its review of ACL funding, **City Hall will undertake further work with providers to agree consistent and specific definitions of priority groups for ACL.** In recognition of the wider benefits that ACL provision can bring for individuals and society, **City Hall also intends to develop a suite of social metrics to demonstrate the impact of the delivery of ACL** (see Chapter 6 for more information on City Hall's plans to review ACL funding and develop outcome measures).

6 Support for disadvantaged learners³³

Low levels of education and skills continue to hold back many disadvantaged groups and communities in London. Londoners from disadvantaged backgrounds often face multiple barriers to participation and success in adult education, making it harder to improve on their skills once they leave formal education.

To reduce inequality in London, it is vital that individuals are supported to overcome these barriers. An overarching objective of the devolved AEB is to empower all Londoners to access the education and skills needed to participate in society and progress in education

³¹ London Councils (2018), *Adult Community Learning in the Context of London's Vision for Skills*

³² Ibid

³³ Disadvantaged learners are those that face barriers to employment such as disabled people, homeless people, low income people/ families etc.

and in work. As set out in the Skills for Londoners Strategy, City Hall will act to ensure that the devolved AEB prioritises supporting the most disadvantaged groups. Currently, the ESFA offers extra funding to providers to support the most disadvantaged learners.

Disadvantage Uplift

The 'disadvantage uplift' the ESFA applies to a provider's funding allocation is calculated on the basis of the postcode of learners and the Index of Multiple Deprivation. This means providers receive this additional funding if they serve areas that are considered particularly deprived.

The Mayor recognises that not everyone living in deprived areas will be 'harder to help'. Conversely, many disadvantaged Londoners live in comparatively more affluent areas in the capital. To address this imbalance, **City Hall will explore moving to a system of disadvantage uplift based on learners' personal characteristics rather than their residential postcode.** This approach would ensure that providers admitting the largest volume of disadvantaged learners receive additional funding to support those most in need. City Hall will seek to introduce this policy by 2021-22 subject to further analysis and modelling.

Learner Support

Substantial barriers to participation and success in adult education include the cost of childcare and transport. Inner London has the most expensive childcare costs in the UK: a part time nursery place for a child under two is £184 per week or £9,500 per year.³⁴ Transport in London can be difficult to afford for adults on low incomes who may wish to undertake part-time study. Adults aged over 19 and in further education can apply for Learner Support funding to help with costs for accommodation, travel, course materials and equipment, and, for those aged 20 and over, childcare costs. However, the overall Learner Support funding, as with the wider AEB, has reduced in recent years.³⁵ This is of concern as the funding has had a positive impact on participation and retention of adult learners. An evaluation of the fund in 2011-12 found those adults receiving Learner Support (then known as Discretionary Learner Support) were more likely to continue and progress in education, compared to those learners that did not receive it.³⁶ **City Hall will seek to widen the availability of funding for Learner Support funding to ensure that it reaches more learners from disadvantaged backgrounds.**

Wider Support

Moreover, while recent extensions to free childcare entitlements are available to apprentices³⁷, they are not available to non-working parents undertaking courses in adult education. The Mayor wants to address this. Therefore, City Hall will outline London's needs on childcare and the early years to Government to ensure future policy and funding

³⁴ Family and Childcare Trust, (2018), *Childcare Survey*

³⁵ Skills Funding Agency, (2015), *Funding Allocations 2015 to 2016*

³⁶ BIS, (2013), *Review of the Adult Discretionary Learner Support Fund for the Further Education Sector*

³⁷ With children aged three and four

accurately reflects London's needs. City Hall will also explore options through the ESF for providing additional support to parents at key stages of transition in family life, such as signposting to the free childcare entitlements.

7 Support for learners with special educational needs and/or disabilities (SEND)

London's SEND Review

There continues to be a large employment gap between disabled and non-disabled people in London. Forty-seven per cent of disabled people are employed in the capital, compared with 85 per cent of non-disabled residents.³⁸ As with other underrepresented groups, high-quality adult education and training has a key role to play in reducing this employment gap. Nationally, the number of learners with special educational needs and/or disabilities (SEND) has increased in recent years, and in 2016-17 over a fifth of all FE and skills learners had declared learning difficulties and/or disabilities.³⁹ However, adults with SEND continue to face substantial barriers to participation and achievement in adult education and training. These barriers range from the availability and awareness of appropriate training and staff, to the cost of, and access to, public transport.

The Mayor recognises that there needs to be a better understanding of post-16 SEND provision in the capital. That is why City Hall has commissioned a pan-London review into 16-25 SEND provision to consider levels of demand in the capital and the current capacity within the system to meet that demand. This review will report later in 2018. **City Hall will use the findings of the post-16 SEND review as a starting point to develop a more inclusive adult education and skills system for learners with SEND.** In the meantime, as part of its wider work to identify priority groups for ACL provision, **City Hall will propose, subject to wider engagement with providers, that adults with learning difficulties and disabilities are one such group.**

British Sign Language

In 2010, there were more than 8,000 adults registered as deaf in the capital.⁴⁰ For many, British Sign Language (BSL) is their first language and almost a fifth of all BSL users are located in London.⁴¹ According to the 2011 Census, around two-thirds of people who use BSL as a main language cannot speak English or cannot speak English very well.⁴² Recently, the regulations were amended to ensure that young people and adults whose first language is BSL are able to obtain a BSL qualification as an alternative qualification to functional skills English to complete an apprenticeship. This is a positive step for the deaf community in London, and the Mayor is keen to ensure that adult learners who use BSL are supported to make the most of this change.

³⁸ Social Market Foundation (2018) *Supporting disabled people into work*

³⁹ DfE (12 December 2017), *FE and skills participation demographic tool for 2016 to 2017*

⁴⁰ GLA Datastore (2010), *People Registered as Deaf or Hard of Hearing*

⁴¹ OPM (2015), *Research into the Deaf audience in the UK: A review of evidence*

⁴² 2011 Census

From 2019-20, City Hall will look to fully-fund any learner aged 19+ whose first or preferred language is BSL, or who cannot access spoken language because of their deafness and would benefit from BSL, to study for a first qualification in BSL, up to and including level 2.

The following qualifications will be covered under this entitlement:

- Entry level award in BSL (accredited by iBSL or ABC)
- Level 1 certificate in BSL (accredited by Signature, iBSL or ABC)
- Level 2 certificate in BSL (accredited by Signature, iBSL or ABC)

The new entitlement will break down a barrier to participation for adult learners who use BSL, ensuring the deaf community in London can access the skills and training they need to fulfil their potential. We will regard any learner as requiring BSL where the provider has assessed the individual as having a hearing loss such that the study of BSL will support their inclusion in work or study. This entitlement applies to all learners who are deaf, deafened, or are registered as deaf.

Addressing London's sectoral and occupational skills needs

The Mayor wants to see more employers invest in training and offer work-based learning, as well as engage with providers to help develop their current and future workforce. The London Growth Hub⁴³—an online signposting tool bringing together the capital's vast business support offer into a single online resource, supplemented by a programme of face-to-face business support—will support London's smaller businesses to develop their HR functions as part of their growth strategies through resources and signposting. Additionally, the Good Work Standard⁴⁴—an initiative to encourage employers to adopt best practice in areas such as working conditions, diversity and inclusion, flexible working, health and wellbeing, apprenticeships and training, and communication with employees—will encourage employers and businesses to review their recruitment and workforce development and progression activities.

Outcome-related Funding

The Mayor expects providers to be responsive to the needs of businesses and employers through wider engagement and collaboration. While City Hall does not intend to set specific targets for providers that prioritise the level or type of provision for adult funded courses—in the way the Learning and Skills Council did in the past—**City Hall does intend to directly incentivise better occupational targeting of provision through the introduction of outcome-based commissioning as part of the devolved AEB** (see Chapter 6 for more information). Additionally, the ESF programme will include specifications for skills provision in particular sectors and occupational areas that are relevant to the London economy.

⁴³ <https://www.growthhub.london>

⁴⁴ <https://www.london.gov.uk/what-we-do/business-and-economy/making-london-best-city-world-work>

Skills and Employment Knowledge Hub

City Hall will introduce measures to help overcome some of the information and co-ordination failures that have made meeting employer needs more challenging for providers in the past. **The Mayor will establish his Skills and Employment Knowledge Hub—a platform to improve information and data on the occupational skills needs of London’s employers** (see Chapter 6 for more information). It is envisaged that this will include mapping of occupational skills provision compared to labour market trends to give an indication of where there may be over and under supply, and help to inform curriculum planning.

Building Flexibility

A key principle of devolution is to promote flexibility and innovation in order to develop work-focused training to open up job opportunities for local people. To encourage this, **City Hall will explore a range of options to build increased flexibility for providers into the devolved AEB**. This includes exploring the possibility of widening the definition of funded provision beyond those qualifications listed as approved for AEB funding by the ESFA on their Learning Aim Reference Service (LARS). Any move towards an outcomes-based commissioning model (see Chapter 6) should also lead to considerable freedom for providers to deliver the outcomes it requires.

Skills for Londoners Business Partnership (formally the Occupational Skills Board)

The Mayor will establish a Skills for Londoners Business Partnership with businesses and employers to advise on how to improve and align skills provision, including specialist and higher-level skills provision, to meet skills needs in London. This will help London-based industry adapt to the demands of the economy and maximise opportunities for Londoners. The Partnership will review, contextualise, and endorse skills data prior to publication to inform priorities for skills provision and creating a talent pipeline, including considering the changing nature of employer demand due to technological innovations, automation and Brexit.

The Partnership will also play a role in reviewing the success of sector or occupational-specific skills programmes in meeting the identified needs in London. It will consider new priority sectors and occupations that would benefit from direct interventions to address skills challenges through AEB, ESF or other City Hall funding. Additionally, the Partnership will define and promote the development of core employability skills with providers, including reviewing the evidence of what works to develop these important skills. This will include consideration of embedded approaches to the development of core employability skills, including basic skills, thereby supporting AEB priorities one to three above.

Further areas for reform

The eight priorities for reform reflect the groups of learners and types of provision where City Hall intends to focus adjustments for the AEB in the first years of devolution. However,

reforms to the AEB will not be limited to these priorities. The Mayor recognises that there are other important issues that need to be considered and addressed within adult education if the opportunities devolution presents are to be fully realised.

Eligibility for funding

Greater clarity is needed around the eligibility of certain groups within the Government's AEB funding rules. City Hall is reviewing the eligibility criteria and considering areas where changes may be required to ensure that London's residents have access to the support they need to succeed. One such group is migrants who are resident in London but are restricted from accessing adult education and training. Currently, the Home Office can apply a condition restricting the work, occupation or studies of a migrant in the UK who has applied for leave to enter or remain in the UK but does not yet have this granted. This includes people seeking asylum and those who are undocumented and are seeking to regularise their status.

Individuals who are undocumented and have not made an application to the Home Office—or have made an application and not received a studies restriction—can, in theory, access adult education courses that are not defined as 'work'. Despite this, the current ESFA eligibility funding rules are unclear and do not correspond well with current immigration categories. There are reports that this lack of clarity is creating confusion among adult education providers, leading to individuals who are eligible for courses not being able to access the education and training they need. This confusion can even affect Londoners who have lived all or most of their lives in the capital. Given the uncertainty around Brexit, there may be further confusion over eligibility for many more London residents in the future.

The Mayor recognises the need for greater clarity on the eligibility of residents with different types of immigration status in the UK, and European Economic Area (EEA) citizens resident in the UK, to access adult education. City Hall will provide clarity on eligibility when it publishes its final AEB funding rules for grant provision in 2019. City Hall will ensure that the devolved AEB continues to be made available to those Londoners that need it most.

Support for participants accessing Jobcentre Plus services and/or the Work and Health Programme

City Hall will seek to ensure that AEB provision is appropriately integrated with other employment and skills programmes. City Hall, working in collaboration with the Department for Work and Pensions (DWP), London Councils, and London's SRPs⁴⁵ will explore how devolved skills funding could be better aligned with the devolved Work and Health Programme (WHP)⁴⁶ being commissioned by the SRPs. City Hall will seek to better

⁴⁵ Central London Forward, Local London, South London Partnership and West London Alliance

⁴⁶ The Work and Health Programme assists people with health conditions and disabilities, some specific priority participant groups, and the very long-term unemployed to enter or re-enter work. The Work and Health Programme is voluntary for all, other than for those unemployed for more than 24 months and on Jobseekers allowance or Universal Credit in the Intensive Work Search Regimes.

join-up different funding streams and deliver stronger coherence across the skills and employment system to achieve improved outcomes for the most disadvantaged Londoners. For WHP participants, City Hall will consider the need for widening participation on AEB and seek to address any gaps.

From an operational perspective, there has been a shift from Jobcentre Plus (JCP) towards the quality of interaction between the JCP Work Coach and the participant in enabling them to identify “the right thing at the right time” to help them progress into sustainable employment. JCP Work Coaches explore skills and learning needs at the outset of any claim, and prior to referral to the WHP.

City Hall will work with partners, including the National Citizen Service and JCP, to ensure that entitlements to English, Maths, ESOL (and in future, basic digital skills) are made available to those eligible, as well as support with addressing barriers to learning such as childcare. Conditionality arrangements will remain the same, with providers (including colleges) continuing to work closely with JCP to develop a shared understanding of supply and demand for training and labour market need, and maximising course occupancy. The conditions for receiving Universal Credit (UC) will also remain the same. City Hall will continue to work with DWP to ensure welfare reforms and policy, including UC, are understood and reflected in City Hall’s AEB delivery moving forward.

3. European Social Fund (ESF)

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.

Overview of the European Social Fund

ESF is part of the European Structural and Investment Funds (ESIF) for 2014-20. The aim of ESF is to increase labour market participation, promote social inclusion, and develop the skills of the existing and future workforce. The ESF Operational Programme⁴⁷ 2014-20, sets the overarching strategy, priorities and targets for ESF in England. It is structured around three Priority Axes:

- Priority 1 – Inclusive Labour Markets, which combines activities to address employment and social inclusion issues
- Priority 2 – Skills for Growth
- Priority 3 – Technical Assistance

LEAP is responsible for setting the strategic direction and priorities of the London 2014-20 ESIF programme. LEAP was awarded €748.6 million of ESF and European Regional Development Fund (ERDF) to invest in boosting jobs and growth for London. Of that, €544 million (roughly £422 million⁴⁸) has been allocated to ESF. That allocation must be matched with an equal amount of domestic match funding.⁴⁹ In total, £295 million of ESF,

⁴⁷ <https://www.gov.uk/government/publications/european-social-fund-operational-programme-2014-to-2020>

⁴⁸ The value of the allocation is based on a January 2016 exchange rate.

⁴⁹ DWP and the ESFA use existing mainstream provision as match funding, while the Big Lottery, in common with all local CFOs and directly funded projects, provides cash as match to fund their programmes.

and an equal amount of match funding, has been committed in London to date and will primarily be spent between 2016 and 2019.

City Hall's European Programmes Management Unit (EPMU) is responsible for managing ESF in London. The EPMU is an 'Intermediate Body' of the national ESF Managing Authority (the DWP, ESF Division) and is responsible for the award, management and administration of ESF in London.

In London, ESF supports LEAP's three skills and employment themes as laid out in London's ESIF Strategy.⁵⁰ These themes are:

- promoting sustainable employment and progression outcomes
- ensuring individuals and employers are better informed to drive the skills and employment system
- engaging with London's businesses to help drive growth in the capital

During 2014 and 2015, LEAP's predecessor, the London Enterprise Panel, through City Hall, London Councils and other local partners, developed a range of ESF provision to meet local needs. The majority of London's ESF commitment for the first half of the 2014-20 programme has been designed locally but is being delivered by national CFOs: DWP, ESFA, and Big Lottery Fund. The role of the CFO is to provide match funding, procure and manage the contracts and report back to LEAP and government.

London's ESF programmes have a range of characteristics:

- programmes are targeted at specific customer participant groups, rather than combining support for different groups into one programme
- support is primarily delivered through sub-regional contracts based on existing borough SRPs so that better coordination of activities and integration with local borough services is possible
- there is a focus on in-work progression and reducing poverty⁵¹
- ESF provision is integrated with other local services⁵²
- programmes are piloting new approaches to supporting people into work and out of poverty

In addition to the programmes being delivered by the national CFOs, there is an investment of £115 million of ESF in locally co-financed or directly-funded projects,

⁵⁰ <https://lep.london/publication/european-funding-strategy-2014-20>

⁵¹ These include support for low paid workers, particularly parents, as well as incentivising providers to support people into well paid, sustainable work where possible.

⁵² For example, the current ESF Troubled Families programme has been designed by London Councils in partnership with boroughs, who have developed a model to foster better integration than previous similar programmes.

including through the GLA CFO and four London boroughs⁵³ who are managing the London Work and Health Programme.

The GLA was granted CFO status in 2016 following the successful delivery of the 2007-13 ESF programme. CFO status has enabled City Hall to draw on ESF support to co-fund projects benefitting Londoners that complement mainstream and national CFO provision while meeting the Mayor's priorities. Working with a range of partners, the GLA ESF co-financing programme particularly seeks to trial approaches to better meet the employability needs of disadvantaged Londoners. Current projects include support for young people dropping out of further education, looked-after children and veterans, as well as industry-led bespoke digital skills training for young people.

Programme priorities

Approximately £148 million of London's share of the England ESF programme is unallocated as yet (plus additional Youth Employment Initiative (YEI) funds). To commit this funding to employment and skills projects in London, an equal amount of match funding is required. Although the Government has now confirmed that ESF funding for the UK will continue beyond Brexit until 2023, any unmatched funding will be lost to London.

Therefore, subject to approval from the ESF Managing Authority and Intermediate Body for London, City Hall plans to use some of London's devolved AEB to match fund ESF to support more Londoners, including the most disadvantaged groups, to improve their skills and employability and to access the opportunities London has to offer. Proposed activities will add value to and complement mainstream programmes. Activities will be focused on delivering the strategic priorities outlined in the Skills for Londoners Strategy as well as the Mayor's other strategies, including the Economic Development Strategy and the Equality, Diversity and Inclusion Strategy. The priorities will be delivered within the thematic areas of young people and adult employment and skills. The final programme will depend on a variety of factors including availability of funding, but the following section provides further detail on the programme areas which are being explored for commissioning within each theme.

London's ESF allocation is split between a number of ESF Priority Axes and Investment Priorities which cover different types of activity as outlined in the ESF Operational Programme. The programmes that City Hall commissions with ESF money must fit into the allocations it has within each Investment Priority. City Hall has asked DWP to consider a reallocation of the current ESF funding across the different Investment Priorities to better fit with London's priorities and population.

⁵³ London Borough of Ealing, London Borough of Redbridge, London Borough of Croydon and City of London Corporation.

ESF Youth Programme

While maintaining London's excellent school record, the Mayor wants to improve outcomes for less advantaged children, especially children in care and children with SEND. Just 17 per cent of looked-after children achieved five good GCSEs, including English and maths in 2015. At the end of secondary school, under a third of SEND children in London achieved five good GCSEs, including English and maths.⁵⁴

All young Londoners deserve a city that works for them. To make the most of London's opportunities, children and young people need to be able to successfully move into post-16 education, to access training, work or higher education. But too many young people leave education at Key Stage 5 (before age 19), and without formal qualifications and appropriate life skills, entering London's complex, high-skill job market is much more difficult. Although the proportion of young people who are NEET has fallen in recent years it is still the case that one in ten (97,000) 16 to 24 year olds in the city are NEET.⁵⁵

City Hall's ESF youth programme will provide support to young people who are NEET or at risk of NEET. Careers guidance will be embedded in programmes for young people who are NEET. Programmes will focus on supporting:

- young people at risk of NEET in schools, colleges and pupil referral units/alternative provision, particularly those who are under-achieving at GCSE or at risk of getting caught up in crime
- young people at risk of NEET or who are NEET with learning difficulties, disabled or with a mental health condition⁵⁶
- young people who are NEET, particularly the most disadvantaged groups, such as looked after children, BAME, and homeless young people

City Hall will also build on the innovative work undertaken through its ESF-funded Careers Clusters to support secondary schools and colleges to give their students more experiences of the world of work.

City Hall will look at ways to align the ESF youth programme with the Mayor's Young Londoners Fund,⁵⁷ for example, helping young people participating in Young Londoners Fund activity to progress onto the ESF youth programme. City Hall plans to support young people into jobs and apprenticeships, with an emphasis on priority sectors such as early years, social care, construction and STEAM (science, technology, engineering, arts and

⁵⁴ GLA (2017) *Annual London Education Report 2017*

⁵⁵ DFE (2017) *Statistics: NEET and participation Q4 2017*

⁵⁶ Ten per cent of young Londoners aged between five and 16 experience some form of mental illness (Public Health England)

⁵⁷ *The Mayor's Young Londoners Fund* helps children and young people fulfil their potential, particularly those at risk of getting caught up in crime, by supporting a range of education, sport, cultural and other activities for children and young people.

maths). Girls and other underrepresented groups in the sciences will be encouraged to study these subjects and work in science-related sectors.

The best way to create a London that works for young people is to involve them in the decisions that shape the city. City Hall will therefore aim to increase the amount of engagement that young people have in the design and delivery of the ESF youth projects.

ESF adult employment programme priorities

As outlined in the Skills for Londoners Strategy, not all Londoners have the education or skills to access the opportunities the capital has to offer. While the employment rate in London is only slightly lower than the UK average, there is significant variation in the employment rates among different groups of Londoners. Notably, employment rates are lower among women and people with low-level qualifications. Black, Other, Mixed and Pakistani/Bangladeshi ethnic groups all have below average employment rates.⁵⁸ The disability employment gap in London currently stands at 38 per cent.⁵⁹

City Hall's ESF adult employment programmes will focus on providing employability and wraparound support to help Londoners, particularly those from disadvantaged backgrounds, to move closer to the labour market and participate more actively in society. The programmes are likely to focus on supporting:

- parents and care leavers, particularly those who are long-term unemployed or stuck in low paid/insecure work, providing support with childcare where possible
- people with SEND
- BAME groups
- people who are long-term unemployed (i.e. for more than 12 months) and economically inactive and/or cycling in and out of work
- people who face complex barriers including those who are homeless, facing drug and/or alcohol addiction, and ex-offenders

Programmes will be delivered in a range of settings, including in the community, to better access the hardest-to-reach groups and to promote social integration and mobility.

ESF adult skills priorities

While London's economy is strong, the high cost of living in the capital means the proportion of Londoners in poverty is the highest of any UK region, with two million Londoners living below the poverty line.⁶⁰ Fifty-eight per cent of those below the poverty line are in working families.⁶¹ Furthermore, many Londoners are stuck in, or moving in and

⁵⁸ GLAE (2016) *Economic Evidence Base for London 2016*

⁵⁹ Social Market Foundation (2018) *Supporting disabled people into work*

⁶⁰ Trust for London (2017) *London's Poverty Profile 2017*

⁶¹ Ibid.

out of, low-paid, insecure employment with few chances to progress into better paid and more stable jobs.⁶²

The relationship between skills and positive labour market outcomes is well established. People with higher level skills are more likely to be in work, and those in work are more likely to earn higher wages, work in higher-level occupations, and enjoy greater job security. For example, in London the employment rate for working age people with degree-level qualifications (NVQ 4+) is twice the rate for people with no qualifications (85 vs 42 per cent).⁶³ There are also strong associations between increasing skills and positive social outcomes, including improved health, well-being and civic engagement, and a lower propensity for crime.

ESF adult skills programmes will include support for the following groups:

- people lacking basic English, maths and digital skills
- people without level 3 or above skills
- people who are in low-paid, low-skilled and/or insecure employment
- people who are facing redundancy or at risk of redundancy
- older groups seeking to re-skill/upskill to better meet the skills needs of London's economy

Programmes will be designed to better meet the skills needs of London's changing economy, particularly supporting Londoners to progress towards achieving skills at intermediate and higher levels. There will be a focus on priority sectors such as: digital, technology, creative and cultural industries, life sciences, advanced manufacturing and construction, health and social care, early years and hospitality and tourism.

Provision will also support a range of other skills development training, including core employability skills, enterprise and self-employment skills, occupational and sector specific skills, as well as basic skills needs relating to English, maths and ESOL.

⁶² Social Mobility Commission (2017) *The Great Escape? Low pay and progression in the UK's labour market*

⁶³ GLAE (2016) *Economic Evidence Base for London 2016*

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; the remaining funds will be procured via an open and competitive process from 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.

AEB grant funding

AEB grant funding will primarily be delivered by organisations that are currently in receipt of AEB grant funding from the ESFA, specifically colleges, boroughs, IALs and higher education institutions. ITPs will bid for AEB funding through a procurement round (see 'Procured AEB' section below).

Subject to confirmation of London's final AEB allocation in January 2019, it is anticipated that grant funded providers will receive a similar allocation for London residents to their allocation from the ESFA in 2017-18, based on the ability to spend their allocation in previous years. City Hall will review this approach on an annual basis and may look to include other data, such as outcome data (to reward those who achieve better outcomes) or geographic data (to ensure a fair spread of provision across London). In future, City Hall may decide to introduce more competition into the provider market; for example, by procuring a greater proportion of the AEB than is currently the case.

In awarding grants, City Hall is aware of the possible impact decisions could have on providers, given the cumulative results of funding decisions made by MCAs and the DfE, including for other funding streams such as 16-19 and apprenticeship funding. City Hall

will, where possible, model the impacts on providers to determine whether changes are likely to have an undue impact on them. However, the responsibility for provider stability does not lie solely with City Hall as in most cases providers also receive funding from other sources. As such, City Hall will work with the ESFA and MCAs in receipt of devolved AEB funding to identify appropriate action in cases where funding to any organisations is being stopped or reduced.

Changes or amendments to AEB funding rules and rates for grant funded provision in 2019-20 will be limited to ensure provider stability, with any significant future changes consulted on and introduced in phases.

Minimum grant values

Grant funded AEB provision will not be subject to a competitive tendering process for 2019-20. However, grant award will be subject to providers meeting minimum grant value thresholds.

Given the Mayor's commitment to ensuring provider stability, the annual minimum grant value will be set at £100,000 in line with the minimum contract value used in the 2017 ESFA AEB procurement. This will be reviewed on an annual basis. However, City Hall will consider awarding a grant agreement by exception where providers can sufficiently demonstrate that they are offering niche provision or provision to disadvantaged groups but are currently delivering below the £100,000 threshold.

Out of area learners

Data suggests that the majority of London grant funded providers deliver to both London and non-London residents. Post devolution, many providers will therefore hold multiple allocations and contracts with City Hall and the ESFA and/or other MCAs.

City Hall has argued that, in order to minimise the administrative burden on providers and ensure more money goes on teaching, providers delivering 85 per cent or more of their allocations to London residents should have their full allocation devolved—in line with the approach taken by the Learning Skills Council when it delivered regional contracts. Unfortunately, the DfE is not able to adopt such a proposal currently, but City Hall will continue to work towards such an arrangement.

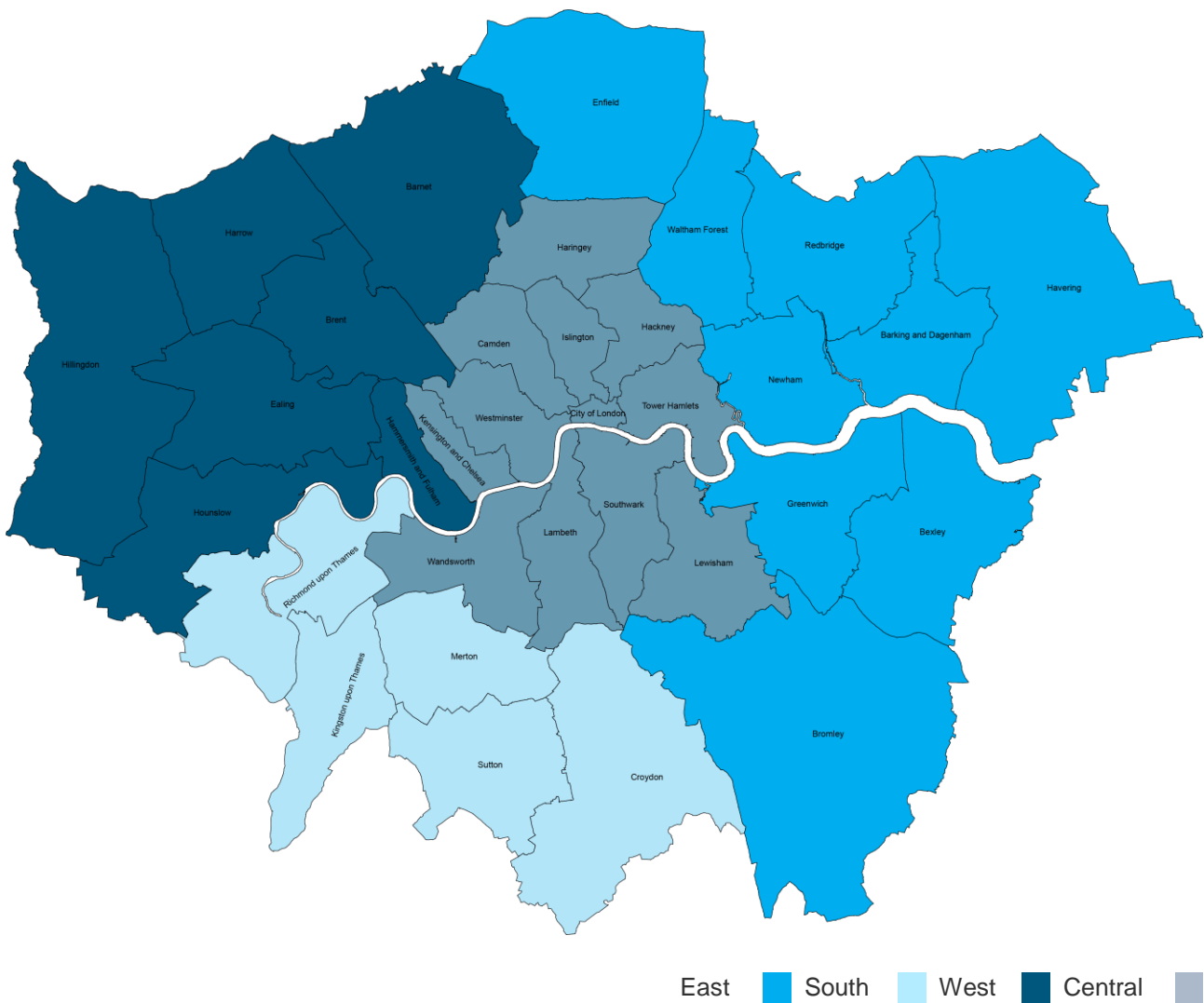
Institutes for Adult Learning (IALs)

The Mayor is keen to recognise the vital work of the six IALs within London. As such, there will be one dedicated Provider Manager for all IALs. This will ensure that the IALs have a single point of contact within City Hall and that any concerns or queries raised by these providers can be reasonably shared amongst the provider base.

Grant funding management approach

The Mayor is keen to build on the current strategic relationship with London's grant funded providers, and will allocate each grant recipient a dedicated Provider Manager as a single

point of contact within City Hall. This will ensure close working relationships are maintained to enable a more responsive and agile approach to any concerns or queries raised by each provider during and after the transition to devolved funding arrangements, as well as helping to develop a better understanding of the local area need and provision. Two Area Delivery Teams have been established at City Hall focusing on East and South London and West and Central London (see map below). Those providers that fall outside of these geographic areas will be allocated a Provider Manager within these teams. IALs will be supported by the East and Central Delivery Team.



In addition, City Hall will adapt its corporate approach to programme and project management for the AEB in London to ensure that learning provision is delivered to a high quality, and that in-year adjustments are made to reflect performance against agreed profiles. This will help ensure that the provider management approach applied is robust and focuses on high-quality outcomes. Providers will receive further information and support for monitoring, reporting and evaluation in the form of a provider handbook closer to the time of entering into agreements.

It is anticipated that assessment of performance will take into account the following:

- how agreed profiles are being met
- a forecast for delivery for the remainder of the year
- an assessment of quality of provision based on minimum standards and other measures
- overall performance of the provider such as financial health, governance and Ofsted grades

Currently, within AEB there are two funding projections (a mid-year return in February and an end-of-year return in September) and one final funding claim (October) required from grant-funded providers during the funding year. City Hall is reviewing the timeline and scope of the reporting required with a view to allowing a more timely opportunity for providers to raise any issues with underspend, and to apply for growth. Identifying changes earlier means providers will have the chance to make more strategic funding decisions during the funding cycle.

City Hall will also monitor compliance with funding rules and, where non-compliance is identified, make financial adjustments. However, it should be noted that grant funded AEB providers will be removed from the ESF compliance regime. Under the ESFA's current AEB programme, all providers are part of the ESF programme providing match funding, although not all their provision is used in submissions to the European Commission. City Hall will limit the reach of the ESF programme by attributing the procured AEB as ESF match funding from the outset. Therefore, the ESF compliance and audit regime will be limited to a smaller proportion of the AEB and will not be required for grant funded AEB providers. City Hall intends to simplify the Funding Rules where possible for the grant funded AEB providers by removing any clauses used solely to comply with ESF regulations. The hope is this will reduce administrative burdens on many providers.

City Hall will promote the highest standards of conduct in public service delivery and will ensure these standards are fully met, both by City Hall and its partners. To this end, there is a publicly available set of rules and guidelines in place which ensure that its responsibilities are conducted in a responsible, efficient and effective way. Information on City Hall's procedures, including raising comments and complaints, is available on City Hall's website: <https://www.london.gov.uk/about-us/governance-and-spending/good-governance/our-procedures>

Timetable

The timetable for key tasks and milestones is outlined in Table 2 below.

Table 2 – Timetable of key activities for AEB Grant programme

Dec 2018	Publish draft funding and performance management rules
Jan 2019	Final AEB allocation from the DfE confirmed
Mar 2019	Publish final funding and performance management rules Final allocations confirmed to providers
Apr-Jul 2019	Award Funding Agreements
Aug 2019	Delivery starts

Procured AEB

City Hall will award, through an open and competitive tendering process, a similar amount of AEB as is currently delivered through the ESFA's procured AEB. It is anticipated that between £30 million and £35 million of London's AEB allocation will be allocated in this way in the first year, with the proportion potentially increasing in future years. However, a full assessment will be made of the impact of any changes before they are implemented.

The procured AEB contracts will replace AEB provision resulting from the ESFA AEB procurement undertaken in 2017 and ESFA ESF provision in London. Currently, ESFA AEB contracted provision is based on three-year contracts and break clauses will be enacted to finish provision in July 2019.

Procured AEB as ESF match funding

In addition, the procured element of the AEB will be used to match fund a proportion of London's remaining ESF allocation and as such will need to comply with ESF regulations. Potential providers will be required to bid to deliver a number of Qualifications that will be ESF compliant and deliver ESF outputs and results. In most cases successful providers will be awarded the entirety of the funding they have bid for. Further detail on distribution of funding is included in the procurement documentation which can be accessed via City Hall's website: <https://www.london.gov.uk/what-we-do/business-and-economy/skills-and-training/adult-education-budget-aeb>.

City Hall has set a minimum contract value of £400,000 over 4 years, which it considers large enough to encourage strong performance but small enough to allow market entry for smaller providers.

£71 million of the Procured AEB will be used as match funding to fund ESF programmes. This amount is appropriate given ESF audit and compliance risks.

Contract length

Devolution of the AEB programme is new ground for London. Unforeseeable changes in the delivery environment (political, economic or social) may result in changes in London's skills and employment priorities. City Hall will review priorities, allocations and approaches in future years based on these changes. As such, the AEB contracting approach will need to be sufficiently flexible to adapt.

To enable this flexibility, City Hall will award contracts of four years with two break clauses at the end of year two and year three when contracts may be ended. The decision to enact break clauses will be based on a range of factors, including: contract performance and quality; any changes in government policy or provision; and strategic development of the regional programme.

AEB procurement timetable

The procurement of the AEB-match provision is time critical, with current contracts expected to be terminated early to finish delivery at the end of July 2019. To avoid gaps and enable a smooth handover of participants, contracts will be awarded in spring 2019 to enable set-up so that delivery can start from 1 August 2019.

The anticipated timetable for key tasks and milestones is outlined in Table 3 below.

Table 3 – Timetable of key activities for procured AEB programme

Oct 2018	Publication of Contract Notice and tender documentation
Dec 2018	Deadline for tender submissions
Dec 2018 - Apr 2019	Scoring, moderation, due diligence, feedback to bidders
Apr-May 2019	Standstill period, contract award
Jun-Jul 2019	Mobilisation / Onboarding
Aug 2019	Delivery starts

ESF procured provision

Pure ESF contracts will also be awarded through a competitive process. There will be multiple Lots, with at least one Lot (and Specification) for each 'project' (based on activity and target group). Within each Lot there may be multiple contracts (for example, geographically split) or just one. The Specification will set out the maximum contract value, the minimum defined outputs and outcomes, the participant eligibility criteria, and any additional delivery requirements. Assessment criteria will be published, against which tenders will be assessed. There may be variation in providers' proposed delivery methodologies, allowing for innovation to suit a particular area or to meet the needs of a particular target group.

Based on consultations so far on priorities and activities, there may be more than one phase of procurement for pure ESF provision. ESF funding must be spent and claimed from the Managing Authority before summer 2023 and contracts will be awarded on this basis. ESF contracts will range from three to four years in duration as set out in the individual Specifications. Contract awards will be reviewed on an annual basis and, as with AEB procured provision, contracts may be reduced or extended depending on a range of factors, including:

- availability of regional AEB match funding
- contract performance and quality
- changes in government policy or provision
- strategic development of the regional programme.

Procured AEB and ESF contract management approach

The contract management approach for competitively procured AEB and ESF provision will be similar in many respects to the approach for grant funded AEB provision. Dedicated Provider Managers will offer a single point of contact in City Hall to facilitate close working relationships and City Hall's approach to project management will seek to ensure high quality and high performing provision.

City Hall also has a contractual obligation to the DWP, via EPMU, to ensure that all its ESF co-financed activities are fully compliant with ESF regulations. These obligations necessarily result in some differences in the project management approach because all competitively procured AEB and ESF provision will be subject to ESF rules and audit requirements. Providers, including those delivering procured AEB, will have ESF output and result targets which will require them to collect appropriate data and supporting evidence and they will be responsible for ensuring that both they and their subcontractors are fully compliant.

City Hall will support providers to meet the ESF requirements. Procured AEB and ESF providers will receive, guidance, information and one-to-one support, building on the

current CFO and City Hall approach to programme and project management, alongside regular monitoring to ensure ESF compliance. This will include:

- initial induction and information meetings
- training on management information systems and processes
- monitoring visits to providers and their subcontractors (which will include face-to-face interviews with staff, participants and stakeholders)
- regular review meetings to discuss any concerns or delivery issues and achievement against profiled outputs and outcomes
- compliance spot checks on a minimum of ten per cent of supporting evidence

ESF audits may be carried out during or after the project delivery period by City Hall, the Intermediate Body, the Managing Authority, or the European Commission. These are in addition to the AEB audit procedures. As is the case with current AEB and ESF funding, if supporting evidence cannot be provided during monitoring or audit visits, this may result in clawback of funding.

Procured AEB and ESF providers will also be expected to submit data to receive a London Employability Performance Rating (see Chapter 6).

Subcontracting: procured and grant AEB funding

Subcontracting has an important role to play in AEB: it allows smaller and specialist providers to access funding where they would not otherwise be able to meet minimum contract thresholds, and to benefit from economies of scale when partnering with other providers. This approach can be particularly important in allowing access to voluntary and community sector (VCS) and niche providers.

In line with other City Hall grant and contract management processes, providers will be required to outline any subcontracting they anticipate carrying out prior to commencement of their grant/contract, with a clear rationale for why the subcontracting is valuable, and changes to this within the year will be agreed with the relevant City Hall Provider Manager. City Hall will take a pragmatic approach to the level of change to subcontracting which requires agreement and this will be set out in guidance due to be published later this year. The ESFA's current reporting mechanisms and timeline will be reviewed, with the aim of improving their scope and timeliness to give providers a suitable window to highlight any request for change, enabling City Hall to support providers to spend their allocations in full and ensure an equitable approach to the delivery of niche provision.

City Hall expects to examine more closely delivery subcontracting fees and charges that subcontractors must pay. Following consultation, City Hall considers up to 20 per cent retention of funding provided for on-programme training to be a reasonable level and would not expect prime providers to charge more than this. This approach is in line with the recommendation made by the Association of Employment and Learning Providers

(AELP), Collab Group and HOLEX as part of its best practice guidance for the relationship between prime providers and subcontractors.⁶⁴ However, City Hall Provider Managers may permit higher fees if there is a clear rationale and corresponding service offer for subcontractors.

In addition to unjustified charges to subcontractors there are also a range of other practices that City Hall would not expect prime providers to engage in, both for AEB and ESF provision. These include:

- charging subcontractors, a 'pay to play' fee to be included in the bid
- delaying or withholding payments for eligible claims from subcontractors for a reason unrelated to the subcontractor's delivery (e.g. because the prime provider has cashflow issues)
- instructing or encouraging subcontractors to deliver a minimum service, or to deliver 'barely eligible' outcomes on Payment by Results (PbR) contracts
- applying pressure to subcontractors (for example, threatening to terminate their contract) to discourage them from communicating concerns/complaints to the funder, and in worst cases actually terminating a contract because a subcontractor has raised a legitimate concern or complaint
- introducing additional unreasonable evidence requirements, sometimes telling the subcontractors that this information is required by the funder when it is not

City Hall also recognises that there are significant risks that prime providers face when subcontracting. City Hall will work with prime providers to better understand what some of these issues are. These are likely to include:

- how to carry out due diligence checks when procuring subcontractors
- how to ensure subcontractors have the capacity and capability to meet their deliverables
- how to manage the risks of double funding for subcontractors with multiple subcontracts with directly funded institutions—subcontracted provision, particularly distance provision, has had the highest number of historic double funding problems

City Hall will seek to address these issues through provider guidance, monitoring and Grant Agreements and contracts.

⁶⁴ AELP, Collab Group & HOLEX (2018) [Best Practice Guidance for a Relationship between a Prime Provider and a Subcontractor](#)

5. Ensuring local approaches

Devolution of the 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.

How will local areas be engaged?

The Mayor has established a new advisory body, the Skills for Londoners Board, to help strengthen collaboration between key stakeholders. It includes representatives from London Councils, the SRPs, providers, employers and City Hall to steer and advise the Mayor on implementation of the AEB and the Skills for Londoners Strategy. The sub-regional skills and employment boards⁶⁵ will identify the strategic priorities relating to skills and employment priorities in their localities. The boards will also support the work of the Skills for Londoners Board, providing data on localised skills demand and need to complement City Hall's London-wide data, building collaborative partnerships with local stakeholders and helping to inform commissioning plans for AEB, ESF and skills capital funding. City Hall, London Councils, SRPs and boroughs will work together to effectively support the advisory body and explore the added value that local knowledge, activity and political leadership can bring to skills activities and policy.

Sub-regional priorities

AEB providers will be expected to demonstrate how they are meeting the needs of employers and Londoners within their localities as well as across London. Each of the SRPs have published their skills and employment strategies or are in the process of doing so.

⁶⁵ Sub-regional skills and employment boards have been established by the sub-regional partnerships (Central London Forward, Local London, South London Partnership and West London Alliance) to steer and oversee the implementation of their strategies within their localities

Indicative priorities from each of the SRPs are outlined below with more detail available in the respective sub-regional skills and employment strategies:

Central London Forward (CLF):

- working closely with a number of key sectors to improve skills provision, including:
 - health and social care
 - construction
 - tourism, hospitality and retail
 - creative and digital
 - financial and professional services
- increasing the provision of and participation in apprenticeships across Central London
- improving employment and qualification outcomes of BAME residents, and residents with long-term health conditions and disabilities
- supporting residents to gain higher level skills, move into better paid work, and working with employers and residents to improve employee progression.

Local London:

- supporting in-work low paid residents with no or low skills/qualifications to enable them to up-skill, secure new qualifications and progress into higher paid work
- supporting unemployed and economically inactive residents with disabilities/long term health conditions
- supporting lone parents who are struggling to secure and maintain part-time and full-time work and at a reasonable level of wage
- supporting young people leaving school without qualifications (including NEETs) who struggle to find employment
- supporting residents whose first language is not English and for whom this is a barrier to obtaining employment and/or accessing education and learning opportunities
- supporting young and older residents with SEND needs
- supporting the following high priority sectors to meet their skills needs: construction, digital and technical, health and social care and cultural and creative

South London Partnership (SLP):

- supporting people with low or no skills (including ESOL)
- tackling in-work poverty
- supporting in-work progression and pathways to higher level skills
- delivering 'work ready' skills, particularly for unemployed groups
- promoting resilience, adaptability and lifelong learning to ensure people in roles affected by automation can adapt and access new opportunities
- increasing digital skills across many sectors

- boosting apprenticeships in key sectors including business administration and support, health and care, professional/scientific/technical
- delivering skills to support development in SMEs, enterprise and entrepreneurship

West London Alliance (WLA):

- having a truly joined-up system—ensuring that all partners, including the public sector, employers, schools, colleges and universities are working together to deliver a seamless skills system that allows people from all backgrounds to succeed
- working with employers from all sectors to better match their training offer with their business needs and those of the economy, upskilling those in low paid employment
- getting the basics right by supporting the entire economy developing a locally accessible offer of foundation skills covering entrepreneurialism, resilience, English, maths, digital literacy, STEM and employability skills
- supporting and promoting inclusion for all so that those furthest from the labour market, particularly people for whom English is not a first language, people leaving care, young offenders and people with learning disabilities or a mental ill health condition, are able to access the labour market
- meeting skills needs in sectors anticipated to experience high growth over the next five years in west London:
 - wholesale and retail
 - transportation, logistics and storage
 - administrative and support services
 - human health and social work activities
 - professional, scientific and technical activities
 - construction and engineering modern working practices and new construction techniques

Engagement during the contract management process

City Hall wants to ensure a good understanding of local issues: the skills gaps, learner demographics and unique challenges that each provider faces. City Hall is also keen to develop good working relationships with providers. To this end, as outlined earlier, City Hall has established sub-regional teams covering Central and West London, and East and South London. These teams will lead engagement at the local level, including with providers, learners and the broader community. City Hall officers will sit as observers on the sub-regional skills and employment boards.

Each provider will be allocated a named Provider Manager as a single point of contact. This single point of contact will be involved in the funding cycle from beginning to end and will be expected to have a comprehensive understanding of the local context and the skills needs of the area through engagement with local partners. City Hall is also keen to build on existing provider relationships, and will run sub-regional events with the SRPs to support best practice sharing, networking and peer support. Through focusing teams on specific geographies and establishing one-to-one support, City Hall can support providers

to deliver high-quality adult education that meets learning aims and the needs of the local area. City Hall is also exploring with London Councils and SRPs how local knowledge and expertise can add value to all stages in the commissioning process.

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.⁶⁶ However, the picture is variable. City Hall will look to address this variability by moving towards a system that more strongly incentivises outcomes.

Description of outcomes

Outcomes will be harmonised across programmes wherever possible, and in a way that helps deliver several of the indicators for the Mayor's Skills for Londoners Strategy, Economic Development Strategy and Social Inclusion Strategy. Table 4 outlines the key outcomes City Hall will look to deliver, and Table 5 shows the key inputs and outputs that the funding will support, particularly some of the priority groups outlined in the previous chapters.

In terms of outcomes, ESF programmes are more commonly able to collect accurate destination data, in part because they are often operated on Payment by Results (PbR) models. As such, there is an expectation that the pure ESF projects will be able to collect the most complex destinations data, including data on whether outcomes have been sustained (for six months).

All current AEB providers, on the other hand, while required to provide destination data, do not receive any financial reward for collecting this data. Therefore, the quality of the data, and the ability to track sustained outcomes, is more limited. As such, the aim for AEB grant-funded and procured provision, at least initially, is to improve the quality of immediate destination data.

⁶⁶ BIS (2016) *Understanding the Further Education Market in England*

Table 4 – The key outcomes City Hall will look to deliver			
<i>Note: the table is still subject to consultation through the Outcomes for Londoners Advisory Group and may be subject to further changes</i>			
Framework indicators	Skills for Londoners Capital Fund	AEB	ESF
Labour market outcomes			
Entered employment or self-employment	X	X	X
Sustained employment or self-employment		X	X
Entered further learning	X	X	X
Sustained further learning		X	X
Entered job with training (incl. Apprenticeship)	X	X	X
Sustained job with training (incl. Apprenticeship)		X	X
In work progression e.g. positive contract change (e.g. temp to permanent, or zero hours to fixed hours) or secured a promotion.			X
Social outcomes			
<i>To be confirmed, but likely to include outcomes from the Social Inclusion Strategy, Health Inequalities Strategy and Culture Strategy</i>		X	X
Quality of education facilities			
Impact of project on condition of estate (Gross Internal Area)	X		

Improvement in accessibility linked to wider social integration	X		
BREEAM rating and other sustainability/ environmental considerations	X		
Cost savings realised from improvements	X		
Partnership development and strategic alignment			
Support for priorities identified in the sub-regional employment strategies and increase in partnerships between skills providers and businesses	X	X	X

Table 5 – Key inputs and outputs relevant to meeting the outcomes

Framework indicators	Skills for Londoners Capital Fund	AEB	ESF
Participants/priority groups			
Total number	X	X	X
Economic status (in work, unemployed, inactive, NEET)	X	X	X
Gender	X	X	X
Disability	X	X	X
Ethnicity	X	X	X
Lone parent		X	X
Learning Undertaken			
Learning aim starts	X	X	
Achievement rate		X	
Full level 2 qualification achievements	X	X	X

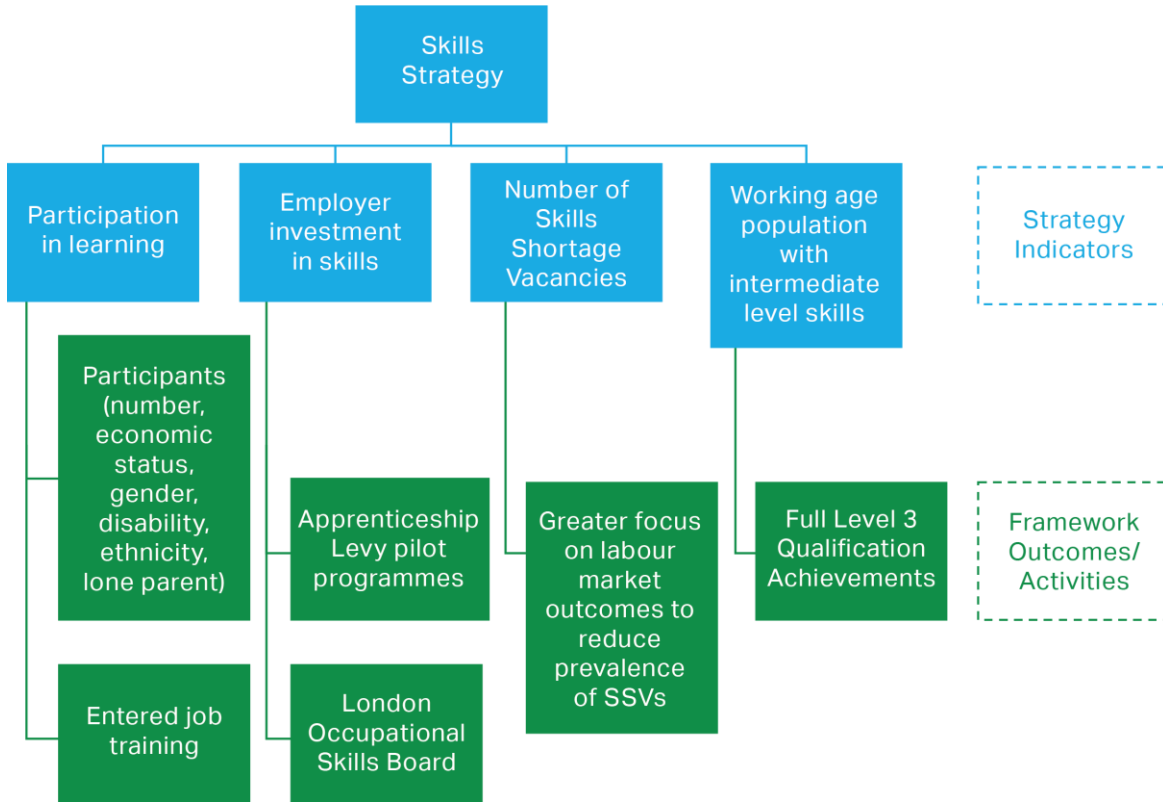
Full level 3 qualification achievements	X	X	X
Basic skills learning aim achievement	X	X	X
ESOL learning aim achievement	X	X	X

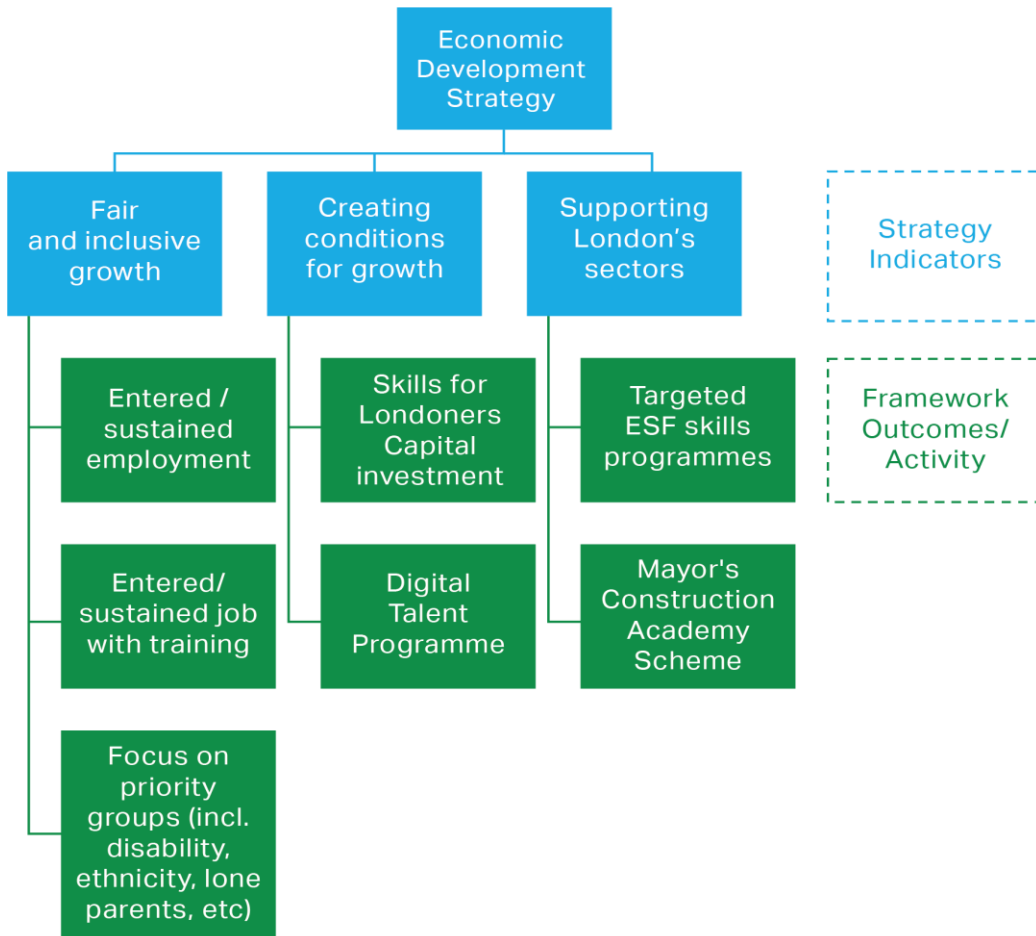
It may not be possible to completely harmonise outcome definitions; for example, as a result of restrictions imposed by the Government. Moreover, even where indicators are defined in the same way, direct comparisons between programmes may not be possible; for example, an ESF provider delivering a programme that pays for results is more likely to expend the effort to collect outcome data than one where there is no financial incentive to do so. However, the robust ESF evidence requirements may mean that ESF providers are not able to evidence all the outcomes of which they are aware. Therefore, caution will have to be exercised in drawing comparisons between different programmes, even when result indicators are aligned.

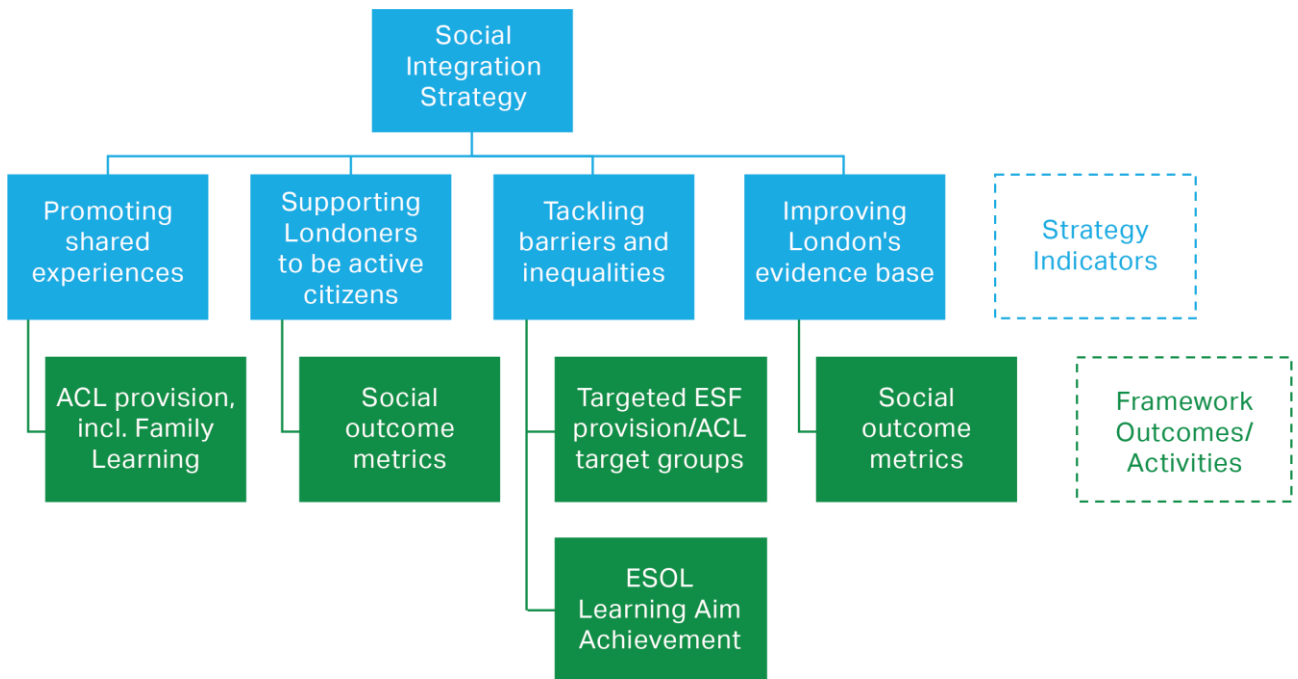
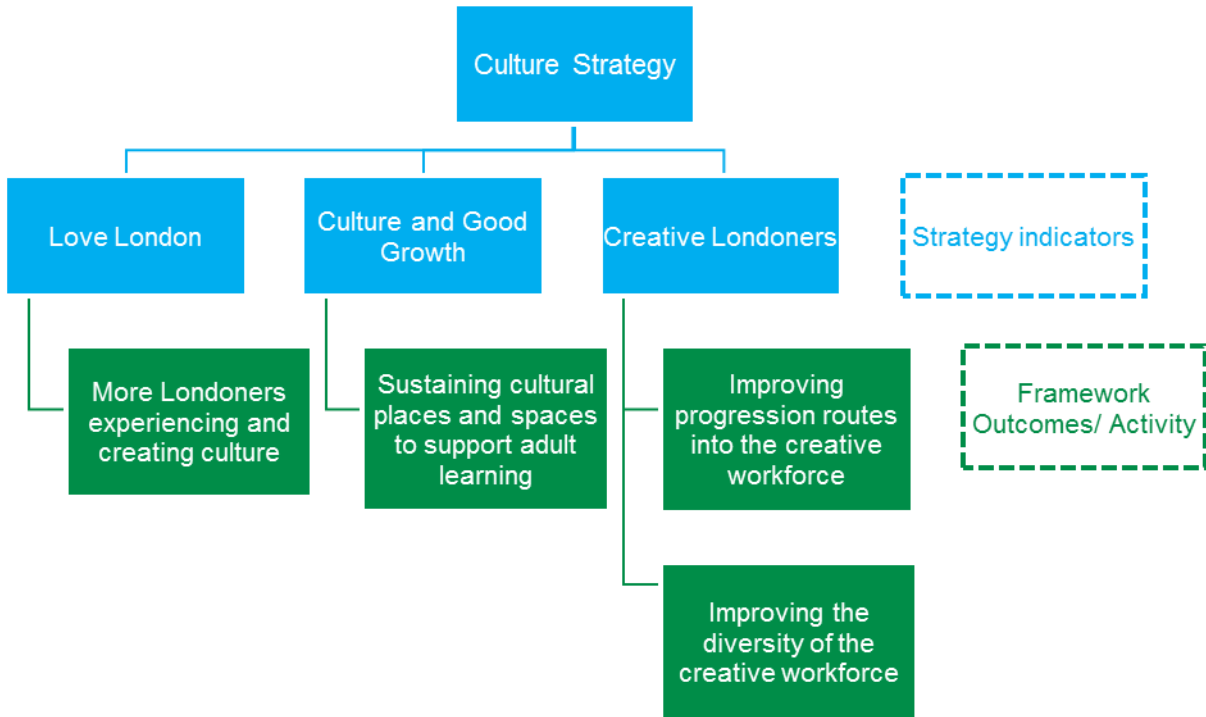
Links to Mayoral strategies

The outputs and outcomes outlined in Tables 4 and 5, as well as other activities outlined in this Framework, are designed to support the higher-level indicators found in the relevant mayoral strategies. These strategies are subject to review and may change following consultation or updates. The following diagrams outline how the proposed aims and objectives relate to the Mayor's Skills for Londoners Strategy, Economic Development Strategy, Culture Strategy, and Social Integration Strategy.

Figure 1 - Mayoral Strategy Indicators and related Framework outcomes/activities







Social outcomes

While the focus will be on delivering labour market outcomes within the AEB and ESF programmes, it is important to recognise the significance of other social outcomes. These outcomes relate to helping individuals, through adult education, to become and stay healthier, improve their economic prospects and be more informed and active citizens. City Hall will, where possible, use widely recognised and validated scales. For mental health outcomes this could include the PHQ-9 measure for depression and the GAD7 measure for anxiety.⁶⁷

The diagrams in Figure 1 do not provide the full detail of the social outcomes which will be measured. Rather, City Hall will initially commission consultants and work with providers to develop a set of metrics. These metrics will then be tested in the 2018-19 academic year so they can be rolled out across London in the 2019-20 academic year. This approach will enable lessons to be learned from the past and enable the metrics to be refined over time.

Collecting outcomes data within the AEB

As outlined in the previous section, collecting outcome data is more common for ESF providers who are used to delivering through PbR. However, while AEB providers are currently required to record the destinations of learners, this data is often incomplete. City Hall will look to improve the collection of this data.

Ideally, this would include drawing on HMRC Real Time Information (RTI) as used by the DWP within the Work and Health Programme. Working with Government, City Hall will attempt to gain access to this data, although it is unlikely to be made available in the short term. In the meantime, City Hall will work with providers to ensure the quality of data improves. This is likely to include a request that providers collect this data more completely, and Provider Managers will work with providers who are unable to provide sufficient data. It is recognised that the resources required to collect destination data could have an impact on the resources available for delivery. One option to address this might be to establish an Outcomes Development Fund for providers to bid into to help them develop the systems to collect this data more effectively.

Given the focus on outcomes, in future years destination data may be used in determining providers' AEB funding allocations. For procured AEB provision, outcomes data may be used to determine whether contracts are extended beyond the initial two years.

⁶⁷ The Mental Health Network – NHS Confederation (2011) *No health without mental health: developing an outcomes-based approach*

Incentivising outcomes through funding approaches

When PbR contracts replaced payment based on delivery for City Hall's ESF contracts, performance and outcomes increased significantly.⁶⁸ More recent research conducted by the Learning and Work Institute found that the more a contract pays on a certain outcome, the more of that outcome is achieved.⁶⁹ As part of the Mayor's desire to make the AEB more outcome focused, a move towards PbR contracts is attractive. While there are many pitfalls to developing robust and effective PbR models, when it is done well, the benefits can be substantial. Other sectors, notably welfare to work, have adapted to PbR contracts, and some skills provision in London—including LEAP's ESF skills provision commissioned through the ESFA—already operates on this basis. City Hall's ESF Co-financing programmes, although using PbR models, have sought not to disadvantage small and third sector providers by ensuring payment models have advance payments and 'attachment' payments in order to reduce provider risk and help cashflow.

A system where financial incentives are aligned with policy goals is preferable to one where they are not. Within the context of AEB, providers might react to these incentives by altering the learning aims they deliver, altering their delivery models, and/or looking to provide a better link from training to re-entry to, or progression in, the labour market.

However, the Mayor recognises the considerable challenges in implementing PbR for the AEB⁷⁰ and therefore lessons will be learned from evaluations of previous PbR implementations. Within the AEB, PbR models would likely need to vary depending on the type of provision being delivered; for example, with different models for vocational qualifications and basic skills or ESOL provision. PbR may also not be suitable for all types of provision delivered through AEB, such as ACL.

Without appropriate data on which to base PbR models, there is a significant risk they could damage provision through a range of unintended consequences. For example, if the payment model is not generous enough for a certain type of training, it could lead to less investment in that training, or heavy investment in provision where the payment model is relatively more generous. Moreover, there are risks around some providers 'cherry picking' learners who they think are likely to achieve outcomes, and neglecting the most disadvantaged who may struggle to achieve them.

As such, City Hall will not rush into introducing PbR models. PbR will only be introduced when there is confidence that there is sufficient data to allow robust payment models to be developed. This is likely to be possible only after City Hall gains access to Longitudinal Educational Outcomes (LEO) data from the DfE and/or after running a number of robust, smaller scale trials. City Hall is in early discussions with partners to explore whether an appropriate trial can be arranged, as well as exploring how to gain access to LEO data.

⁶⁸ Evans, S. & Krasnowski, K. (2011) *Great Expectations. How London delivered in hard times*

⁶⁹ CESI (2015) *London ESF 2007-13: Programme Report*

⁷⁰ See for example, CESI (2014) *Incentivised Skills Funding: the role of payment by results*

Any PbR models would be implemented over time, so that the proportion of a provider's contract being paid by results would increase slowly to avoid any financial shocks. Any PbR models would be likely to look like the current ESF PbR models, with attachment payments and advances to help providers with cash flow. However, PbR may not be implemented at all, if it is not deemed suitable or practical after further exploration.

In the short term, the Mayor expects to continue paying providers on a similar basis as that laid out in the current AEB Funding Rules. City Hall expects to proactively vary allocations from low performing to high performing providers, initially based on providers' ability to spend their allocation, but possibly later based on outcomes.

Helping Londoners make better choices

A greater focus on outcomes requires better information to inform choices. Learners need information to choose careers options, qualifications and learning providers. Learning providers need to know what skills are in-demand in order to choose what they deliver. And careers advisers need to know about job opportunities and the qualifications that will help their clients get those jobs.

However, data is not currently being used in the skills and employment sector to its full potential.⁷¹ This is something that London can take a lead on by using place-based, data-driven commissioning to better align provision with local labour market needs. City Hall will take a number of actions to allow stakeholders to base their choices on the most robust information available.

City Hall will build a London Skills and Employment Knowledge Hub (hereafter referred to as the 'Knowledge Hub'). This will bring together a range of information about skills and employment in London and will provide sub-regional data where possible. There are a range of different possibilities, but the Hub is likely to include data on:

- 1 **The balance of skills demand and supply.** This will inform strategic decision making, commissioning and provision planning. Data will include trends and forecasts where available.
- 2 **Learning opportunities.** This will inform prospective learners' decisions about what to learn and will include information about providers in London (location, courses offered and measures of quality, including learner satisfaction), and courses and qualifications (availability in London, entry requirements, where these are offered, as well as, where possible, indicators of quality such as outcome measures).

⁷¹ Centre for Progressive Policy (2018), *The Data Deficit: why a lack of information undermines the UK skills system*

- 3 Job opportunities.** This will take the form of vacancies data and would be useful for job seekers.

There will be challenges around making the Knowledge Hub accessible for all of its intended audiences: learners (of different ages and levels), providers and policy makers. Another key challenge concerns data availability. To ensure the Hub is robust and transparent, it will be independently evaluated. Some core data may be made available to key stakeholders in advance of the launch of the Knowledge Hub.

Moreover, to help bring transparency to the provider market, City Hall will consider requiring AEB providers to use a version of the Employability Performance Rating (EPR), which is already used for London's ESF provision, possibly tailored to education and skills providers. EPR is a comprehensive and transparent system which awards star ratings based on the quality of service provision, in terms of achieving targets, learner satisfaction and compliance. It has a number of uses, including helping providers build high performing supply chains. The EPR is a useful performance management tool for contract managers, and a method of self-assessment for providers.

As well as developing the Knowledge Hub and considering introducing the EPR, City Hall is also investing further in careers advice, for example, through extending the work of the Careers Cluster pilots funded through the ESF (see Chapter 3), expanding the London Enterprise Adviser Network, and developing an all-age careers offer (see Chapter 7).

7. Other funding opportunities

Alongside the AEB and ESF programmes, City Hall is delivering a number of other skills and employment programmes to improve London's skills system and provide better outcomes for Londoners. This section provides more detail about these programmes, the priorities they address and the outcomes they will deliver.

Skills for Londoners Capital Fund

Overview

City Hall will continue to champion high-quality further and adult education in London by supporting its infrastructure through capital funds. High-quality technical and adult education requires industry-standard fit-for-purpose facilities to ensure learning is relevant to current and future employer and economic needs. City Hall and LEAP are committed to supporting investment in infrastructure and facilities in further and adult education through the Skills for Londoners Capital Fund, with greater strategic focus on in-demand skills at regional and sub-regional level.

Funding will support the responsiveness of high-quality, financially-stable institutions that are underpinned by strong employer links. That means supporting the delivery of high-quality skills that employers say they need, in buildings that are inspiring and fit-for-purpose and reflect the working environments, collaborative spaces and new ways of working. The Skills for Londoners Capital Fund will allow London's skills providers to respond to the current and future skills requirements of employers and learners, and improve quality of provision, learner satisfaction, progression and success rates.

Funding priorities

Investment in London's skills estate must continue to ensure that Londoners and London's businesses can benefit. City Hall and LEAP will invite eligible skills providers to make strong, evidence-based proposals for grant funding under the Skills for Londoners Capital Fund. In particular, projects are welcomed which demonstrate innovation in:

- partnerships and collaboration with employers and local stakeholders in the design and delivery of provision
- approaches to delivery which secure the highest levels of social, economic and environmental value
- place making and high-quality design, strengthening links with local communities

City Hall and LEAP are committed to delivering a flexible bidding process to support both investment-ready projects and proposals which require more time or support to develop. Proposals are expected to deliver high-quality well-designed learning spaces that:

- respond and adapt to both current and future requirements of employers and learners through development, modernisation and rationalisation of facilities with a focus on key sectors⁷²
- improve quality of provision, learner satisfaction, progression and success rates, including for those learners previously or at risk of becoming NEET, learners with SEND and offender learners
- support increased levels of apprenticeship delivery and/or progression to the highest levels of vocational and technical study⁷³
- demonstrate strong and innovative collaboration and partnerships with employers and local stakeholders, through bringing businesses directly into the institution to influence the design and development of provision and supporting the creation of jobs as well as working closely with schools, other education providers and local authorities
- promote and support the establishment of Institutes of Technology (IoTs) in London to deliver higher and degree-level apprenticeships and technical skills in technology and digital skills, the life sciences sectors and higher-level construction skills (under the banner of the Mayor's Construction Academy), as well as broader STEM provision

Funding availability

A total of £114 million has been made available to support investment in the estate and equipment of skills providers over the next four years. £25.7 million was awarded in the first funding rounds which launched in April 2017. A further £88 million was made available in August 2018. Future funding rounds will be dependent on budget availability.

Within the £88 million of the available Skills for Londoners Capital Fund, £7.2 million is ring-fenced for the Mayor's Construction Academy Capital Programme. Applicants seeking to apply for capital funding for construction focused projects will need to have secured the Mayor's Construction Academy Quality Mark to be eligible to apply.

⁷² These sectors include tech and digital, life sciences, environmental goods and services sector, creative and cultural industries, advanced urban services, financial and business services, and tourism

⁷³ For example, through higher level apprenticeships or projects able to demonstrate strong progression links with higher education

Mayor's Construction Academy Scheme

Overview

The Mayor's Construction Academy (MCA) aims to ensure more Londoners train in the skills they need to access construction-sector vacancies on the capital's housing construction sites.

In his manifesto, the Mayor pledged to “establish a construction academy scheme with the housebuilding industry, to close the gap between our ambitious housing targets and the need for more skilled construction workers in London”. Tackling the housing crisis in London is one of the Mayor's top priorities, and there is a widely shared acceptance that there needs to be an unprecedented increase in housing delivery in London to address the shortage of housing in the capital, particularly affordable housing.

Funding availability

The MCA will help with this by making the following opportunities available to interested construction skills providers, employers, developers and London boroughs:

- an MCA quality mark which recognises high-quality construction skills training provision in London
- revenue funding of up to £4 million (subject to funding availability) to support MCA hubs to strengthen co-ordination of skills training and employment opportunities between construction skills training providers and construction sector employers in London
- capital funding (£7.2 million) for equipment and facilities to support the delivery of high-quality construction provision in London

Through this approach, the MCA aims to improve the supply of skilled construction workers required by the sector and create more opportunities for Londoners to benefit from the available job opportunities in the construction industry (including more women and BAME Londoners). To do this, the MCA will:

- scale-up and extend high-quality provision and initiatives that are already working well across the capital to train Londoners in the skills needed to enter into and progress in careers in the construction sector
- intensify local collaboration, particularly between small and medium sized enterprises (SMEs) and construction skills training providers
- support the development of training provision for the construction of precision-manufactured housing in London

The launch of the MCA quality mark application process took place in late March 2018, and the successful applications were announced in early summer 2018. The prospectus inviting applications for hub leads to take on a coordination role between training providers and construction sector employers, supported by revenue funding from City Hall, was launched in summer 2018 and successful applicants will be announced in late autumn of

2018. The application process for the capital funding element of the MCA was launched in late summer 2018 to training providers who have secured the MCA quality mark. Information on each of the application rounds can be found on the City Hall website.

Digital Talent Programme

Overview

The Mayor's £7m Digital Talent Programme aims to increase the quality and volume of industry-led digital training opportunities for young people in London. It is intended to plug a growing skills gap in digital, technology and creative entry-level occupations with diverse, 'homegrown' talent. The programme's goals are to inspire young people aged 16 to 24 to develop the skills to access the growing number of digital, tech and creative jobs in London's economy, alongside equipping Londoners with the vital digital skills they will require for any role. This includes attracting more young women and Londoners from diverse ethnic and disadvantaged backgrounds, who are currently under-represented in these occupations.

The multi-stranded programme brings together a range of stakeholders, including industry leads, skills providers, schools, women in tech organisations, and youth and community groups, to make sure young people have the skills employers want, and to encourage the industry to take a greater role in developing new talent.

Current and upcoming programme activity includes:

- Digital Skills Training: six new digital skills training courses are currently in delivery across a range of specialisms including front-end web development, digital marketing and visual effects.
- A marketing campaign targeted at young, diverse Londoners was launched in March 2018 aiming to inspire take up of occupations requiring digital skills.
- A programme to increase the relevance of higher digital skills training through improved university-SME partnerships, including 500 industry placements in start-ups and SMEs for students.
- A CPD programme to enable educators to increase their digital skills and confidence and improve their career guidance offer.
- A Young Entrepreneur initiative to fund delivery of a training course and support for young Londoners to develop a digital, tech or creative small business.
- £2m of capital funding is available for delivery partners to enhance provision.

A meta evaluation of the whole project will measure the success, impact, and lessons learned from all six strands. This will help to generate an evidence base of effective models of delivery and examples of best practice, which will be shared with employers, educators, and policymakers, and inform future GLA initiatives.

You can find out more about the Mayor's Digital Talent programme on City Hall's website.

All-age careers offer

Poor careers advice and guidance is repeatedly identified as a barrier to participation in adult education, as well as to young people and adults finding the right courses and jobs. City Hall is currently developing an all-age careers offer, which will improve the availability and coordination of support currently available to all Londoners to help them to navigate their options. City Hall will publish an action plan in autumn 2018, setting out the key components of the careers offer.

Expansion of the London Enterprise Adviser Network

Ahead of publication of the action plan, City Hall is investing in the expansion of the London Enterprise Adviser Network (LEAN). The network matches senior business volunteers, known as Enterprise Advisers, with careers leaders in schools. Enterprise Advisers support school leaders to increase business engagement and develop careers strategies and employer engagement plans for their school. The volunteers and schools are supported by Enterprise Coordinators, who provide Enterprise Advisers with high-quality training, facilitate their relationships with schools, and offer extensive on-going support.

Currently, the LEAN provides strategic support to 125 schools across 18 boroughs, through a network of over 200 Enterprise Advisers. Following encouraging initial results, City Hall is now scaling up the LEAN in order to offer it to all state secondary schools and colleges in the London LEP area.⁷⁴ Based on current uptake, it is expected that 80 per cent of schools and colleges will participate in the expansion of the LEAN. This means that by 2020, the network will be operating in more than 470 schools and colleges (including Pupil Referral Units), utilising the skills and expertise of 700 volunteer Enterprise Advisers. The Enterprise Coordinators will also signpost schools and colleges to other elements of City Hall's developing careers offer.

Funding availability

City Hall is making funding available to support the expansion of the network for the period September 2018 to August 2020. This is matched by a contribution from the Careers and Enterprise Company that will cover 50 per cent of the salaries of the Enterprise Coordinators who run the Network. This requires a change to the delivery arrangements for the expansion of the Network, which is currently delivered directly by Team London at City Hall and the Mayor's Fund for London. City Hall now intends to contract with delivery partners to offer the service in each of the SRP areas on behalf of the Mayor and LEAP. A procurement exercise to identify delivery partners was completed in summer 2018. More details on the LEAN are available on City Hall's website.

⁷⁴ This currently excludes Croydon which is provided with access to EAs through the Coast to Capital LEP

Moving to an SRP model will ensure that the LEAN better responds to local skills and careers activity, and will strengthen local partnership and collaborations between employers, schools and FE colleges within each SRP area.

Alongside the expansion, City Hall will look to further build on the success of the Network. City Hall will work with London's five IALs to explore how the LEAN may be able to support their own employer engagement and careers guidance efforts. In 2019-20, City Hall will also pilot how the Network could help to enhance the careers support provided to young people with SEND.

Apprenticeships

Understanding apprenticeship provision and demand

City Hall will commission research to achieve a greater understanding of how employers perceive and use apprenticeships in London. The research will provide insights into how City Hall could effectively support the improvement of the quality and quantity of apprenticeships in the capital. The research will also map apprenticeship provision in London, and carry out qualitative and quantitative work with employers to understand barriers to the recruitment of apprentices and how they might be addressed, including in London's key sectors and occupations.

The research follows findings from qualitative and quantitative research undertaken by City Hall's Intelligence team, which showed that Londoners would be significantly more likely to pursue an apprenticeship if they felt employers attributed more value to the qualification and the experience it provided.

Pilot programmes

City Hall will establish new pilot programmes to promote and facilitate the use of levy funds to improve progression, increase social mobility and raise the productivity of businesses in key sectors. These programmes will test new ways of working with industry to use unspent levy funds to promote new quality apprenticeship opportunities, including the facilitation of levy transfers.

The pilot programmes will take place in sectors with acute current or forecast skills shortages, those that have scope to offer a large number of apprenticeships where current levels are low, or those where intervention is needed to support growth in apprenticeships due to issues such as fragmentation. Such sectors are likely to include construction, food retail and hospitality, tech and digital, and the creative industries.

The programme of work will also include:

- engagement of large levy paying and small non-levy paying employers;
- support and guidance for businesses in the use of levy funds

- convening businesses in sectors and supply chains to coordinate levy use and testing delivery vehicles and models to support this
- evaluation and dissemination of the pilot findings to inform how London's employers use the levy in the future

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