

REQUEST FOR DIRECTOR DECISION – DD2294

Title: Evidence base for higher-level skills progression in London

Executive Summary:

In his manifesto the Mayor pledged to promote Advanced Learner Loans (ALL) in London, which alongside the apprenticeship levy and student finance/loans fund a range of Level 4 qualifications. However, a majority of London's higher-level skills progression from Level 3 is to full-time degree level study.

The funding will be used to establish a stronger evidence-base on current Level 4+ provision, its value for Londoners and the potential to grow future demand to ensure that London's need for a higher skilled economy is met. The research will also assess the role and value of non-accredited qualifications for career progression in higher-level skilled occupations. It will also research the role of local skills ecosystems in developing flexible, inclusive and sustainable Level 4-5 training opportunities for Londoners.

This evidence base will be used to develop pilots and programmes to meet London's growing need for higher-level skills, including promotion of the ALL in London. The research will also support future policy development relating to the devolved Adult Education Budget, the Mayor's Local Industrial Strategy and the GLA's response to other skills' initiatives, including the introduction of T Levels and Institutes of Technology.

Decision:

That the Executive Director of Development, Enterprise and the Environment approves:

Expenditure of up to £145,000 to commission research to develop an evidence base to deliver the Mayor's manifesto to promote the Advanced Learner Loans in London and support policy development that will help to achieve the Mayor's ambition: *'to increase the skills of London's workforce, particularly at higher-levels, we need an education and skills system offering the highest levels of quality and excellence'*.

AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Lucy Owen

Position: Interim Executive Director –
Development, Enterprise and
Environment

Signature:



Date: 13.11.18

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. The Mayor's manifesto committed to 'promote the take up of Advanced Learner Loans'. More broadly, the Mayor's Skills for Londoners strategy recognises that *to increase the skills of London's workforce, particularly at higher-levels, we need an education and skills system offering the highest levels of quality and excellence.*
- 1.2. London is a high skilled economy with a growing demand for people with higher-level (Level 4+) skills. The capital expects to see continued growth in higher-level occupations across the labour market. There are positive returns with higher-level qualifications (Level 4+) – a person is more likely to be employed and to earn more over a working lifetime.¹
- 1.3. The demand for higher-level skills in the capital can also be seen in apprenticeship training. London has had a stronger increase in higher-level apprenticeships as a proportion of total starts, above the UK rate (2016/17, provisional). However, it should be noted the capital still lags behind other regions in the overall number of apprenticeships created.
- 1.4. London leads the rest of the UK in access to higher education (HE): 49% of London's young people (18 year olds) progress to university from Level 3 (2015/16). However, a number of London's young people do not start undergraduate study immediately and their progress to higher level training, if at all, is unclear.
- 1.5. In addition, a majority of HE undergraduate study is full-time and there has been an overall decline in the number of mature (24+) learners and in part-time study. This, in part, reflects the funding bias towards full-time undergraduate study, although this is changing (e.g. for the 2018/19 academic year, part-time students will be eligible for a maintenance loan). The capital also has the highest non-continuation rate with just over 8.3% of young people dropping out of full time undergraduate study.
- 1.6. At present, there is a limited range of Level 4-6 (non-degree) provision. The Government introduced the Advanced Learner Loans (ALL) in 2013/14 to support higher-level learning and training. Initially, the ALLs covered learners aged 24 and over and studying at Level 3 and Level 4. This was extended in 2016/17 to include all learners from 19+ and covered Levels 3-6.
- 1.7. The Department for Education publishes a catalogue of qualifications that are eligible for ALL. There are just over 3,200 listed, but only around 480 of these are at Level 4-6 (313 at L4). The Department's ALL Prospects for 2018/19 allows for shorter (below the required 150 Guided Learner Hours, but above 45) Level 4+ qualifications to be added. The ALL does not cover all Level 4+ qualifications – for example, degrees, Higher Nationals Certificates/Diplomas which are funded through student loans.
- 1.8. The Adult Education Budget (AEB) rules for 2018/19 and 2019/20 will require Londoners aged 24+ to fund any Level 3 study through the ALL; 19-23 year olds taking their first Level 3 will be eligible for AEB.
- 1.9. The increased role of loans to fund Level 3 and above means Londoners will take on more of the financial risk for their training and progression. They need access to high quality information, advice and guidance to inform their decisions. At present, the data on the value of ALLs to Londoners is limited. The Skills for Londoners Taskforce's Task and Finish Group on ALLs met twice (last in March 2018). Initial discussions identified the need for better quality data, including to establish the reasons

¹ Department for Education, *Review of Level 4 and 5 Education Interim Evidence Overview*, August 2018

for the low take up of Level 4+ courses. The most significant data gap is on the destination of learners, following an ALL-funded course. Given the recent introduction of ALLs, there is limited data around the impact on a person's labour market position (e.g. occupational level and earnings).

- 1.10. The GLA wants to establish a stronger evidence-base on current Level 4+ provision, its value for Londoners and the potential to grow future demand to meet London's need for a more high skilled economy. A number of recent studies have identified the need to address the fall in Level 4-5 in London – e.g. *London 2030 and beyond: Report of the King's Commission on London*. The Department for Education's Review of Level 4 and 5 Education: *Interim Evidence Overview* notes that, nationally, *around 7% of all students between ages 18 and 65 are undertaking training at Level 4-5, one of the lowest rates in the OECD*.
- 1.11. London's skills system needs to provide access to higher-level learning and skills training throughout a person's working life, at the local and pan-London levels, and across economic sectors and employers. As part of this work, the GLA wants to establish clearer higher-level progression pathways to sit alongside full-time degree level study. This will require a more flexible approach, one that better accommodates learners who want to delay higher-level study (e.g., in order to gain work experience) or progress incrementally (e.g. while working full or part-time). There is also a need for employers, particularly in certain sectors, to identify non-degree higher-level skills requirements more effectively.
- 1.12. The research proposed is in line with the Mayor's Skills for Londoners strategy's ambition *to increase the skills of London's workforce, particularly at higher-levels, we need an education and skills system offering the highest levels of quality and excellence*. It will also support the GLA's strategic role in developing a skills system that is flexible and provides opportunities for all Londoners. It will inform the development of the Mayor's Local Industrial Strategy and the GLA's response to other skills' initiatives, including the introduction of T Levels and Institutes of Technology.
- 1.13. The total estimated budget is £145,000.

2. Objectives and expected outcomes

- 2.1. The GLA wishes to commission research and analysis on non-degree higher-level skills provision in London, with a focus on Levels 4-5. It will also include Level 6 (non-degree) qualifications – e.g. professional/occupational. This research will provide quantitative and qualitative evidence on current and future demand for skills at Levels 4 and 5, analyse the returns on investment for learners and develop progression pathways to a full Level 6 (degree) award and higher. The analysis will also look at non-accredited qualifications (e.g. some 'vendor', Prince 2) relevant to Standard Occupation Classifications Major Groups 1-3² (in London's key industry sectors).
- 2.2. The research will support the Mayoral commitment to promote Advanced Learner Loans (ALL) and help inform the GLA's policy development relating to progression to higher-level education and training. This will include informing proposals on how the Mayor could direct and enable progression from mainstream programmes such as the devolved Adult Education Budget (AEB). It will also provide the GLA with a range of case studies of learners and employers which have benefited from Level 4-5 training.
- 2.3. The GLA also wishes to commission a piece of research to better understand the development and functioning of local skills ecosystems, with a focus on progression through Levels 4-6. This will, amongst other things, look at the factors influencing the supply and demand of Level 4-5 skills in an area – e.g. relationships between local employers, training providers and communities, its physical and social infrastructure, the political 'culture' of an area and the links with London and national strategies/governance. It will show how a flexible, inclusive and sustainable model can develop to support higher level progression, productivity and growth.

² 1. Managers, Directors and Senior Officials; 2. Professional Occupations; 3. Associate Professional and Technical Occupations.

- 2.4. The two sets of research will provide quantitative and qualitative evidence to influence government policy and support the future development of pilots to promote progression at higher-levels, including through access to finance mechanisms such as the ALL to Londoners. The focus will be on Levels 4-5 but will include Level 6 as separate qualifications (e.g. professional) and as the final credits for a degree award (e.g. minimum 90 credits at Level 6).
- 2.5. GLA officers will liaise with TfL Procurement to procure from multiple suppliers the following services for a cost of £145,000:
- Production of a dataset of all accredited Level 4-5 provision in London – including, but not limited to, qualifications, learning aims, provider, occupational sector, learner characteristics (e.g. gender, nationality, prior attainment), employment status and, where available, earnings (baseline and destination data) and funding source.
 - Qualitative evidence on the returns on investment of Level 4-5 qualifications – focus on Advanced Learner Loan-funded qualifications. This will include, but not be limited to, labour market competitiveness (e.g. employment prospects, earnings) and quality of course and provider.
 - Production of a series of case studies demonstrating the value of ALL to be used in promoting the loan to learners, employers and other stakeholders.
 - Analysis, based on quantitative and qualitative evidence, of the labour market value of non-accredited higher-level skills qualifications mapped onto SOC Major Groups 1-3 in London's growth sectors, including Professional, Scientific and Technical Activities and Information and Communication. It will assess the current and future impact on labour market competitiveness of these qualifications. It will review current funding sources and assess the extent to which these provide access to career progression opportunities for Londoners. This will also look at the potential of other funding sources, including ALL where accreditation is considered a viable option, to support access.
 - A review of the Advanced Learner Loan qualification catalogue. This will make recommendations for additional Level 4-6 qualifications to be added to the catalogue. It will also assess the potential for a range of shorter Level 4+ courses relevant to London's labour market to be developed/accredited and added.
 - Production of a series of higher-level progression pathways - up to Level 6, but focus on Levels 3-5, - mapped onto SOC Major Groups 1-3 in London's growth sectors.
 - Interim and final reports setting out the evidence on London's current and future Level 4-5 skills provision and recommendations for expanding this, in line with increasing productivity and economic growth.
 - A separate piece of research will be commissioned to deliver an in-depth study of a local skills ecosystem in London supporting higher level progression, with a focus on Level 4-5. This will identify good practice and provide recommendations on scalability and transferability to other parts of London.

3. Equality comments

- 3.1. Under Section 149 of the Equality Act 2010, as a public authority, the Mayor of London must have 'due regard' of the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who have a protected characteristic and those who do not.
- 3.2. Officers confirm that the procurement and commissioning of the activities described above will conform with requirements made under the public sector equality duty, and that any increased knowledge of skills and employability needs of particular learner groups will be used to inform future specifications for work.

4. Other considerations

- 4.1 The Mayor's manifesto committed to promoting the take up of Advanced learning loans. The Mayor's Skills for Londoners strategy sets out that *to increase the skills of London's workforce, particularly at higher-levels, we need an education and skills system offering the highest levels of quality and excellence.*
- 4.2 The Skills and Employment team will steer this work with input from GLA Economics.

5. Financial comments

- 5.1 The cost of up to £145,000 for the proposed research will span three financial-years as follows:

Research units	Budget 2018/19	Budget 2019/20	Budget 2020/21	Total
	£	£	£	£
L4-5 London data set	5,000	5,000	0	10,000
Qualitative – returns on investment and case studies	0	20,000	10,000	30,000
Non-accredited qualifications supporting career progression	0	15,000	10,000	25,000
Review of ALL catalogue	0	5,000	10,000	15,000
Higher-level pathways	0	0	10,000	10,000
Developing a skills ecosystem	0	30,000	25,000	55,000
Total	5,000	75,000	65,000	145,000

- 5.2 This research project will be funded from the existing Development, Enterprise & Environment Minor Programme budget for each subsequent financial-year.

6. Legal comments

- 6.1 The decisions requested of the Director (in accordance with the GLA's Contracts and Funding Code) concern the exercise of the GLA's general powers, falling within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation, social development or the promotion of the improvement of the environment in Greater London; and in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:

- pay due regard to the principle that there should be equality of opportunity for all people;
- consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom;
- and consult with appropriate bodies.

- 6.2 In taking the decisions requested, the Director must have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010 and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Director should have particular regard to section 5 (above) of this report.
- 6.3 Officers should ensure that the services are procured by Transport for London Procurement who will determine the detail of the procurement strategy to be adopted in accordance with the GLA's Contracts and Funding Code. Officers must ensure that appropriate contract documentation is put in place and executed by the successful bidder(s) and the GLA before the commencement of the services.

7. Planned delivery approach and next steps

Activity	Timeline
Procurement of Level 4-5 London data set	February 2019
Procurement of qualitative research – returns on investment/case studies	April 2019
Procurement of skills ecosystem research	May 2019
Procurement of analysis of non-accredited qualifications	November 2019
Procurement of ALL catalogue review	January 2020
Procurement of higher level pathways analysis	April 2020
Project Closure: [for project proposals]	April 2021

Appendices and supporting papers:

None.

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 - Deferral

Is the publication of Part 1 of this approval to be deferred? NO

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 - Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form - NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to
confirm the
following (✓)

Drafting officer:

James Lee has drafted this report in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service:

Michelle Cuomo Boorer has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 12 November 2018.

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

M. J. Lee

Date

12.11.18

