



LWBLA Response to the London Wide Review Process

LWBLA Briefing

May 2016

1. Introduction

The LWBLA engaged its membership by circulating the DfE letter to all members and hosted a round table event on the 27th April 2016.

The overriding view expressed by independent providers is that given the current limited information that is publicly available the LWBLA would welcome follow up consultation at both the sub-region and on a London wide basis over the course of the Area wide review. The LWBLA is prepared to host meetings and events locally that would allow independent providers to understand and engage in the area wide review process with the support of DfE if that were so desired.

2. The changing pattern of delivering London's Post-16 education offer

Contextually Independent training providers discussed how the delivery of Post-16 education in London has changed over the past 10 years.

The LWBLA's analysis of post-16 education in London can be summed up as increasingly complex and segmented by provider type as set out below:

- Schools now deliver over 50% of all A level academic provision in London: the open question is whether a tipping point has been reached? The LWBLA believes school 6th Form provision will continue to expand and reflects parental and student choice. The aggregate % of students undertaking A levels appears to be in long-term decline across the capital's FE College.
- Outside of the classroom Independent Training Providers directly deliver 88%+ of all publicly funded apprenticeships in London. When FE College sub-contracting is taken into account this figure typically exceeds 90%. In summary few FE Colleges have any significant apprenticeship volumes and those that do effectively outsource delivery of all volume and outcomes. The capacity of FE Colleges to successfully engage in employer led apprenticeships is very limited.

This begs the open question what is the size, scale and range of classroom based vocational education that London requires going forward? Whilst opinions varies there is a clear perspective amongst independent providers that the current classroom based vocational offer that is focused primarily on Level 2 programmes is of declining



economic relevance. This is evidenced by the spike in unemployment amongst London's 19-24 year olds.

3. Key Points

The issues the LWBLA focused on in responding to the Area Wide Review are essentially strategic, and seek to define the key policy propositions for the sector.

We have not analyzed or commented on any specific FE College merger or the technical processes engaged in the area wide review itself given the limited information that is currently available.

These are the key points in response to the formal consultation letter issued by the DfE on the April 2016:

- **Overall** - The LWBLA endorses the Government's objective that FE College's must be financially resilient to effectively serve the future needs and interests of London's employers and residents.
- **Successful FE Colleges** - In principle the LWBLA believes individual FE Colleges as judged by the FE Commissioner to be successful should be supported. However an increasing number of London's FE Colleges appear to face both a fiscal and a structural crisis; where small changes to overall income and costs can destabilise an institution, so the LWBLA agrees that where necessary the merger of an FE Colleges is in the public interest.
- **Equity of treatment** - The LWBLA believes that all 'opted in' organisations should be treated equally irrespective of ownership structure, location or size. The LWBLA strongly supports the view that information produced is done so on a consistent and transparent basis across London. Timing should be seen as neutral and no financial or operating advantage should be secured by those FE Colleges proposing mergers outside of the area wide review process. In effect this should be an objective process throughout irrespective of political lobbying and influence.
- **Designing more effective communication** - The LWBLA would welcome consideration given to establishing an online website with information and updates for all interested parties engaged in the London Area Wide review including the sub-regions. At present a simple 'Google search' reveals only partial information and does not explain what is going on in London and how interested parties can engage in the unfolding issues and processes.
- **Failing FE Colleges** - Unfortunately as Ofsted has revealed London's post -16 classroom based vocational education has declined markedly since the summer of 2013. It is qualitatively weak when compared to current school based academic study programmes and the delivery of apprenticeships by independent providers. Despite the complexity and potential loss of provision the LWBLA supports the closure of failing FE Colleges by the FE Commissioner rather than burden and weaken existing successful FE Colleges.



- **Analysis & Recommendations** - The LWBLA strongly supports a Pan London strategic view of Post -16 education. This reflects the historic trends and current patterns of travel to study and travel to work across the capital city. The current sub-regional boundaries appear contrived and politically engineered, critically lacking sufficient credible professional expertise at a local level.
- **Subcontracting** - The LWBLA would welcome each individual FE College in London publishing an open list of organisations identifying who delivers what education/skills based services either as a partner or subcontractor irrespective of size location or outcomes. This should be thorough and clearly categorized so that a complete picture of how education activity, outcomes and funding are utilised by all FE Colleges in London. The current arrangements are at best partial in respect to apprenticeships and largely hidden from public scrutiny. Understanding who the subcontractors of FE Colleges are in London is seen by the LWBLA as a fundamental requirement of the area wide review process.
- **Public information on future proposed mergers** - The area wide review process presents an opportunity to define clear financial, operational and qualitative information/data requirements for all current and future merger proposals. The LWBLA believes the current arrangements for public consultation reflected in the City & Islington/Westminster Kingsway and The Tower Hamlets/Hackney College proposed mergers reveal a profound lack of detailed evidence. The public documents are at best 'aspirational' and offer no clear insight into recent financial statements, programme performance, internal qualitative measures and fundamentally future trading and operating risk.
- **Monopoly power** - The LWBLA's primary concern post review is that merged FE Colleges will become 'too big to fail' creating state owned monopolies that reduces choice for the customer, stifles innovation and destroys competition. The high delivery cost coupled with relatively expensive buildings/estate and infrastructure in London may very well require increased levels of public funding simply to 'stand still'. Smaller organisations with arguably higher levels of output and a better quality offer will be 'squeezed out'.
- **Strategic planning & incentivising lower cost delivery** - Current Government public expenditure plans to 2020 assume a real term decline in revenue-based expenditure. The driving principle underpinning all future FE College strategic plans should be to reduce reliance on current public funds. The LWBLA supports proposals from the FE Commissioner that would be more commercial in approach by linking strategic plans with incentivised lower cost delivery and linked to future capital investment.
- **Moratorium on large capital expenditure projects** - The LWBLA would recommend to the FE Commissioner that there is a moratorium on all uncommitted capital expenditure in FE Colleges where proposals/projects have a total cost in excess of £5m. This moratorium would reduce the risk of 'white elephant' projects in FE Colleges in London until the area wide review process is complete.



- **Protecting future budget allocations** - The LWBLA would encourage and endorse a recommendation from the FE Commissioner and all stakeholders that the Mayor places a ceiling on the % of the overall adult education budget that can be allocated to FE Colleges. This would be a regional % that provided for total flexibility at an institutional level. In addition the LWBLA supports a % of in year budget at institutional level to be available for reallocation regionally to reflect actual demand rather than the current methodology of block allocations. This would reward performance thereby encouraging change consistent with a strategic approach to London. This would mark a fundamental shift towards a 'demand led' approach driven by employers.
- **London's 'budget'** - The LWBLA would welcome the Mayor of London receiving a report from the FE Commissioner identifying if London is losing budget by FE Colleges subcontracting provision to organisations outside of London. The key point is that the LWBLA supports the maximisation of all public funding allocated to London for the benefit of London's residents and employers.

The LWBLA would be happy to discuss any aspect of the detail and clarify any points contained in this submission.

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