



## Skills Devolution & 16-18 Area Wide Reviews in London: Issues and Implications for Providers.

### LWBLA Member Briefing

October 2015

#### 1. Introduction & Overview

The LWBLA believes it is very important for all of our members to understand the issues and implications with respect to the proposed 16-18 Education Area Wide reviews, a process that will take place across all of London over the next 18 months.

The LWBLA has received from the LEP/ GLA (on behalf of the Mayor) a presentation and briefing note setting out this out identifying issues, process and key questions to be covered in this initial consultation. This is attached to the LWBLA's briefing paper. It is a work in progress.

The purpose of the LWBLA briefing paper is to attempt to set these issues out and put in place a process for how we as an Association can best represent our individual and collective interests.

In a nutshell the reason the 16-18 Area wide reviews are so important is that they will directly influence the future of all FE Colleges and Sixth Form Colleges in London. Why: because FE Colleges and Sixth Form Colleges are now under severe financial pressure with uncertain future levels of income and in many cases rising operating costs.

The Government has recognised this is an English national issue and re-introduced the Area Wide Review concept as a process for setting out recommendations on a geographic and institutional basis. These Area Wide Reviews are now underway in parts of England such as Manchester and the South Coast and ultimately will cover all of England.

In addition to the Area Wide Reviews in London the LWBLA is expecting to hear within the next few months if the Government has agreed to the Mayors proposal to have the Adult Skills Budget (amongst other programmes/budgets) devolved to London. This is significant because Government has historically allocated most of the Adult Skills Budget in London to FE Colleges.

In the LWBLA's view Area Wide Reviews and Skills Devolution are essentially "two sides of the same coin". They may have different influences but the timing and outcome from August 2017 onwards fundamentally reshapes provision in Post-16 education and the skills sector. It is likely to politicise all future decisions on



allocating public funds: who gets what, how much and for what purpose. This is what the LWBLA's Briefing paper attempts to unravel and explain.

## 2. Contextual understanding of the Area Reviews

The Government has published two technical documents explaining the Area Wide review process. These are the links:

- [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/446516/BIS-15-433-reviewing-post-16-education-policy.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/446516/BIS-15-433-reviewing-post-16-education-policy.pdf)
- <https://www.gov.uk/government/publications/post-16-education-and-training-institutions-area-based-reviews>

The key statement within the documentation and subsequently repeated by Ministers is as follows:

***“We will need to move towards fewer, often larger, more resilient and efficient (FE College) providers.”***

Government is flagging up that the outcome of the current Comprehensive Spending Review (CSR), scheduled for publication on the 5th December as part of the Autumn Statement, will lead to lower levels of grant and consequently increased operating risk for FE Colleges. In summary it is assumed the amount of grant-based money will decline (either by conversion into loans, or by overall reductions) through to 2020.

But what public funds remain to be allocated, and to whom, will become intensely politicised. FE Colleges will naturally view this as 'our money' and the LWBLA assumes that they will lobby to squeeze out/restrict any tendering outside of the existing contract holders.

From an FE/Sixth Form College perspective what we are seeing in London is a 'circling of the wagons' to collectively protect the self interest of the FE Sector and provide the room for manoeuvre where voluntary mergers and new organisational structures between individual institutions can be negotiated in advance of the Area Review process.

In terms of the politics between the Mayor of London and the Government, much will depend on the approach taken following the election of the new London Mayor in 2016. The scheduling of the reviews and the timetable is in itself a profoundly political act. Will the process be driven by an understanding of organisational risk or political consensus? (they are not mutually exclusive)

The 32 London Boroughs each want to influence the outcome, which further risks complicating the process. At present the geographic compromise in London appears to be the reemergence of 5 sub-regions. This appears to be relatively straightforward in some areas such as West London but more complicated with respect to the boundaries for East, North and South London.



The GLA/LEP helpfully sets out the approach and key questions to be addressed. There is a sense that the Mayor and Boroughs recognise that there is a need for clear fact finding and objectivity to the process and this is to be welcomed. The outline process is contained in the GLA/LEP briefing and the London Councils document. All of these reports are available on the LWBLA website.

### 3. How does this affect an independent training provider?

You may be thinking does this really affect me as an independent training provider?

The initial consultation from the GLA/LEP poses a very important question for independent training providers:

- **Does your organisation wish to be included within the review?**
- **If so, the provisional date for notifying the GLA/LEP is Friday 12.00 the 23rd October 2015.**

If you are a General FE or Sixth Form College you basically don't have a choice, but all independent providers, schools and adult and community learning providers have the option to formally opt-in. What 'opting in' actually means in practice is not yet clear. It appears to be a very subjective decision by a provider whether to formally participate or not.

It is difficult at this stage to provide members with a clear-cut answer: there are relative pros and cons, and each provider should make their own decision on how to proceed. Unfortunately no one can say with any confidence how the process will be conducted. The judgment will fall on how you see the future strategic positioning of your organisation and trading prospects.

Does participating in the Area Review give you a perceived competitive advantage in establishing/raising your profile and reputation in the eyes of future decision makers?

A key point will be the future trading/commercial relationship with Local Authorities and the Mayor's Administration. If you are intending to bid, tender or apply for contracts services/new opportunities you should weigh up carefully the 'pros and cons'.

If you believe the self interest of your organisation is best protected by being part of the process then participate; but in doing so you are potentially opening up your organisation to a level of scrutiny and judgment outside of your control.

The LWBLA believes that there are a large number of organisations, many of whom are defined as sub-contractors, particularly voluntary or third sector organisations, who find themselves in one of the following scenarios:

- If your organisation is a subcontractor to an FE College, provide services under contract, or in a partnership with an FE or Sixth Form College then this will impact/affect you. The scale of impact will be proportionate to the level of



income your organisation secures as a sub contractor to a College.

- As a provider who uses the adult skills budget for non apprenticeship delivery either as a contract holder/prime or as a subcontractor then you are likely to be directly affected by the devolution of the adult skills budget and the implications of Area Wide Reviews.

Why: because no one can say with any confidence that the funding will continue beyond 2017.

If for example you are an apprenticeship provider with a direct contract to the SFA/ EFA you are probably enjoying a reasonable level of control/independence over your own destiny. You may have subcontractors, close relationships with employers and a level of industry expertise and specialist knowledge no limited by geography. On balance you may not need to be part of the Area Wide Review process.

The current consultation/debate on the introduction of an Apprenticeship Levy is likely to result in a separation of the Apprenticeship 'budget' from within the Adult Skills Budget. The Apprenticeship Budget is predicted to remain a national budget whilst the Adult Skills Budget is presumed to be devolved to regions/LEP areas from the summer of 2017 onwards.

The divorcing effect of separating out the public funding of Apprenticeships in parallel with the creation of a Levy using an employer led e-voucher will fundamentally reengineer the delivery of Apprenticeships, how they are paid for; disconnecting other skills funded activity that historically has been publicly funded through the Adult Skills Budget.

***The LWBLA recommends that if you do not have a compelling reason to 'opt in' you should not. There is a lot of information that is simply unavailable or not known at this stage.***

## 4. The LWBLA position on Skills Devolution and Area Wide Reviews

The Area Review process appears to be a very positive step forward as it affords the opportunity to publicly address issues that the LWBLA believes are historic strategic 'fault lines'.

The LWBLA has been openly critical to date of the LEP/GLA's approach to Skills Devolution for a number of reasons. The LWBLA is not opposed to devolution 'per se' but has been frustrated by the organisational politics of the London Boroughs and Mayor and how they conduct themselves.

The LWBLA believes London is facing a unique fiscal and structural crisis affecting the delivery of all forms of vocational education and lifelong learning. The dramatic shortfall of public funding allied to changes in resident and business demand for education and skills based training requires a fundamental re-think of what London requires to be a successful capital city.



There are three long standing core issues that we would hope to see resolved through the Area Wide review process:

- **Leadership & Governance:** No one actually knows with respect to Skills Devolution what the Mayor and London Boroughs are pitching for with Government. Documents remain confidential.

The lack of transparency conveys the perception of weakness not strength as the outcome risks being 'imposed on' rather than 'owned by' London's key education suppliers/stakeholders. What is lost by being open with Londoners?

- **No future Governance arrangements for London have been openly consulted on, or any proposals published beyond sub-regional maps.**

Who makes decisions, what powers decision makers would have, and what principles will apply to all public funding are not known: is fundamentally a closed politicised process decided on by preference or is this an open and modern approach to formulating strategy and decision making.

- **Evidence & Strategy:** There is a lack of organised published evidence on London's post-16 education offer clearly linked to employer demand. Consequently over many years and after committing to very expensive consultancy contracts the Mayor/LEP have no long-term targets simply very vague 'motherhood and apple pie' public policy goals that ill defines London's future strategy for post -16 education.

In simple terms does London need more or less academic or vocational education? Is this a relative or absolute proposition, and where does the Apprenticeship offer fit in? In view of London's complex labour market where are the best returns for the taxpayer and residents alike?

- **Equity & Engagement:** Unfortunately providers are not treated equally. Apprenticeship providers are squeezed out by the public policy debate in London starved of capital resources and not directly represented within the LEP.

The LWBLA's position is that all providers should be treated equally including the principle of representation such as that afforded to the AoC.

As 2017 approaches we should assume a public policy debate on London's Post -16 educational/skills, long-term goals and the evidence base. All of which are interesting and valid issues, but in truth they are a proxy to justify the allocation of any and all remaining public money to sustain (fewer) FE Colleges in London. Who has the power to make these decisions largely controls the future.

## 5. The LWBLA's response to the key consultation questions

The LWBLA recognises this is primarily a technical exercise in defining institutional



risk, agreeing information flows, and matching public policy to funds.

The LWBLA believes that pursuing principles of objectivity, openness and equity of outcome are more likely to secure long-term value for London.

The LWBLA's position on the Area Wide Review process is set out below:

*Modern open Government should apply and all documents should be put in the public realm. This should include the most sensitive information on financial and operating risk for every FE and Sixth Form College presented to Governors. In effect recommendations should follow the evidence (not the other way round).*

The London Councils paper annexed to this briefing paper posed the following questions:

### **How can the sub-regions address the overlap in travel to learn patterns?**

- The LWBLA sees the current sub-regional map of London as administrative areas of political convenience. The key issue of 'travel to learn' patterns and other relevant data (outcomes and progression) is to place this in the context of understanding of London's labour market.
- The LWBLA would wish to see a core data group established to define and resource the information and analysis required for each sub region and at a London level.
- The LWBLA would welcome the opportunity of having headline information on the current London picture and sub-regions available before commencing the Area Wide reviews.

### **Make up of the steering groups and representation on the London panel?**

- A London framework should be adopted and consistently applied across all London Boroughs. In effect it should not matter which sub region the Borough is identified with the process should be the same at all times.
- As 75%+ of all Apprenticeship delivery is undertaken by independent training providers the LWBLA would welcome the opportunity for an independent training provider located within the sub-region directly represented on each of the 5 sub-regional panels.
- The LWBLA does not believe that Local Authorities should have a controlling influence or blocking power on each sub-regional panel or at a London level.

### **Timescale: the first review on February 2016 and the second from August 2016?**

- The LWBLA supports the Mayor publishing a headline critical path with key dates and anticipated outcomes. This would allow providers to plan ahead and be clear what is expected and by when. The key information requirements by



which the Area Review process should be published before the review process commences.

### **Given the scope of the reviews how best can the outer metropolitan London area contribute (Counties adjacent/outside of the M25).**

- The London Mayor should appoint a small technical panel of experts to work with the outer London metropolitan area to assess the importing/exporting effect of travel to learn patterns, the utilisation of budgets (is London subsidising the home counties or not) ,and the impact of travel to learn patterns and budgetary on an institution by institution basis.

### **What role should an independent Skills Commissioner play?**

- The LWBLA believes the process should be led by the Government through the FE Commissioner. The FE Commissioner should lead the process. If the Mayor wants to appoint an Independent Skills Adviser it should be with a clear remit to support the FE Commissioner.

### **The role of all post-16 academic and work based provision?**

- The LWBLA welcomes the approach taken by London Councils to offer the 'opt in' approach for all other Post-16 education/skills providers in London.
- The LWBLA would suggest that the deadlines are amended to reflect the first and second phase start dates as providers may choose to want to be part of this process at a later date when information and decision making is more clearly defined.

### **The establishment of Institutes of Technology**

- The Area Wide review at a London level should model a technical specification and bidding competition open to all London based providers to participate in.
- The LWBLA envisages that at the heart of an Institute of Technology is the premise of strong effective collaboration and partnership working with other providers. This should be a critical judgment in determining who will become an Institute of Technology.
- The LWBLA supports an open and transparent timescale independent of judgments on the viability of individual FE Colleges. The LWBLA does not agree that the establishment of Institutes of Technology is a reward for financial or qualitative failure within existing institutions.
- The LWBLA does not support any preemptive FE College mergers to secure Institute of Technology status.



## What support mechanisms are required to support successful implementation?

- In the LWBLA's view the experience of London Challenge led by Tim Brighouse in turning around London's secondary education should be used as a template for designing a 5 year operational strategy for Post 16 education. The leadership should be professional, not political, and accountable at a London level. The operating strategy should be jointly developed between decision makers and providers.
- In terms of the Area Wide review process itself: the LWBLA would like to see clear service specifications of support from the ETF and JISC.

## Any other views?

The LWBLA has defined the following position statement in relation to the conduct of the Area Wide Reviews in London:

- To understand the objectives and strategy of the Mayor it would be very helpful to have made public the Mayors recent devolution request to Government.
- To improve London's strategic capability the LWBLA calls upon the Mayor to wind up and close the current Skills Employment Working Group within the LEP which appears to have been superseded by the establishment of the London Skills Board. The SEWG appears not to serve any meaningful purpose.
- Ofsted should be invited to participate as advisors to each of the sub-regional panels and the Mayors committee.
- The public should be allowed to witness meetings of the Sub-regions and London Board.
- The LWBLA would like to see evidence of whether London is using 100% of the grant allocations made by Government for the education of London's residents or if in fact FE and Sixth Form Colleges are using funds to support learning elsewhere in the UK.
- No FE College mergers or new organisational structures should be approved by Government in advance of the Area Wide process. If specific proposals come forward they should not be seen to have circumvented the Area Wide Review process. In the LWBLA's view one College should not secure a competitive advantage over another by virtue of private negotiation.

Does the LWBLA believe there is a serious prospect that any of these proposals will be adopted? No we don't. The overwhelming pressure from participants is to conduct this 'behind closed doors'.

Government may well introduce new consultative arrangements with the LEP to make the funding and services appear seamless on paper, but in practice there is likely to be a complex mix of different arrangements for commissioning, income streams, outcome agreements and regulatory compliance.



## 6. How the LWBLA can support our members through this process.

The LWBLA recognises the strategic significance of the Area wide review process and devolution of Adult Skills Budget. Our initial position on the key issues has been defined in this briefing paper and we welcome comments and suggested improvements.

We have a brief online questionnaire designed to ensure we are organised and efficient in responding to your questions. <https://www.surveymonkey.com/r/HDDNXLZ> Please take the opportunity to complete this and return it to Nicola Mayell via email at [Nicola.mayell@lwbla.com](mailto:Nicola.mayell@lwbla.com) by Wednesday the 21st October. The key questions within the e-survey are as follows:

- a. Which sub-region do you want to attend meetings and be part of through the LWBLA? NSWCE.
- b. Would you like to be part of a provider expert group at a London level? YN
- c. Who in your organisation should be the point of contact for discussion of area wide reviews and issues arising from skills devolution? Name email.
- d. If asked would you be prepared to represent all providers in a sub region? YN
- e. Do you want the LWBLA to represent independent providers at a London level or should we put forward a provider – if the opportunity arose? A or B
- f. What questions would you wish to see addressed in the area wide review process? Comment box
- g. The LWBLA is proposing to use the existing sub regional meetings to update and inform the members. Is this the right way to proceed?
- h. Any specific points arising from this briefing that you would wish to comment on?
- i. Will you opt in or not by the 23rd October, if you are what support would you want from the LWBLA? Y N

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