



## LWBLA Briefing Paper to the YPES Board Meeting & Response to the London Councils Consultation Paper

November 2015

### The independent provider perspective on Area Wide Reviews.

#### 1. Key Insight

- London's Post-16 education is facing a fiscal and structural crisis. This will affect over 250,000 people annually.
- In the LWBLA's view this is the toughest educational challenge facing London today.

#### 2. Overview

- The outcome of the 2015 Government comprehensive spending review will heavily influence the future viability of all General Further Education, Sixth Form Colleges & Adult Education in London.
- The prospect of developing a broad London policy agenda will have to fit into a narrow national review process. Managing this strategically and administratively appears to be the immediate political challenge.
- In the LWBLA's view Area Wide Reviews and Skills Devolution are essentially "two sides of the same coin". They may have different influences and drivers but the timing and outcome from August 2017 onwards will lead to the establishment of a new funding and decision making architecture for London.

#### 3. Analysis

- It is important to note that the largest allocations of publicly funded programmes will continue in national silos. This includes 16-18 education, apprenticeships, individual loans, HEFCE franchising and the Work Programme. Devolution appears limited and disconnected.
- Although the Area Reviews are described as 'Post-16' the published Devolution deals currently focus primarily on the funding of 'Post-18' non-academic education.
- London's General FE Colleges do the 'heavy lifting' as measured in the number of learners enrolled and the allocation of public funds. But London's Post-16 education sector is diversifying, competitive and highly segmented: 75%+ of



all apprentices are delivered by independent providers and now more than 50% of A levels are delivered in schools. A key strategic question for suppliers is whether the impact of market segmentation has led to an irreversible tipping point in the availability of post-16 education?

- Ideologically competition across London's post -16 education is not primarily a public v. private debate; it is in fact one state owned organisation competing with another for essentially the same customer groups: in effect 'a zero sum game' of tax payers money. This fundamentally drives current leadership behaviours and outcomes.
- Complex policy questions in London have not been tackled: how much vocational education does London actually need, at what level relative to academic pathways; what are the best returns for the individual, business and taxpayer; and which types of education delivery organisations are best placed to be sustainable over the long run?
- In the LWBLA's view the lack of a coherent, understandable and agreed evidence base is a key strategic weakness that holds back the development of public policy and a forward looking strategy.
- Vocational & technical education is being squeezed and reshaped in London. Current estimates indicate 50% of all new entry level jobs require graduate levels of attainment, whilst 30% of total employment requires no substantive skill acquisition to be job competent.

#### **4. Understanding Supply Chains: FE Subcontracted provision**

- One of the key shifts over the past 10 years in the delivery of vocational education has been the development of invisible 'supply chains' from all types of publicly funded organisations to a wide range of subcontractors. This should be recognised as a component of the Area Review process in London.
- There is no comprehensive list of subcontracted provision published in London. What proportion of the adult skills budget is outsourced, how many individual learners are beneficiaries, and what impact this has on the overall offer locally & regionally. This is only known to an individual provider.
- FE Colleges decide on a 1-2-1 basis if these contracting relationships are inherently commercial or not, and the day-to-day operating relationship that follows. Some FE Colleges rarely subcontract others use it extensively.
- There are a diverse mix of subcontracting organisations. Some are local, 'not for profit' charitable bodies often working in areas of deprivation, whilst others are commercial independent providers offering specialist employer facing provision. Different funding sources have varying levels of impact on the overall sustainability on the prime & sub-contractor relationship. In a few cases FE Colleges have acquired private providers to be wholly owned subsidiary contractors.



- A number of FE Colleges are themselves subcontractors to national organisations: typically independent organisations from a specific sector/ industry i.e. in construction, plumbing etc...
- In addition a number of FE Colleges enter into national agreements to subcontract funding and delivery outside of London. What is not known is whether London is a net 'importer' or 'exporter' of SFA adult skills budget? If the latter scenario occurs then understanding why this occurs is an important policy question in defining future need along with the availability of public funding. An open question is: are politicians happy that money intended to be spent in London goes elsewhere?
- In overall terms it is not known if London gains or loses through the 'freedom and flexibilities' of national contracting relationships that the Government encouraged from 2010 onwards.

### **5. Why and how devolving the adult Skills Budget impacts on Independent Learning Providers**

- The SFA contracts with independent providers to deliver apprenticeships through the adult skills budget. By devolving adult skills but retaining the apprenticeship budget nationally it splits and divorces the programme into two.
- Currently providers have the freedom to use part of the adult skills budget for non-apprenticeship delivery typically 'cross selling' to train the employer's workforce (as part of the package to deliver apprenticeships). It is not known how much of the adult skills budget in London is used for non-apprenticeship delivery, how many providers adopt this approach, and who the beneficiaries are. This will become more uncertain when employers are either levy payers (or not) from April 2017 onwards.
- Although no figures are available there are a small number of providers within specific industries and sectors who have adopted this approach. It is important that they do not 'fall between the cracks' of a difficult policy and funding change.

### **6. Summary: defining key Issues of principle & practice**

The LWBLA campaigns for regional skills devolution on the following basis:

- That the Mayor and London Boroughs adopt a modern structure of governance & accountability based on the principles of transparent decision making, effective sector representation & professional leadership. A key test of the review process is how to encourage and facilitate collaboration by treating all providers equitably irrespective of ownership structure, size and location.
- If tangible long-term public policy goals across Post-16 education are established then this legitimises the future allocation of public funds from



2017 onwards. No one currently knows what we are aiming for other than adopting motherhood and apple slogans such as 'world class' or 'more, better and cheaper'. Progress is being made in the provision of up to date labour market information relevant to providers/suppliers but remains largely inaccessible.

- In essence evidence should define policy. But in the absence of the above this makes investment the result of the 'best bid' not necessarily the 'right choice'. With the forthcoming debate on specialisation and new Institutes of Technology to be determined an open question is will this take place by private negotiation or open competition? The LWBLA supports the latter approach.
- Where is the customer voice? As digital information increasingly drives individual behaviour and London leads the UK economy with a hyper competitive labour market, how can devolution stimulate the demand for both employer and learner engagement as the paying customer? In effect the LWBLA supports market testing with the public as part of the consultative process in shaping the outcome of the area review process.

## 7. Conclusion

The essence of managing risk at this level is to have credible professional leadership who bring objectivity to managing the process and critically able to design realistic solutions.

In the LWBLA's view the more open and consultative the debate the more likely the range of outcomes will be capable of implementation and ultimately sustainable. The LWBLA remains concerned how the LEP functions in this respect.

The LWBLA aims to fully engage its members and wider stakeholders in the Area Review process.

If you have questions and comments arising from this briefing please contact me directly.

Victor Farlie  
Exec Chair  
LWBLA

## 8. Responding to the London Councils consultation paper

The LWBLA responded to the questions contained in the London Councils briefing paper with the following:

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

- *The process should be London led. The LWBLA sees the current sub-regional map of London as administrative areas of political convenience. One Borough should not have any advantage over another. The key issue of 'travel to learn' and 'travel to work' patterns with other relevant data (learner outcomes and progression) should be placed in a London context.*



- *The LWBLA would wish to see a core data group established to define and resource the information and analysis required throughout the process to ensure consistency and authentication.*
- *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 consistently applied at all times.*
- *With extensive subcontracting and 75%+ of all apprenticeship delivered 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 and a represented on the London panel.*
- *The LWBLA does not believe that any single stakeholder should have a controlling influence or blocking power on the sub-regional panel or at a London level.*

### **Timescale - the first review on February 2016 and the form August 2016?**

- *The LWBLA recommends the Mayor publish 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 will be conducted should be published before the process commences.*

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

- *The LWBLA recommends the London Mayor 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 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.*
- *If the Mayor wants to appoint an independent skills commissioner it should be with a clear remit to support the Government's FE Commissioner. The LWBLA does not support divergent chains of command and decision making.*



## **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 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 and how they are judged operationally .*
- *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 is supportive of FE College mergers on their own merits, and they should not be predicated on securing Institute of Technology status, or more broadly securing a competitive advantage not open to other FE Colleges and ILP's.*

## **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 comparable template for designing a 5 year to 10 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 a clear service specification 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 review and restructure the current Skills Employment Working Group within the LEP as a strategic vehicle for all supply-side providers to engage in the policy debate.*
- *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.*

Victor Farlie  
Exec Chair  
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