

MAYOR OF LONDON

Skills for Londoners Framework

AEB Consultation Year 2 (2020/21)



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Introduction

From August 2019, the Mayor of London will take on responsibility for the capital's share of the Adult Education Budget (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.

Since 2017, City Hall has consulted extensively with providers and stakeholders on the future of London's skills system. The Mayor is committed to ongoing engagement with the sector on how to improve London's skills system, including through this annual consultation.

The Mayor set out his vision for skills and education for London in the [Skills for Londoners Strategy](#) and outlined how he plans to achieve his ambitions through the [Skills for Londoners Framework](#).

For Year 1 of AEB delegation (the 2019/20 academic year), City Hall has made relatively few changes to AEB policy, recognising the need to provide stability to the sector throughout the transition to devolution. From Year 2, the 2020/21 academic year, the Mayor will begin to phase in some of the changes to the AEB proposed in the Skills for Londoners Framework.

In this consultation paper we outline the main areas of proposed change to the AEB and set out a number of questions where we would welcome input from providers and stakeholders to inform our thinking as we continue to develop and shape the delivery of AEB services to Londoners.

The findings from the consultation will be used to support the ongoing development of the Mayor's long-term vision for skills in the capital, the AEB funding rules and the 'People' section of the London Local Industrial Strategy.

City Hall is also putting in place arrangements for a robust evaluation of the approach taken to commissioning the AEB, and of the education and training provision funded through the AEB. The findings of the evaluation may be used to identify further areas for improvement.

Alongside the formal consultation process, City Hall will be hosting a series of roundtables with key stakeholder groups to gather views on the proposed changes. We look forward to hearing from as many of you as possible.

1. Summary of Consultation Questions

Questions

1. Does the ESFA's definition of London's "fringe" accurately reflect reasonable travel-to-learn distances for London's learners? If not, what other measures might be more suitable?
2. What other areas relevant to Mayoral priorities should be supported through the Skills for Londoners Innovation Fund?
3. Would fully funding ESOL provision up to and including Entry Level 3 be sufficient to reduce barriers to provision? Are there other barriers to participating in ESOL provision we should be aware of and looking to address?
4. Do you support the creation of an enhanced London Digital Skills Entitlement? How should City Hall look to introduce this entitlement?
5. What interim measures could City Hall put in place to record and demonstrate the impact of Adult Community Learning in London?
6. What changes should be made to AEB funding to address the challenges identified in the SEND review?
7. What additional learner support is needed for learners with SEND to improve their retention, achievement rates and progression?
8. What more could City Hall do to support low-paid Londoners to get the skills they need?
9. What more could City Hall do to support the sector to boost retention and achievement rates in English and Maths provision?
10. Should City Hall look to support, promote or fund higher level skills (Level 4 and above) skills through the AEB? If yes, which groups of learners, levels and sector subject areas should be prioritised and how?
11. What more could City Hall do to tackle skills shortages in London's key sectors?
12. What more could City Hall do to support colleges in dealing with the implications of Brexit for staff and students?

Questions (continued)

- 13. How could the AEB be used to fund or part fund entitlement to a second Level 3 qualification for specific disadvantaged groups of learners, or to tackle skills shortages in particular sectors?**
- 14. What more could the Mayor do to support and champion London's FE and skills sector?**

2. Potential Changes to the Adult Education

Budget

In this section we set out a number of potential changes to funding and reporting arrangements that are currently being considered by City Hall. These proposals reflect our current thinking and are subject to further modelling for feasibility, impact and cost. They are included in this consultation in order to gather views from the sector and stakeholders.

A formal decision on whether to proceed with these potential changes will be taken by the Mayor in due course.

Out of London provision

Currently, City Hall provides more than £14 million of grant funding to providers based outside London's "fringe" (as defined by the ESFA see Appendix for a breakdown of these areas). This provision is often sub-contracted to other providers, who are charged a substantial management fee. From 2021/22, City Hall intends to only allocate grants to providers based either in London or within London's fringe. This will ensure more money is available to those providers located within reasonable travel-to-learn distances for London learners, as they have the local knowledge and understanding of how this funding should be best spent. City Hall estimates that around £2.8m could be brought back into London's skills system by adopting this approach.

- 1. Does the ESFA's definition of London's "fringe" accurately reflect reasonable travel-to-learn distances for London's learners? If not, what other measures might be more suitable?**

Skills for Londoners Innovation Fund

As previously announced, in Year 1 the Mayor will introduce growth requests for both procured and grant-funded providers to increase their funding allocation. To fund growth requests, the Mayor will create a Skills for Londoners Innovation Fund using unallocated funding from the City Hall's overall AEB allocation.

It is proposed that growth requests from grant-funded providers will be prioritised where they meet the following Skills for Londoners priorities:

- Widening participation for learners with SEND to access provision funded by the AEB. London's Post-16 SEND review highlighted gaps in provision, particularly for 19-25 year-olds and the need for greater learner support to access provision and progress.
- Additional AEB funding for young people aged 19-24 who may be vulnerable to or at risk of being involved in serious youth violence. Proposals should align to the goals of the Violence Reduction Unit, which has been set up to divert people away from violence by making interventions at an early age and providing young Londoners with better, positive life opportunities.
- Increasing ESOL provision. There is continuing demand for ESOL courses in London, which targets individuals with low-level English language and literacy skills, those in low-paid work, earning below the London Living Wage and women, especially those with childcare responsibilities.
- Sectoral priorities, particularly those likely to be impacted by Brexit:
 - Construction
 - Creative industries
 - Health & Social Care
 - Hospitality & Retail
- Digital skills. To support the need to increase participation to address digital skills shortages up to intermediate levels in London's labour market. It should also address wider digital exclusion, ensuring Londoners have the basic digital skills required for everyday life.
- Support for those affected by jobs displacement/redundancies. The impact on businesses following Brexit and a changing economic landscape may require rapid responses from providers to address local redundancies/changes in labour needs through local employability training and re-skilling.
- English and maths. A good level of basic English and maths is critical to improving the life chances of many Londoners. Basic skills qualifications are not only often a requisite for Londoners to secure and progress in work, they are also associated with wider societal benefits including higher levels of confidence and wellbeing.

Growth funding will only be allocated where evidence of provider performance supports the request and demonstrates that the provider will perform above their agreed allocation for 2019/20.

There are separate arrangements for procured providers to make requests for additional funding. From May 2020, procured providers will have the opportunity to submit contract

change requirements in order to receive additional funding, based on their capability and capacity to deliver the revised outputs and outcomes.

2. What other areas relevant to Mayoral priorities should be supported through the Skills for Londoners Innovation Fund?

ESOL (English for Speakers of Other Languages)

One in three Londoners were born outside the UK, and more than 300 languages are spoken on our streets. Over 50 per cent of the country's ESOL provision takes place in the capital. Proficiency in the English language is a prerequisite for most jobs and career progression in the capital, but some 210,000 working age adults in London report that they cannot speak English very well. Being able to speak English is also associated with several other social benefits including independence, confidence and self-determination. However, Government has reduced funding for ESOL by 60 per cent over the last decade and this has had a devastating effect on provision in London. The Mayor has called on Government to reverse these cuts so that we can effectively improve English language and literacy among Londoners.

From 2020/21, we propose to fully fund ESOL provision up to Entry Level 3—the level of English required for British citizenship. Creating an entitlement for ESOL to this level shows that London is open to talent and will support Londoners to get the skills they need to succeed. 96% of Notional funding on ESOL courses in London is spent on learning below Level 2, demonstrating that there is a clear demand for ESOL provision at lower levels of learning. 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 Londoners to access ESOL provision which they were previously locked out of.

Given the demand for ESOL in London, the Mayor will also conduct a focused review on the quality and delivery of ESOL provision in the capital. The Mayor is investing £4.5 million in London's ESOL sector: using European Social Funding to address gaps in provision for those with the lowest levels of literacy, and supporting ESOL practitioners to develop their teaching skills, improving the quality of provision in London. The Mayor is also supporting the development of innovative approaches to strategic planning and commissioning of ESOL through his **ESOL Plus pilots**, which work in partnership with community groups, charities and employers to remove barriers to participation and improve the suitability and availability of provision. We will look at the findings from these projects to inform future policy.

3. Would fully funding ESOL provision up to and including Entry Level 3 be sufficient to reduce barriers to provision? Are there other barriers to participating in ESOL provision we should be aware of and looking to address?

Digital skills

The Department for Education is currently leading the development of new national basic digital skills standards, based on the Essential Digital Skills Framework. The new draft national standards, which will form part of the new basic digital skills entitlement in the AEB, will differ from existing entry levels (Entry Level 1, Entry Level 2 and Entry Level 3) to create two new levels: “Beginner” and “Essential”. This new approach will be adopted in London in 2020/21 when the new basic digital skills entitlement is underway.

The national eligibility criteria for this new entitlement has not yet been established. However, given the demands from London employers for staff with intermediate level digital skills, the Mayor proposes to introduce an enhanced London Digital Skills Entitlement, which would extend the national entitlement to all Londoners aged over 19 and requiring digital skills training. This will ensure that Londoners are equipped with the skills to thrive in a changing economy.

4. Do you support the creation of an enhanced London Digital Skills Entitlement? How should City Hall look to introduce this entitlement?

Adult Community Learning

In 2017/18 an estimated £48m of London’s AEB was spent on Adult Community Learning (ACL). A significant proportion of ACL is focussed on serving the hardest to help adults with no or very low educational attainment to help them re-engage with learning. ACL helps these learners to build the confidence and skills needed to thrive in both their working and personal lives and can also play an important role in combatting social exclusion and economic deprivation. Providers of ACL also often cite the benefits ACL brings in improving health and well-being and changing attitudes and behaviours.

It is vital that ACL funding reaches individuals and communities who would benefit most from such provision. The Mayor understands the importance of local approaches to community learning and wants to ensure that the impact of learning support provided by ACL services is recognised and maximised.

To better understand the impact of provision and how it improves outcomes for Londoners, City Hall is currently working with providers and stakeholders to develop a suite of metrics for AEB provision, including ACL. In the meantime, City Hall is considering how best to record the impact of this ACL.

5. What interim measures could City Hall put in place to record and demonstrate the impact of Adult Community Learning in London?

3. Areas for Further Development

In this section we are seeking input from providers and stakeholders in a number of areas where we are further developing City Hall policy to improve the provision of AEB in London.

Learners with Special Educational Needs and Disabilities (SEND)

The Mayor recognises that there needs to be a better understanding of post-16 SEND provision in the capital, which is why City Hall, working closely with London's SEND experts, has published a [pan-London review into 16-25 SEND provision](#).

The review found that:

- Demand for post-16 SEND provision is projected to rise and the already significant gap that exists between demand and supply will continue to grow. By 2022 there will be an estimated gap of 8,950 places for young people with SEND in post-16 education in London, approximately 45% of the projected demand.
- The majority of the estimated gap is driven by gaps in 19-24-year-old provision.
- There is a wide geographical variation in provision. Provision is relatively well matched in local authorities in the north east of London. However, local authorities in the south of London have higher levels of cross-border movement for provision, suggesting that the offer in this area needs further development to ensure that the needs of the area's SEND population can be met locally and in a cost-effective manner.
- There is considerable variability in the format and quality of content of Education and Health Care plans (EHCP). More than half of the EHCPs reviewed lacked a clear focus on preparing for adulthood outcomes, which help to build a better understanding of what is needed for students with SEND to maximise their longer-term potential.
- There is an upwards trend in the take up of supported internships. While reported numbers for these are very small, providers indicate that they are an increasingly popular route for their learners.
- Commissioners and providers often lack local intelligence on upcoming demand, affecting their ability to plan for places.

It is clear from these findings that there is an already significant and growing demand for appropriate education and training opportunities for Londoners with SEND aged 19+. Where learners do not have an EHCP, or when this provision runs out at the age of 25, learners will no longer be able to draw any funding support from, already stretched, local authority budgets. The Mayor holds limited statutory responsibilities for funding learners with SEND and will need to work with councils and the Government to help ensure all Londoners have the best possible chance of gaining the skills they need to get jobs and contribute to the capital's success.

6. What changes should be made to AEB funding to address the challenges identified in the SEND review?

7. What additional learner support is needed for learners with SEND to improve their retention, achievement rates and progression?

Low paid Londoners

Many Londoners are stuck in low pay, with little chance to progress to better paid, more secure work. The Mayor wants to widen participation in learning to all adults in London who would benefit from upskilling and advancing in their careers.

City Hall has therefore prioritised enhancing support for low paid adults to get the skills they need—including, from this summer, through extending eligibility for fully-funded AEB courses to all Londoners earning below the London Living Wage. Previously, many of these individuals 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.

8. What more could City Hall do to support low-paid Londoners to get the skills they need?

English and Maths

Supporting learners and providers to overcome the barriers to securing basic skills, including English and Maths, is a priority for the Mayor.

City Hall is currently commissioning pilot activity through the European Social Fund (2019-23) Programme to support adults in low-paid work in key sectors to attain higher completion and achievement rates in basic English and Maths courses. The Mayor is funding projects that:

- identify and implement innovative approaches to overcome barriers to participation and completion on the courses
- address barriers to investment in English and Math skills by employers
- provide a route map to progression in employment

In addition, we have designated English and maths as a priority area for the Skills for Londoners Innovation Fund.

Alongside this, City Hall will commission new research into the participation and achievement rates for basic English and Maths qualifications— including GCSEs—in London during the 2019/20 academic year. This research will also identify areas of best practice in basic English and Maths qualifications.

City Hall will use the findings of the research and the pilots to develop a package of wraparound support to assist the delivery of English and maths courses, working with adult education providers to ensure that this support can be implemented with minimal additional resources. It is envisaged that this package of support will be available from 2020-21.

9. What more could City Hall do to support the sector to boost retention and achievement rates in English and maths provision?

Higher level skills

In 2016/17, London had the highest rate of people going to university by the age of 30 in England, some 63%, and a higher proportion of graduates than any other major world city—with over half of the population aged over 21 having a degree. This reflects the significant demand in London’s economy for higher skilled and higher paid occupations and is also where future jobs growth is expected. But while Londoners overall are more highly qualified than the rest of the UK, adults from ‘Mixed’, ‘Black’ and ‘Other’ ethnic backgrounds, and disabled adults, are less likely to have a degree level qualification than the wider London population. Only 18% of self-reported disabled Londoners have a high-level qualification, although this is higher than the England average of just over 10%.

Growth in higher level study in recent years has principally been in full-time degree provision, driven, to a large extent, by the student loan funding model. Simultaneously, there has been a decline in sub-degree provision at Levels 4 and 5, which is often associated with professional development and vocational training, and a decline in mature learners (age 24+), many of whom were previously studying part-time while in work.

Increasing opportunities for Londoners of all ages to progress through Level 4+ qualifications will likely provide good opportunities for career progression for Londoners, given that those with Level 4+ qualifications will earn more over a lifetime and have higher rates of employment than those with Level 3 qualifications. City Hall is commissioning further research to identify sub-degree qualifications currently delivered to Londoners, including higher level and degree apprenticeships. This will assess to what extent higher level accredited and non-accredited qualifications are aligned with higher level occupations and employer demand. In addition, the research will review employer demand for graduate-level employees and potential undervaluing of Level 4+ qualifications.

As part of City Hall's 2019-23 European Social Fund (ESF) programme, we are also funding programmes that provide opportunities for people in low paid work to learn and train at Level 4+, supporting progression into higher level apprenticeships, qualifications and occupations. We will use the findings of the pilots and research to assess the case for funding Level 4+ qualifications through the AEB.

10. Should City Hall look to support, promote or fund higher level skills (Level 4 and above) skills through the AEB? If yes, which groups of learners, levels and sector subject areas should be prioritised and how?

Sectors

Some of London's biggest industries, such as Construction, Health and Social Care, Creative, STEM and Hospitality face significant skills shortages due to lack of alignment between the skills system and labour market needs. These shortages are likely to be compounded by the impact of Brexit and automation. At the same, there is glaring lack of diversity in London's high growth industries, with young people, disabled adults, Black, Asian, and minority ethnic (BAME) groups and women are disproportionately under-represented in many of the city's higher-skilled, better-paid jobs.

The Mayor wants to encourage more diversity across London's high-growth industries to secure inclusive growth for the capital. City Hall has just launched a bespoke European Social Fund sector skills programme, targeting Health and Social Care, Construction, Creative, Early years and STEM industries. The Mayor's Construction Academy, Digital Talent Programme and Creative Enterprise Zones initiatives will also provide disadvantaged groups an opportunity to gain the skills they need to actively engage in these core industries.

Going forward, the Mayor is keen to make changes to the AEB so that it works better for disadvantaged Londoners by providing them with the skills and qualifications they need to make the most of the opportunities that London's economy provides.

11. What more could City Hall do to tackle skills shortages in London's key sectors?

Brexit

The Mayor is committed to ensuring that London remains open and able to attract talent from Europe and across the world. Protecting the rights of European and international citizens in London is a key part of this commitment. Brexit, with or without a deal, poses significant risks for EU nationals in London and there is likely to be continued uncertainty after the UK's departure from the EU due to lack of clarity in relation to transitional arrangements.

This will create significant challenges for employers/colleges/universities to ensure they adhere to requirements around eligibility. Until the details of a new immigration system are finalised and implemented, education providers and employers will struggle to confirm a resident's entitlement to enrol. This could result in large numbers of residents with irregular immigration status. The Mayor will continue to work with Government and advocate for amendments to AEB eligibility rules in order to provide a more inclusive skills system in London to support the Mayor's skills and social integration objectives.

12. What more could City Hall be doing to support colleges in dealing with the implications of Brexit for staff and students?

T-Levels and Level 3 provision for adult learners

City Hall is keen to understand what lessons are being learnt from the Government's roll-out of T-levels for 16-18-year olds. It will be important to build upon any positive impacts of T-levels in further developing technical qualifications at Level 3 for adult learners and to understand how the two policy areas will co-exist in the future. In the meantime, it is vital that there is clarity about opportunities for progression to Level 3 qualifications for adults, particularly in relation to Department for Education's recently announced review of Level 3 qualifications.

Currently, Level 3 qualifications are fully-funded for learners aged 19-23 who do not already have a first Level 3 qualification, with other learners being able to access loans to fund learning. For Londoners whose jobs are at risk from the effects of automation there is potentially a case for second Level 3 qualifications to be funded or part-funded to support upskilling or reskilling in the event of a career change or displacement.

13. How could the AEB be used to fund or part fund entitlement to a second Level 3 qualification for specific disadvantaged groups of learners, or to tackle skills shortages in particular sectors?

Championing London's FE and skills sector

The Mayor has pledged to be a champion of the capital's neglected FE sector – and has supported the Association of Colleges' "Love Our Colleges" campaign.

14. What more could the Mayor do to support and champion London's FE and skills sector?

4. Consultation Arrangements

We would like to hear your views on the proposals outlined above. To help us analyse the responses please use this [web survey](#).

In exceptional circumstances, if you are unable to access the survey online, a word document version can be downloaded and emailed to: AEB@london.gov.uk.

The consultation will close at **10am on Monday 20 May 2019**.

If you have any questions about the policy content of the consultation you can contact the City Hall's Skills and Employment team on AEB@london.gov.uk.

Appendix 1

List of local authority areas within the Education and Skills Funding Agency's definition of London's "fringe"

- Basildon
- Bracknell Forest
- Brentwood
- Broxbourne
- Chiltern
- Crawley
- Dacorum
- Dartford
- East Hertfordshire
- Elmbridge
- Epping Forest
- Epsom and Ewell
- Guildford
- Harlow
- Hertsmere
- Mole Valley
- Reigate and Banstead
- Runnymede
- Sevenoaks
- Slough
- South Buckinghamshire
- Spelthorne
- St Albans
- Surrey Heath
- Tandridge
- Three Rivers
- Thurrock
- Watford
- Waverley
- Welwyn Hatfield
- Windsor and Maidenhead
- Woking

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