

GLA response to DfE Funding and Accountability consultation

Executive summary

The Department for Education's consultation on the proposed reform of adult skills funding and accountability comes at an important time for skills policy development, with the levelling up agenda being an important aspect of the future skills landscape.

Whilst the Government's agenda on levelling up rightly acknowledges that there are areas of the UK which have not benefitted enough from economic growth or from enough government investment over recent decades, London's labour market has been hit particularly hard by the pandemic, with disproportionate impacts on certain jobs and workers in the capital.

Assumptions that London's economy will simply 'bounce back' are misplaced. The pandemic is highlighting and exacerbating long-standing challenges around unemployment, inequality and deprivation in the capital.

In responding to this consultation, we wish to help inform the development of a position on skills policy that recognises the fundamental importance of levelling up across the UK, and London's pivotal role in the Global Britain narrative and economic development of the nation.

In line with his delegated powers, the Mayor is responsible for setting the strategic purpose and managing the effective allocation of AEB funding in London. The GLA believes that funding should be distributed fairly and based on need. Any new funding formula should include a broader range of indicators that reflect the unique population and economy of cities such as London. The GLA notes the proposal set out in this consultation for a simpler funding formula, but more detail must be provided to enable meaningful consultation and feedback. We also believe that the overall quantum of AEB funding needs to be increased to meet the Department's ambitions on adult skills.

In summary, the Greater London Authority (GLA) agrees with the broad objectives for reforming adult skills funding and expects that the Mayor and MCAs would maintain autonomy in implementing adult skills to meet needs in their respective areas. The Mayor is best placed to understand overall local needs and facilitate collaboration to achieve a diverse range of local objectives. The Mayor has a proven track record of working and regularly consulting with a vast range of stakeholders including business, communities, boroughs and providers to benefit Londoners and London's economy.

We support the focus on outcomes but believe social outcomes should be included and their importance recognised. Social outcomes such as improved health and wellbeing, social integration and resilience are an essential part of the learner's journey to employment, in-work progression and further studies. The Mayor (and MCAs) should retain autonomy in setting the Skills Measure for London and other relevant outcome benchmarks to assess providers' performance in line with the local needs of learners and businesses.

All elements of the new Skills Fund including Traineeships, Bootcamps and all National Skills Fund elements should be delegated to the Mayor and MCAs to avoid additional complexity and bureaucracy for providers. We note the suggestions around non-qualification AEB delivery in these proposals, but the Mayor will exercise his autonomy in implementing the most effective mechanisms of funding non-qualification provision based on the specific needs of Londoners.

The Mayor must maintain autonomy over the eligibility funding rules and retain the flexibility to amend those rules in London in line with local and Mayoral priorities.

Overall, more clarity is needed on how the proposals will be implemented and reflect London's skills and employment priorities. We would welcome further consultation as well as in-depth discussions with Government on the detail of the proposals, so the full impact of the suggested changes can be better understood.

GLA Response

Q1. Do you agree with our objectives for reforming adult skills funding?

The Greater London Authority (GLA) agrees with the broad objectives for reforming adult skills funding as set out in the consultation document; namely a system that is simpler and more streamlined, outcome-focused and effective. However, whilst these objectives align with the Mayor’s vision for the future of adult education provision for Londoners, the Mayor should maintain autonomy in implementing adult skills to meet London’s needs.

In response to each of the stated objectives in the consultation, we have concerns that we wish the Department for Education (DfE) to consider:

- **Simpler and more streamlined** – we are concerned that proposals to reduce entitlements, or create a new needs-based element, may negatively impact the most disadvantaged learners in London.
- **Outcome-focused** – we believe that social outcomes such as improved health and wellbeing or social integration are an essential part of the learner’s journey, and that these are currently missing from the proposal for an outcome focussed adult skills fund.
- **Effective** – The Mayor must maintain independence from Education and Skills Funding Agency (ESFA) processes in setting out accountability agreements.

To meet these objectives, we believe that funding should be distributed fairly and based on need. This means:

A needs-based element that reflects London’s unique population and economy – London is not uniform, socially or economically, and has some of the most entrenched areas of deprivation in the country. The Covid-19 pandemic has hit London’s economy disproportionately harder than other regions with respect to: employment and unemployment rates; the take up of the Coronavirus Job Retention Scheme (419,000 Londoners are still on furlough) and self-employment assistance support schemes; and receipt of Universal Credit (more than one million Londoners currently receive Universal Credit). No city centre has been affected as much as London’s Central Activities Zone (CAZ), reliant as it is on international travel and commuters from across the wider South East. The needs of urban and rural areas will differ across the country. The GLA has identified London-relevant indicators that should be used in any potential needs-based assessment model which could apply to other urban areas too. More detail is set out in response to Question 9.

Increase overall quantum of adult skills funding – The Department’s proposed reforms are ambitious with a particular focus on encouraging lifelong learning and delivery of courses at higher levels valued by employers. The GLA is concerned that a focus on higher levels will lead to displacement of provision at lower levels which is crucial in enabling learner progression. We would welcome an increase in the overall quantum of adult skills funding to meet the DfE’s ambitions while also protecting the current AEB offer.

Greater devolution/delegation of AEB funding streams – Traineeships, Skills Bootcamps and all National Skills Fund (NSF) elements of the new Skills Fund should be delegated to the Mayor to avoid additional complexity and bureaucracy for providers, and to ensure alignment of all elements of the new Skills Fund. Without this, providers in London will have Skills Fund allocations from both the ESFA and the Mayor, which invariably will be managed differently and create an unnecessary burden for providers. The Mayor should also be delegated the skills element of the UK Shared Prosperity Fund (UKSPF) and the endorsement of Employer Representative Bodies and Local Skills Improvement Plans (LSIPs) in London. This approach would support the Government’s ambitions to give local leaders the tools and powers they need to support Levelling Up.

The Mayor is best placed to respond to local needs of learners and employers in London and facilitate collaboration to achieve a diverse range of local objectives including those set out in the consultation. In line with his delegated powers, the Mayor is responsible for setting the strategic purpose and managing the effective

allocation of AEB funding in London in line with learners' needs to best meet the needs of local employers.

In London, the Mayor, London's Skills Advisory Panel (the Skills for Londoners Board) and the Skills for Londoners Business Partnership, are best placed to determine local priorities and ensure investment in skills funding meets the needs of Londoners and London's economy, delivering greatest value for money. The Mayor has a proven track record of working with a range of stakeholders including, business, communities, boroughs and providers to ensure London's adult skills system meets the needs of London. This has been achieved through extensive stakeholder engagement as well as annual consultation on the Mayor's proposals for adult education in London. As the directly elected representative of Londoners, the Mayor frequently seeks feedback from Londoners through our online engagement platform Talk London, community conversations and People's Question Time, to ensure that he is responding to their needs and is being held to account. The Mayor has a number of business boards including London's Local Enterprise Partnership (LEAP) and the Business Advisory Board to help steer London's skills and employment priorities. He also regularly engages London's employer representative bodies to understand and respond to business skills needs. An independent evaluation of the [first year of delegated AEB delivery in London](#) also found that almost 90 per cent of providers surveyed were 'very' or 'fairly' satisfied with the delegation of the AEB to London.

The Mayor has worked with London's skills and learning providers, boroughs, businesses and employers, and community organisations to build an Adult Education Roadmap for London. The Roadmap, which is due to be published in December following extensive consultation, will set out how the Mayor plans to build on the success of AEB delegation and the work of London's skills providers to create an even more accessible, impactful and locally relevant system that can better serve London's communities and economies.

Q2. Do you agree with our reform objectives for an adult skills funding system, or are there other principles that should be included?

The GLA recommends that social outcome measures must be considered to provide a holistic understanding of provider performance. These have been largely overlooked in this proposal. The consultation document is focused primarily on economic outcomes such as entry into employment. Whilst these are very important, in London, the Mayor has also recognised and is capturing, the importance of social outcomes such as improved health and wellbeing, social integration and resilience, which are an essential part of the learner's journey.

The GLA recommends adding equity as a reform objective. With the drive towards accountability focused on employment outcomes, there is a risk that learners who are not focused on near-term employment outcomes may be marginalised. This includes learners who engage in adult education to develop basic skills and skills that will support their families and their engagement with their communities beyond formal employment. Additionally, providers should demonstrate how they work to be representative of the communities they serve.

The GLA believes a stronger learner and community voice needs to be included in these proposals. The employer-led perspective stressed in this proposal risks learner choice and local community needs being overlooked, depending on the ability and willingness of an Employer Representative Body to engage with other key local stakeholder groups.

The GLA believes that a principle of 'local relevance' should be included as a key feature of these proposals for change. The consultation sets out a very limited perspective of defining local need, focusing only on the need of employers. A wider perspective, informed by local government, employers (of all sizes), community organisations, employment support services and the local population, is the only way to truly determine local need. In regions such as London, which have delegated/devolved funding and powers in relation to skills, this must be coordinated and approved by the Mayor or the MCA.

Q3. How can non-qualification-based provision most effectively be funded in the future?

The GLA notes the suggestions around non-qualification delivery in these proposals, but the Mayor should be able to exercise his autonomy in relation to effective mechanisms of funding non-qualification provision based on local needs of Londoners. London has already introduced a flexibility for grant-funded providers to deliver up to 10 per cent of their adult skills-funded allocation as non-formula funded provision, in recognition of its importance to support London's economic recovery. We also recognise the importance of improving the quality of data collected on non-qualification-based provision to develop an improved understanding of its benefits. This is why we have asked providers to set out the breadth of provision they intend to deliver over the medium-term in provider delivery plans.

Q4. How can we ensure this provision is of high-quality?

Through his delegated powers, the Mayor has responsibility for ensuring the delivery of high-quality AEB qualification and non-qualification-based provision. We believe the Mayor should maintain autonomy to set the strategic priorities for adult skills in London. The Mayor is setting his strategic plan through the London Adult Education Roadmap. This has been informed by a diverse range of stakeholders, including business, communities, London's boroughs and providers. Delivery plans and effective performance monitoring strategies have already been introduced for all London AEB providers who have committed to high quality provision in accordance with local needs and the Mayoral priorities for the capital. In order to assess better the AEB impact and the outcomes achieved by Londoners, the Mayor has launched the London Learner Survey recommended by the Outcomes for Londoners Task & Finish Group¹ which includes representatives of businesses, colleges, local authorities, independent training providers (ITPs), London boroughs, sub-regional partnerships and other key stakeholders within the further education sector in London. The main purpose of the London Learner Survey is to collect both economic and social outcomes data and measure the effectiveness of formula and non-formula AEB provision for Londoners, especially for those furthest from the labour market. A London LSIP would not add value as it would duplicate the Mayor's strategic skills plan and result in fragmentation and further complexity in London's adult education system.

Q5. We would welcome your ideas – particularly from employers – on how we could fund providers for innovative provision currently not funded by the system.

The Mayor awarded £7.3 million to 27 providers through the Skills for Londoners Innovation Fund in March 2020. The purpose of the Fund was to award funding to providers for innovative approaches to delivering learner outcomes such as using new outreach methods to engage hard to reach groups or making provision more accessible by delivering provision in community settings. Some projects were particularly effective at engaging employers with one provider successfully placing learners in industry placements at 35 different businesses in London. Though delivery was delayed due to Covid-19, an evaluation of the programme has highlighted its many benefits. In particular, the flexibility offered by the Fund proved to be highly valued by providers who found it facilitated a more agile approach to learning delivery especially in the context of Covid-19. Through the new Mayor's Academies Programme the Mayor is committed to ensuring skills provision is innovative and responds to the needs of the economy. This will support partnership and collaboration between providers and employers of different sizes to design local, industry relevant learning packages that lead to employment in London's key sectors.

Q6. We would welcome your views on our proposal for a single Skills Fund: do you agree that we should formally merge the existing AEB including community learning, and National Skills Fund (NSF) investment into a single stream of funding?

We would welcome the proposal for a single Skills Fund on the condition that in London and the devolved areas

¹ The Outcomes for Londoners Task and Finish Group (formerly the Outcomes for Londoners Advisory Group) is a subordinate body of the Skills for Londoners Board.

this is delegated/devolved to the respective Mayors in line with existing arrangements for the AEB. The Mayors would need to have the autonomy to implement the Fund in line with local business and learner needs and the Mayoral priorities for London and other regions, in collaboration with all key further education stakeholders. This would avoid additional complexity and bureaucracy and would ensure consistency of management and provision, easing the burden on providers. Alongside all the listed elements of the Skills Fund, it should also include the skills and employment element of the UKSPF.

Q7. How can we implement this Skills Fund in a way which best supports individuals to access skills which meet the needs of local employers?

In London, the Mayor and London’s Skills Advisory Panel (the Skills for Londoners Board) are best placed to determine local priorities and address the needs of Londoners and London’s economy, delivering greatest value for money. In regions with devolved/delegated responsibility for adult education and skills such as London, the Skills Fund should be implemented in line with local skills plans as set out by Mayoral Combined Authorities. In London’s case this would be the Mayor and London’s Skills Advisory Panel – The Skills for Londoners Board.

In line with his delegated powers, the Mayor is responsible for the setting the strategic purpose and managing the effective allocation of AEB funding for London in line with learners’ needs to best meet the needs of local employers. This is ensured through extensive stakeholder engagement and annual consultation with employers, communities, boroughs and providers.

Q8. We would welcome your views on our proposal to fund devolved authorities through a needs-based relative assessment. Do you agree with this approach?

The level of detail provided in the consultation documents on the needs-based relative assessment and formula is insufficient to estimate the impact on AEB funding as a result of such an assessment. There should be further engagement with devolved areas and consultation on how the national needs-based formula is envisaged to operate to enable a full understanding of the potential impact on funding for devolved and non-devolved areas.

London is a key driver of employment, economic growth and prosperity for the country as a whole and it is essential that investment in further education is preserved to ensure Londoners and businesses continue to thrive despite the disproportionate negative impact of the Covid-19 pandemic on London. London’s business environment is exceptionally dynamic; this reflects London’s place as a global business capital and makes it different from other regions of the UK.

GLA preliminary analysis has identified a set of relevant indicators that represent locally important factors that should be included in any potential needs-based assessment model. The full set of indicators is listed in the response to question 9.

We question how ‘industries in decline’ would be defined if this is to be used as a criterion for a national needs-based relative assessment. The impact of Covid-19 and the exit of the UK from the European Union has had a profound impact on industries important to London’s economy that may differ from industries in decline in other parts of the country. There should be a clear definition of how industries would be considered to be in decline, which includes an understanding of their importance to local economies as well as the national economy.

A robust transitional protection approach to the development of any devolved/delegated and non-devolved/delegated budgets will be required, with clearly defined parameters (e.g. applicable time period, floor and cap thresholds) to secure financial stability and continuity of provision.

Q9. What elements do you think are important to include in such an assessment?

The variables listed below are important for London and should be included in the needs-based approach for London in combination with the DfE measures outlined in the consultation.

- Number of people of working age (16-64) in England by geographical area^[1] (Annual Population Survey)
 - Population growth (2020-2010) in England by geographical area (Annual Population Survey)
 - Percentage of ethnic minorities in England by geographical area (Annual Population Survey)
 - Total number of jobs in England by geographical area (Office for National Statistics)
 - Number of adults with no qualifications or qualifications below Level 1 in England by geographical area (Annual Population Survey)
 - Number of adults with no/low qualifications (including ESOL) in England by geographical area (Index of Multiple Deprivation 2019)
 - Number of unemployed people in England by geographical area (Labour Force Survey)
 - Number of unemployed people with work-limiting disabilities in England by geographical area (Labour Force Survey)
 - Number of service-intensive jobs in England by geographical area (Employer Skills Survey)
 - Number of jobs with skills gaps in England by geographical area (Employer Skills Survey)
 - Number of hard to fill vacancies in England by geographical area (Employer Skills Survey)
 - Number of skills shortage vacancies in England by geographical area (Employer Skills Survey)
 - Affordability ratio by geographical area (relative earnings after adjusting for housing costs) (ONS house price statistics and Annual Survey of Hours and Earnings)
 - Population density by geographical area (NOMIS ONS data)
 - Social outcomes by geographical area (Labour Force Survey, ONS)
- ^[1] This includes the Greater London Authority, Mayoral Combined Authorities and Non-devolved areas.

The GLA expects further engagement with the Department and consultation on how the national needs-based formula is envisaged to operate to enable a full understanding of the potential impact on funding for devolved and non--devolved areas.

Q10. Do you agree that an activity-based system of funding colleges based on the learners they provide for should be continued or are there other approaches which would be more effective or should be considered?

The GLA notes the proposal of introducing an activity-based method of funding dispersal to providers in non-devolved/delegated areas, but the Mayor will exercise his autonomy on the effective methods of allocating AEB funding based on local needs of Londoners and employers. The level of detail on the system of funding is insufficient to estimate the potential impact on providers and their respective allocations. The Mayor is willing to discuss further with the Government any detailed approaches around the optimal formula of funding dispersal.

Q11. What are your views on the potential elements (set out above) to include in a simpler funding formula? Are there other elements which should be included?

The GLA notes the outline proposal of a simpler funding formula, but a more detailed formula must be described for meaningful consultation and feedback. Many of the proposed elements could have significantly different impacts and implications depending on how they are implemented. Until a detailed formula or set of options is put forward by the DfE, it is not possible to rigorously or robustly consider the overall impact of the changes. It is also unclear how closely the proposed funding formula will be aligned with the current 16-19 methodology. The GLA expects to be involved in further discussions with the DfE on the approach as it develops, alongside the other MCAs .

Any changes to the adult funding formula must be flexible enough to allow the funding to be implemented in

accordance with local needs of learners and employers. The GLA has conducted some preliminary analysis to identify a broader set of indicators that could be effectively used in a needs-based relative assessment model, in combination with the DfE measures outlined in the consultation (see response to Question 9).

It is unclear what impact there might be on the ESFA Enhanced Data Service Offer given that a local approach to funding will be maintained in accordance with the Memorandum of Understanding between the Secretary of State and the Mayor of London. The GLA would expect the ESFA to continue the ongoing commitment of calculating funding for devolved/delegated areas using the current Adult Skills formula approach if the Mayor and MCAs take the decision not to change that approach due to local needs and ensuring financial stability of AEB provision. Further discussions with the DfE on the funding formula are needed.

Simplicity gains for the GLA and providers resulting from a new Skills Fund funding formula are unclear. Resource will still be required within all organisations in the adult skills education sector to monitor participation against allocation-related activity targets, regardless of allocation or earnings method. Financial management practices for providers delivering through multiple funding streams will not be significantly simplified by the proposed changes. Even if the Skills Fund and 16-19 funding formula methodologies were fully aligned, which does not appear to be the proposal, complexity would remain through having to manage different earnings methods for Apprenticeships, Loans-funded delivery etc.

Q12. Do you agree that we should use the same needs-based formula between all areas of the country? How should we balance responsiveness to activity delivered and equal opportunity to access training?

While the decision of introducing a needs-based formula for non-devolved/delegated areas sits with the Government, the Mayor, through his delegated powers, has the responsibility to approve the most appropriate needs-based approach based on the local needs of Londoners and businesses. The GLA has conducted some preliminary analysis to identify a broader set of indicators (outlined in Question 9) that are more relevant for London and could be effectively used in a needs-based assessment model, in combination with the DfE's measures outlined in the consultation. Further discussions with the DfE are needed about this.

Q13. How can we introduce these changes most effectively?

A sustained period of transitional protection would be needed for both non-devolved and delegated/devolved budgets, so that the financial stability of providers could be maintained.

In London, the Mayor and London's Skills Advisory Panel (the Skills for Londoners Board) are best placed to determine local priorities and address the needs of Londoners and London's economy, to deliver greatest value for money. In regions with delegated/devolved responsibility for adult education and skills such as London, **the Skills Fund should be implemented in line with local skills plans as set out by the relevant tier of regional government.**

Q14. Do you agree with our proposal to bring together disadvantage funding, learning support and learner support into one element?

The GLA notes the proposal in this consultation with respect to the non-devolved/delegated areas but considers the Mayor to be responsible for the administration and allocation of the disadvantage funding, learning support and learner support for Londoners. It is expected that the Mayor would retain autonomy over the transparency of administering funding and collecting data for each of the suggested elements in support of the learner.

Further discussions will be required when DfE is able to put forward a more detailed proposal so that the full impact of the suggested change could be estimated.

Delivery of learner and learning support, and disadvantage, must continue to be reflected in Individualised Learner Record (ILR) data collection. Transparent data is required to enable the GLA to continue to monitor delivery to learners who need additional support to access learning. This will be particularly important in the context of performance managed on employment-related outcomes and a non-ringfenced budget, to reduce the potential incentives for providers to work with learners who have fewer barriers to employment.

More clarity is needed on how Excess Learning Support will be recorded. Removal of data collection via the Earnings Adjustment Statement would be a positive move, so long as learners could still access the level of support funding appropriate to their needs.

Q15. Are there likely to be unintended consequences we would need to manage?

There is a strong possibility of unintended consequences, so we ask the Government to share further detail on how the budget elements will be calculated, in order to understand the full impact on budgets and provider allocations. There is a risk that funding for each of these individual elements is not retained at least at the current level of support, if ringfencing is removed.

There is a risk that, in response to the focus on employment outcomes and un-ringfenced funding, providers direct support towards learners who are closer to the labour market and away from learners who may need support the most. As a result, marginalised groups or those with the difficult to meet needs might be displaced and become even further away from securing meaningful jobs and progressing to higher levels of education and training.

There is a risk that reduced data collection might result in removal of information from the ILR that is important to monitoring provider performance in delivering support for learners. The GLA believes that learner and learning support information should be collected at the learner level.

A robust transitional protection approach will be required, with clearly defined parameters and impact on data collection to secure financial stability and continuity of provision.

Q16. Is there a different approach we should explore?

The GLA believes that greater delegation/devolution across the full range of adult funding streams is the most effective way to meet local needs, ease the burden on further education providers and ensure local accountability.

Q17. What factors do you think should be incorporated in a measure of additional needs?

The GLA believes that a needs-based approach to funding additional needs must include additional variables, beyond those listed in the consultation, to enable a full estimate of impact prior to introduction of any new methodology. For example, we agree with inclusion of the proportion of learners from disadvantaged backgrounds (Index of Multiple Deprivation 2019), and the proportion of learners who have been out of work for a sustained period, who will be more likely to need additional support, although consideration is needed of how this data could be captured in a timely, non-burdensome way.

However, we believe that two of the listed factors should be amended:

- Proportion of learners who receive support to engage in learning (i.e. learning support), instead of proportion with disabilities.
- Travel to learn based on cost/time of public transport instead of mileage.

We also support the inclusion of additional factors, such as:

- Proportion of learners with caring responsibilities
- Proportion of learners who are care leavers
- Proportion of learners who have been formerly incarcerated
- Proportion of learners earning less than regional living wage
- Proportion of learners with low levels of prior attainment

The GLA would welcome an opportunity to work in collaboration with the Government to further develop and test this approach.

Q18. Will this help reduce requirements on colleges and enable them to support their learners better?

The GLA considers it unlikely that a single allocation would reduce operational requirements on providers.

Q19. Do you think we should move to a lagged system for the core funding or continue with the current “allocation and reconciliation” approach?

The GLA notes the proposal in this consultation with respect to the payment mechanism for the non-devolved/delegated areas but considers the Mayor to be responsible for the allocation, administration and payments of AEB funds to organisations delivering provision to Londoners. It is expected that the Mayor would retain autonomy over the choice of the most efficient payment mechanism of AEB funding to AEB provider organisations in line with local needs and Mayoral priorities.

Further clarification is needed on how new providers could enter the adult skills education system.

The consultation document is silent on any possible mechanism for new entrants to a provider market where funding allocation is based largely on historic delivery performance.

Q20. Is there another method, not outlined here, that you would prefer?

The GLA believes that greater delegation/devolution across the full range of adult education funding streams and autonomy over the payment mechanism of associated funds is the most effective way to meet local needs, ease the burden on further education providers and ensure local accountability.

Q21. Do you agree with our proposal for a mechanism within the Skills Fund to provide up-front funding for specific growth areas?

The GLA notes the suggestions around up-front funding for specific growth areas within the non-devolved/delegated areas but considers the Mayor to be best placed to decide on the most effective mechanism for awarding growth funding.

Growth areas need to be defined locally. To ensure that delivery is relevant to local needs, funding should not be ringfenced for national initiatives and the Mayor should maintain control over what is defined as a growth area in London, in line with Mayoral priorities.

Q22. Are there other mechanisms which we could explore to achieve this aim of supporting growth in specific skills areas?

The GLA believes that greater delegation/devolution across the full range of adult funding streams and autonomy over the growth mechanism of associated funds is the most effective way to meet local needs, incentivise further education providers and ensure local accountability. The Mayor must retain autonomy over how growth areas are funded in London, and the criteria by which they are defined, to ensure that they are priority skills areas of importance to London.

Q23. We welcome views on our proposed multi-year approach, including how this might affect colleges' behaviour.

The GLA welcomes allocation of a devolved/delegated budget on a multi-year basis. Greater certainty over budget (for example a five-year budget) will support the Mayor with the implementation of his long-term strategic vision for adult skills education in the capital, as well as providing greater certainty to providers and a more stable funding climate for responding to business needs.

Further clarification of how the multi-year approach will work in practice is needed.

The GLA anticipates that a multi-year approach might result in providers taking a more strategic approach to delivery of provision:

- This may result in more long learning aim starts year-round rather than this being largely limited to September and January. It may reduce the tendency for colleges to run short courses at the end of the year to spend their budgets.
- Greater security of income may encourage planning and investment in programmes, including at higher levels, and linked more closely to labour market needs or local priorities.

Q24. How else could the funding system be improved to make strategic planning and year to year managing of funding and expenditure easier for providers?

The GLA believes that greater delegation/devolution across the full range of adult education funding streams and autonomy over the payment mechanism of associated funds is the most effective way to meet local needs, ease the burden on further education providers and ensure local accountability.

Q25. Which entitlements and eligibility rules should be maintained in the newsystem, and why?

It is essential that the Mayor maintains autonomy over the eligibility funding rules and retains the flexibility to amend those rules in London in line with local and Mayoral priorities. It is expected that the Mayor would be consulted by the Government before changes to the eligibility rules are made nationally since this has a significant impact on provision.

The recently introduced three-year residency eligibility requirement for spouses of UK/European Economic Area (EEA) nationals should be reversed since it currently excludes several hundreds of Londoners who want to continue their studies and is projected to have a significant impact on AEB provision in the capital.

To ensure support for those learners who have no or low prior qualifications and may lack basic skills, all current entitlements for learning would need to be maintained. As the consultation notes, some learners need help to overcome a financial barrier to access and succeed in their learning. A removal of these entitlements could risk the availability of fully funded courses needed by learners without essential skills. To further mitigate this risk, particularly if opening up new eligibilities and/or shifting focus to higher level skills, **the overall quantum of AEB must be increased.** Increasing the overall AEB would also support the effective delivery of the Essential Digital Skills Entitlement, which was introduced without additional funding.

Q26. If entitlements and rules are significantly reduced in number, in the context of an activity-based and lagged system, how would you expect colleges to allocate funds when the available budget is limited? Are there specific additional rules that you think should be introduced to constrain their activity?

It is essential that the Mayor maintains autonomy over the eligibility funding rules and retains the flexibility to amend those rules in line with local and Mayoral priorities. It is expected that the Mayor would be consulted by the Government before any changes to the eligibility rules are made nationally since this has a significant impact on provision.

Q27. In what circumstances should direct procurement of skills provision be used by government?

It is for the DfE/ESFA to decide when to use direct procurement of skills provision in non-devolved areas.

The Mayor will maintain independence in his approach to skills procurement and the ability to pay providers on actuals, for example to use procurement:

- **as a targeted intervention method.** Where local or national skills needs are not being met, procurement can be used as a means of distributing funding among specialist organisations for a specific purpose. For example, this could include:
 - specialist provision not currently offered locally for which employers have clearly identified a need
 - where data demonstrates that Colleges/local authorities are failing to recruit and generate proportionate outcomes for learners with protected characteristics and those who are furthest away from the economy (e.g. homeless, economically inactive etc.).
- **To contract with ITPs directly where they would otherwise be subcontractors to a college or local authority.** Contracting directly with ITPs may provide better value for money than similar provision being subcontracted by further education colleges and local authorities, in particular where providers engage in end-year subcontracting to ensure their allocation is spent.

Q28. How can government improve the way it procures provision to ensure it complements existing areas of provision delivered by colleges and local authority providers and improves value for money?

We would require timely discussions with the Government over upcoming national procurements especially in the London area, so that an effective alignment can be achieved and ease the burden on providers when submitting applications.

Develop outcomes-based, inclusive commissioning models. Research has shown that moving to outcomes-based models in line with the principles of responsible commissioning can support accessible learning and achieve value for money in delivery of skills and employment programmes.

Q29. How can we support colleges to improve how they commission and oversee provision by providers they will commission from?

The Mayor has set out subcontracting rules for London and expects to maintain autonomy in setting the AEB subcontracting policy for providers in London. We will continue to work closely with all AEB provider organisations and support them in their subcontracting decisions in line with local needs and Mayoral priorities.

Support providers to take a strategic approach to commissioning. A move to multi-year funding arrangements may reduce the risk of subcontracting for non-strategic reasons but it might also be useful to mirror the Mayor's approach of requiring a delivery plan from providers describing their future subcontracting arrangements.

Q30. How can we best support this arrangement for providers that are commissioned by colleges?

Support market access for new entrants, especially where these are organisations led by members of underrepresented groups.

The Mayor has set out subcontracting rules for London and expects to maintain autonomy in setting the AEB subcontracting policy for providers in London. We will continue to work closely with all AEB provider organisations and support them in their subcontracting decisions in line with local needs and Mayoral priorities.

Ensure that commissioning practices are financially sustainable for ITPs. Consideration should be given to how commissioning agreements will maintain the stability of the ITP sector, which is often subject to unstable subcontracting agreements.

Q31. How can we best support local areas to improve and expand their offer to better meet current and future skills needs?

Delegate (or devolve) responsibility and funding for all strands of Skills Fund delivery and planning activities to Mayors/MCAs and provide sufficient AEB funding to meet local needs. The best approach to supporting local areas to improve and expand their offer to better meet current and future skills needs is for the funding and powers associated with the skills element of the UKSPF, 19-24 Traineeships, Skills Bootcamps, the Adult level 3 offer, Further Education Capital funds and the endorsement of Employer Representative Bodies and LSIPs to be delegated/devolved to the Mayor and the MCAs as part of the new single Skills Fund. This should be set out in legislation through amendments to the Skills and Post-16 Education Bill. This approach would support the Government's ambitions to give local leaders the tools and powers they need to support Levelling Up. In London, a strong role for the Mayor will be critical to ensuring local requirements for skills development are fully reflected in local plans.

The evaluation of the first year of London's delegated adult education programme found that the majority of providers reported that the GLA had effectively supported them to reshape their provision in response to the pandemic, including delivering more learning flexibly and online.² The Mayor has also already taken significant steps to ensure business involvement in the development and delivery of local skills and employment provision. This was a requirement of delegation of the AEB, where it was agreed that the Mayor would set and determine the commissioning of AEB provision in London, including setting priorities (Strategic Skills Plans). This has been built on through the recent publication of the Local Skills Reports by the Skills Advisory Panels (SAPs). Employer involvement has been at the heart of this work and the Mayor has developed a number of strategic partnerships with employers which help to ensure that skills provision in London is able to better meet current and future needs.

We also believe there must be strong investment in the further education system through:

- supporting a skilled and diverse workforce that reflects the local population and is equipped with the knowledge and experience to deliver the skills for now and the future
- developing provider estates and equipment, including their ability to support digital access for learners, through capital investment.

Q32. What measures are most suitable in showing how well colleges are delivering good outcomes?

² https://www.london.gov.uk/sites/default/files/devolved_aeb_evaluation_report_gla_iff_controlled_v02.00_clean.pdf

Which measure do you think best matches the purpose we have described in this section?

The Mayor has already set the outcome priority areas for London which cover both economic and social outcomes. GLA believes that the outcome measures defined in the London Learner Survey are the most suitable measures for AEB provision in general.

In London, the Mayor established the Outcomes for Londoners Task & Finish Group (which comprises AEB providers, businesses, London boroughs, sub-regional partnerships) and tested a range of outcomes with key stakeholder groups and providers in order to define priority measure. These include economic outcomes - progression to employment, in-work progression, progression to further or higher study - and social outcomes - improvements to health and wellbeing, improvements to social integration, learner self-efficacy and volunteering.

Learning is a journey, especially for those with low or no qualifications. Those who are furthest from the labour market and who make their first steps in learning and may be disadvantaged by a system focused primarily on employment outcomes. Therefore, the Mayor has launched the London Learner Survey which complements the ILR in collecting learners' destinations data in partnership with providers, and which will measure both economic and social outcomes for AEB learners. These measures are not suitable for measuring provider performance in-year, as they involve a lag of at least six months to allow for the outcomes to be realised and captured. Overall, it is challenging to introduce short-term measures that assess long-term outcomes. Providers can, however, use meaningful destinations information to improve their performance in the long run.

It is expected that the Mayor would retain autonomy on setting the Skills Measure for London and other relevant outcome benchmarks to assess providers' performance in line with local improvement plans, local needs of learners and employers and Mayoral priorities. The Skills Measure is a measure of how well the local system works together and should therefore sit with the Mayor who is responsible for the coordination of the local planning.

The premise of a performance dashboard and its implications for the devolved/delegated authorities needs to be clarified. The GLA expects to have its own agreements with providers which may include performance targets. We would expect the dashboard to include functionality which enables providers to be easily able to monitor their performance against ESFA and GLA-funded delivery separately.

Q33. Of the outcome measures you have suggested above, how effective would they be at assessing college performance in a timely way?

It is expected that the Mayor would retain autonomy on setting the Skills Measure for London and other relevant outcome benchmarks to assess providers' performance in a timely way in line with local improvement plans, local needs of learners and employers and Mayoral priorities.

As some learner outcomes may only be achieved several months after the end of learning (e.g. progression into employment) it is not possible to undertake a robust assessment of outcomes achieved in-year but rather with a lag of at least six months. Any outcome measure is reliant upon credible data collection. Current destination data in the ILR is not sufficient and would need to be improved to be effective or timely. The London Learner Survey will provide data that we will use to understand the impact of provision and to inform providers where they could improve but is not intended to assess performance.

Lagged outcomes data can be used to support providers to improve performance over the long-term and not hold them to account in-year. For example, robust assessment of performance against outcomes achieved in previous years can be used to inform future objectives as part of annual college plans included in the proposal.

Q34. Do you agree that underperforming on the skills measure (described in paragraph 120) should be taken into account for planning an Ofsted inspection?

It is expected that the Mayor would retain autonomy on setting the Skills Measure for London and other relevant outcome benchmarks to assess providers' performance in line with local improvement plans, local needs of learners and employers and Mayoral priorities.

The GLA does not believe that underperformance on the Skills Measure alone should be taken into account for planning an Ofsted inspection. A broader range of information is needed to provide a reliable enough indicator of individual college performance in order to be used for this purpose.

Q35. Do you agree that we should publish colleges' financial health ratings in the Dashboard, as we do not currently publish these?

The GLA does not agree that the DfE should publish college financial health ratings in the Dashboard. There is no clear benefit in doing so and this could undermine a provider's ability to recruit learners or make it more difficult to secure their financial situation. We welcome the transparency objective through publication. However **financial health rating is unlikely to be understood** correctly by users of the dashboard and may lead to unintended consequences such as uncertainty and anxiety amongst learners, employers and community groups. If the purpose of the publication is to support improvement, then it is not clear how publication of headline financial health would achieve this. It may be more appropriate to publish the data separately alongside other financial information such as the college accounts data.

Q36. Do you agree with our proposal for new Accountability Agreements?

The GLA does not agree with the proposal for new Accountability Agreements as set out. We would expect college plans to reflect the local priorities of the Mayor/devolved authority. Where AEB funding is provided by the Mayor/devolved authorities then plans should take account of the local AEB funding priorities. If the purpose of the plans is to inform the ESFA annual dialogue with colleges, it is essential that those discussions engage the Mayor/the devolved authority, rather than taking place in isolation.

In London, the Mayor must continue to set out arrangements for funding agreements and delivery plans as best suit London's needs.

Q37. Do you agree that Accountability Agreements should incorporate and replace Funding Agreements?

The GLA notes that these arrangements do not apply to devolved/delegated area funding. These arrangements would not apply to devolved/delegated provision but we look forward to working with DfE colleagues to ensure that arrangements are complementary.

Q38. Which of the options above, or combination of options, would have the biggest impact on shifting college behaviour towards meeting local skills needs?

The GLA welcomes the option for engagement with the MCAs/GLA as part of the inspection process for adult education and skills, ensuring that local priorities of devolved/delegated authorities are a prominent feature of the inspection framework. We are concerned that the new Skills Measure may be too narrow or aggregated in a way that is not meaningful to provide a helpful impact in the way that the proposal seeks.

Clarification is required regarding whether pound plus policies will remain in place. There is a risk that the Skills Measure may disadvantage providers who generate significant income from training linked to pound plus policies in order to subsidise disadvantaged learners.

Q39. How do you think Ofsted can best make meeting local skills needs a more prominent feature within its inspection framework?

We welcome the inclusion of the GLA/MCAs as stakeholders in the inspection process. Ofsted developed good relationships with devolved authorities following AEB devolution/delegation. We welcome the continued engagement by Ofsted with GLA/MCAs as this enables the inspectorate to have a better understanding of local skills priorities when planning and implementing inspection work. It will not be possible to make local skills needs a more prominent feature without engaging with the GLA/MCAs.

Q40. Are there any other changes to Ofsted's inspection approach that would support improvement in this aspect of college performance?

We would expect that Ofsted should continue to engage regularly with the GLA/MCAs about delegated/devolved area priorities and issues related to local skills and the quality of provision. Proposals should consider enhancing Ofsted's role in reviewing providers' approach to enhancing workforce and governor diversity, to ensure they reflect the communities they serve. With research demonstrating that learners progress at a greater rate when taught by a diverse teaching workforce, this should be a central consideration under the leadership element of Ofsted's inspection framework.

Q41. Do you agree that our accountability proposals should apply to all grantfunded providers on a proportionate and relevant basis?

We would expect to see consistency of approach between providers, but this should be proportionate to the volume and type of delivery by ITPs. Requirement for ITP commissioning to be included College Plans would need to take account of delegated/devolved area funding arrangements. This is because subcontracting is part of the delegated/devolved authority funding agreement and therefore should only be included in a College Plan if agreed by the GLA/MCAs.

Q42: How might apprenticeships best feature in the new accountability system?

We would expect Apprenticeships to feature within the new accountability system. The DfE should engage with apprenticeship providers, employers and local stakeholders such as the devolved authorities to jointly develop an accountability system that works for apprenticeships.

Q43. Do you agree with our plan to give the FE Commissioner this role with a renewed focus on driving improvement and championing excellence?

The GLA would expect an improved engagement of the Further Education Commissioner (FEC) with the GLA/MCAs as Ofsted has successfully managed since AEB delegation/devolution. The FEC should engage with and consult directly with the GLA/MCAs to establish the approach in delegated/devolved areas so that the FEC work can be supported by local stakeholders including driving improvement and championing excellence. It would be appropriate to update the Memorandum of Understanding between the DfE and delegated/devolved authorities now that the FEC is part of the ESFA in order to reflect the new role.

Q44. What lessons can we learn from our current approach to formal intervention to help us design

this new approach?

The GLA notes that intervention outcomes in delegated/devolved areas are more successful where the GLA/MCA is engaged from the outset about the strategic support that is required. In London, there have been good examples of colleges, the ESFA and the GLA working together, and the FEC should build on this partnership input to ensure that the single support plan is well formulated and accurate. Non-General Further Education (GFE) providers often have limited resources, which puts them at greater risk of experiencing quality and performance issues. To ensure they have a fair chance of meeting quality/performance standards, the FEC may wish to consider granting non-GFEs early access to their expertise (or other forms of tailored support) as a preventative measure.

Q45: Do you agree with our proposals to create a simpler and straightforward three stage approach to improve college performance?

The GLA welcomes the simpler three stage approach, but in the case of devolved area funding, the FEC will need to engage with the GLA/MCA regarding the risks and issues associated with delegated/devolved adult skills provision. We would expect that any single plan assumptions or commitments about adult priorities and funding would need to be shared with the GLA/MCA in order to support the FEC, as these specific aspects are outside the scope of the ESFA. Step 2 requires consideration of how ITPs and subcontractors can be supported to improve, as current measures focus primarily on GFE.

Q46: What specific actions do you think we need to take to ensure that performance issues are dealt with quickly and effectively?

Regular and honest communication with providers about performance issues and the support required to improve performance ensures a shared and partnership approach to improving provision. Early communication of performance issues with colleges will be key to ensuring timely and appropriate support. It may also be appropriate to give colleges a mechanism to seek support and advice before issues become embedded and more difficult to manage – an open door approach which the GLA currently tries to embed.

Q47. Do you agree with our high-level proposals to improve student datacollection?

The GLA broadly welcomes the high-level proposals to improve data collection and reporting but there is insufficient information in the consultation to understand what the proposals are outside the headline ambition. We would welcome the opportunity to work collaboratively with DfE, ESFA and providers on development of the ideas in the data and reporting approach. The ESFA Enhanced Data Service Offer (EDSO) currently provides a shared service to devolved/delegated authorities to deliver AEB, negotiated through the Devolution Data Group. The shared aspect of this service should be strengthened to ensure that the data collection requirements through the national ILR meet both the ESFA and GLA/MCA requirements.

It is unclear what impact there might be on the ESFA EDSO if the Mayor (or devolved authorities) wishes to maintain a local approach to funding. We welcome further discussions on the detail of the proposals.

Access to any centrally administered data store would need to be highly flexible. The GLA will need to continue to be able to access data in a format and level of granularity that allows officers the same (or enhanced) flexibility as is possible with the current flat file extracts of Standard ILR data.

If data can be brought together in a central system, it should be connected to other central government and labour market datasets. There could be an opportunity to create a system which brings together a range of datasets which could help in analysis of delivery and inform provider management and regional strategy. These datasets could include central datasets, such as National Pupil Database (NPD), Higher Education Standards Agency

(HESA), HMRC, DWP, and also labour market intelligence datasets.

The GLA believes that an automated data recording system is unlikely to be possible for all learners, or all data types. Learners will not be familiar with many of the more technical data required by the ILR, which is likely to result in some data entry by providers still being required. Furthermore, use of real time data might undermine accuracy of planning or performance monitoring if key data freeze points do not remain clearly defined.

Q48. How do you think we should go about achieving our objective of keeping requirements to a minimum while maintaining confidence in the system?

The GLA supports the ambition to reduce the administrative burden arising from audit arrangements.

Addressing the balance between the colleges' controls work versus the external audit approach appears to be a sensible way of ensuring accountability whilst removing bureaucracy. We would welcome the opportunity to contribute to this development to ensure that devolved area funding accountability minimises requirements.

Equalities Assessment

Q49. Please provide any information that you consider we should take into account in assessing the equalities impact of these proposals for change. (For example, do you believe any groups with protected characteristics will be impacted by the changes and if so, how?)

We would expect the DfE to make a full impact assessment of the changes arising from these proposals. It is likely that unless the fair needs-based approach to funding takes into account the impact on participation by learners with protected characteristics then the proposals risk breaching the equality act. For example, London as a region has a higher population and participation in further education from Black, Asian and minority ethnic adults. Changes in funding levels may negatively impact this group. The consultation should also set out the impact on other groups who do not have protected characteristics but might be negatively impacted by these changes e.g. those in low paid work and migrants with insecure immigration status.

The consultation should collate all equalities points for the consultation responses and provide a full equalities impact assessment so the government and devolved areas can understand the impact of proposed changes.

Robust transitional protection approach will be required, with clearly defined parameters and impact assessment of the proposed changes so that financial stability and continuity of provision can be ensured.