



West London Economic Prosperity Board

21 September 2016

Title	West London Skills Commissioning
Report of	Mary Harpley, Chief Executive LB Hounslow
Wards	All
Status	Public
Urgent	No
Enclosures	None
Officer Contact Details	Katharine.purser@barnet.gov.uk 02083597728

Summary

£330m of the £1.6bn London skills spend is currently spent in West London including £110m for adults likely to be devolved in future years. If West London boroughs are to ensure skills in the West London economy meet demand we must develop appropriate capability to support and influence mayoral and central government decision making and where possible directly control spend. This report sets out **recommendations for the future commissioning of skills provision in West London** including how the conclusions and recommendations of the post-16 area reviews and the strategic review of adult community learning might support any future commissioning arrangements.

Recommendations

The Board is requested to:

- 1. Agree the establishment of a Skills and Employment Board to develop West London’s commissioning intentions, accountable to the West London Economic Prosperity Board.**
- 2. Invite officers to develop more detailed proposals for a West London commissioning function and recommend to the West London Post 16 Education and Training Area Review Steering Group that these proposals are captured in recommendations from the Area Review.**
- 3. Commission a “Task and Finish Group” to consider the findings of the strategic review of Adult Community Learning in London and develop recommendations to be implemented by the Skills and Employment Board.**
- 4. Agree that delegated authority be given to the Chief Executive of LB Hounslow to implement the recommendations in this report in establishing the Skills and Employment Board.**

1. WHY THIS REPORT IS NEEDED

- 1.1 £330m of the £1.6bn central government funded London skills spend is currently spent in West London including £110m for adults likely to be devolved potentially from 2018/19 or 2019/20. The Mayor is reinvigorating skills devolution negotiations with a more ambitious proposal suggesting that London Government should have increased influence, if not control, over other areas of skills funding in future years. If West London boroughs are to ensure skills in the West London economy meet local demand we must develop appropriate capability to support and influence mayoral decision making and where possible directly control spend. This should build on the foundation laid by the West London post-16 education and skills area review and the London wide strategic review of Adult Community Learning (ACL) and take account of devolved funding structures. The West London Growth Plan acknowledges this by including a commitment to establish a skills commissioning function in West London.
- 1.2 This report sets out **recommendations for the development of future commissioning of skills provision in West London**. This will be an iterative process as the London skills devolution deal is settled. However, strong capability within and between boroughs to understanding and expressing skills demand and work with providers to meet that will increase the likelihood of greater local control. This report also sets out how the conclusions and recommendations of the Post-16 Area Reviews and the strategic review of Adult Community Learning might support any future commissioning arrangements, both of which are due to conclude by the end of this year.

2. REASONS FOR RECOMMENDATIONS

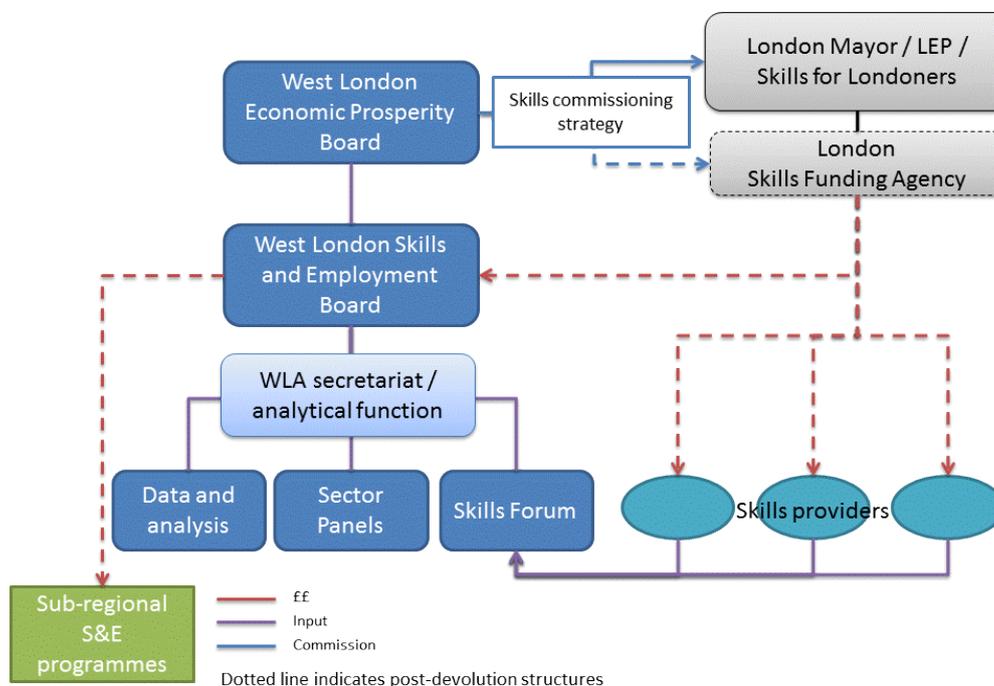
West London Skills Commissioning Intentions

- 2.1 To establish a credible and lasting role in shaping future skills provision, partners in West London will need to agree, develop and oversee their commissioning intentions through the establishment of a **Skills Commissioning Strategy for West London**, probably in three-year cycles. This strategy would inform use of any devolved funding of adult skills in West London (likely to be administered at the London level) and could have a more direct role in setting outcome agreements with local providers annually and holding them to account, in line with the strategy. It should also set the direction for all skills delivery in West London, whether it is funded by central, regional or sub-regional or public funding, employers or individual learners and provide a strategic context for borough spend on skills and employment (for example S106 funding). It will need to influence and respond to the Mayor's skills strategy for London and align with the work of the Mayors Skills for Londoners task force¹.

¹ Skills for Londoners task force will work in concert with the LEP to ensure Londoners have the skills they need to drive growth in the capital. It will consist of business leaders and other employers, alongside the Mayor, London Councils and representatives of HE, FE and schools.

- 2.2 Understanding skills demand and establishing effective routes to meet that demand is highly complex. Skills needs vary at a very low level of detail even within specific sectors. Employers are often not well able to understand and articulate their own skills needs (or build their business around the skills they have), so predictive Labour Market Information is more often drawn from available data about the current number and nature of jobs in the economy and broad forward looking trends in this economic structure. Forecasting is problematic and can't always take into the unknown impact of future possible events (such as a third runway at Heathrow or a British exit from the European Union) and forecasters can be inconsistent dependent on the level of detail. Putting employers, providers and data together with local commissioners and experts will provide a forum to develop a robust strategy using best available information.
- 2.3 A West London skills commissioning function will therefore need:
- 2.3.1 **Strong governance and accountability** structures to ensure appropriate use of public funds and capability to act if strategic objectives are not met.
 - 2.3.2 **Employer and Skills Sector engagement** to bring invaluable insight into the interpretation of and response to local labour market intelligence.
 - 2.3.3 **Data and analytical capability** – to inform decision making – this will include some purchased data and capacity to interpret it as well as local qualitative and quantitative knowledge of regeneration-led and learner demand. All demand will be matched against supply to understand gaps.
 - 2.3.4 **Capacity to coordinate and commission** the function will need to include a secretariat capability to support the board, coordinate input from stakeholders, monitor delivery and in the longer term potentially directly procure provision.

2.4 The diagram below, sets out recommended structure for a skills commissioning function in West London featuring these attributes:



2.5 It is proposed that WLEPB agreed the establishment of a **West London Skills and Employment Board**. The board would be co-chaired by a borough leader and a local business. Membership numbers would be restricted to promote focused discussion and decision making. Indicatively this might involve representation from 2-3 boroughs, 2-3 FE providers and 2-3 local employers. It would be accountable to the WLA Economic Prosperity Board (EPB) and would be tasked with developing and overseeing delivery of the West London Skills Strategy. The Board would inherit strategic responsibility for the implementation of the findings of the West London Area Review and any London-wide findings as they relate to West London. Beyond that, the Board would be able to explore the strategic frameworks for future collaboration between local authorities, employers and the FE sector that go beyond skills planning and may include development of partnerships on apprenticeship, careers and integration with employment services. The nature of the relationship with the Mayor and any pan-London skills commissioning / funding function will need to be developed alongside the detail of any devolution deal. The proposed approach here however mirrors approaches being taken in other parts of London and has been discussed with GLA officers.

2.6 The board would be supported by a **secretariat and analytical function** hosted within the WLA programme office, directed by the board to develop the evidence base, strategy and delivery / monitoring arrangements. This would be achieved through gathering qualitative and quantitative data from the GLA, boroughs, employers, specialist experts and providers and analysing this along with publicly available data. The secretariat could develop and agree

individual outcome agreements with providers operating in the sub-region as well as liaise with any London funding body to ensure local priorities are understood and being met. In the longer term, the function may also need capacity to directly commission / procure provision and could support other areas of the WLA growth agenda.

- 2.7 **Employer input** to the skills commissioning strategy and monitoring process will be secured through **specialist industrial sector panels** comprising of sector employers from key sectors in west London as well as skills planning professionals and local authorities. The panels will interrogate LMI at a more granular level and make recommendations on how to better match skills supply to local demand. We would seek to co-ordinate these with other similar panels in other sub-regions.
- 2.8 In developing the commissioning strategy it will be also important to ensure ongoing dialogue between boroughs and **skills providers**. It is proposed to establish a local **Skills Forum** which would enable inclusive dialogue between all boroughs and key providers in west London. This group would formally review the West London skills commissioning strategy and provide a steer for its on effective delivery. Working groups consisting of specialist delivery experts from within providers (e.g. on SEND and Apprenticeships) as well as key areas such as data, curriculum and estates would feed into this process.

Post-16 Area Review and Strategic Review of ACL Services in London

- 2.9 The on-going post-16 education and skills area review process and separate, but connected, strategic review of Adult Community learning (ACL) in London both establish a foundation for sub-regional work to gather analysis on local skills demand and work with local skills providers to shape delivery. The expected outcome of the Area Review will be fewer, more resilient FE colleges operating in West London with an expectation of close working with the local authorities to ensure what they deliver meets local needs. The skills commissioning arrangements established in West London should therefore be built on that foundation and it is **recommended that the approach set out in this paper should be summarised and proposed for the Post 16 Education and Training Area Review Steering Board to consider in developing its recommendations.**
- 2.10 Emerging findings from the strategic review of Adult Community Learning show that, across London, ACL provision overall is of good quality with high satisfaction, although there is room for improvement in the way ACL services work together and with the FE sector. Duplication, particularly in management and the back office, could also be reduced. Whilst there may be no “burning platform” of poor performance, the changing context of funding, skills devolution and the Area Review do present a pressing case for change. Where services have previously been funded with a protected grant not dependent on delivery, the move to a single Adult Education Budget pot from 2016/17 removes that security and means that colleges are now able to deliver more unaccredited qualifications increasing their ability to compete with (and duplicate) ACL services. The devolution of the Adult Education

Budget to the Mayor from 2018/19 or 2019/20 also means that London Government will have the ability to entirely redefine how Adult Community Learning in London is commissioned and final decision making on this will rest with the Mayor.

- 2.11 The Area Review process has put significant pressure on the college sector in West London to forge alliances which increase financial stability and drive efficiencies across the sector. In line with previous recommendations from the WLEPB to 'opt in' West London ACL services to the Area Review, it is **recommended** that the proposed West London Skills and Employment Board is invited to consider the future of Adult and Community Learning in West London. As a first step, it is recommended **the Economic Prosperity board commission a "task and finish group" to consider the findings of the strategic review of ACL, to develop recommendations to be implemented by the Skills and Employment board.**

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Borough officers considered the following options:

3.1.1 A **joint venture between boroughs and FE providers** with legal status and ability to bid for and distribute skills funding. This is not recommended at this stage given the complexity of the legal structures involved and the uncertainty around how this model could function effectively within the broader skills funding system in London. JVs of this nature are being considered in other areas of the country and it could be considered in future

3.1.2 An **Employer led board** with a remit to commission and disseminate labour market intelligence and identify and deliver interventions to fill gaps. This would provide a strong employer influence over local skills delivery but is not recommended at this stage as it would lack the governance and accountability structures required to direct devolved funds. Employers will feed in to the process via representation on the West London Employment and Skills board and Sector Skills panels.

4. POST DECISION IMPLEMENTATION (APPROACH AND NEXT STEPS)

- 4.1 Revised devolution proposals are being developed with government from early September, although irrespective of this London will have the opportunity to increase influence over skills funding from 2017/18 academic year. The first West London skills commissioning strategy would therefore be most effective if in place by Spring 2017 with the Skills and Employment board being established, at least in shadow, before the end of 2017 calendar year.
- 4.2 Meanwhile it is recommended that delegated authority be given to the Chief Executive of Hounslow to implement the recommendations in this report in establishing the Skills and Employment Board.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 The West London Vision for growth and subsequent Growth Strategy both clearly set out ensuring the local supply of skills fits with demand in West London as a priority. The Growth Strategy includes a commitment to establish a skills commissioning function for West London.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 The establishment of this function will include staffing costs and require data purchased to support Labour Market Intelligence and Analysis. The costs of these proposals will be met from within the existing budgets of the West London Alliance and individual boroughs as, if agreed, they would not fall outside the scope of normal collaborative activity. On-going costs will be dependent on the scope of the function once the London skills devolution deal is finalised and proposals will be developed with the WLA Chief Executives' Board as part of business planning for 2017/18.

5.3 Legal and Constitutional References

5.3.1 The West London Economic Prosperity Board is a joint committee set up under section 102 of the Local Government Act 1972. This section allows two or more authorities to form a joint committee. The boroughs involved are Barnet, Brent, Hammersmith & Fulham, Harrow, Hounslow and Ealing. The Board's functions and procedure rules provide for Hillingdon to potentially join later. The boroughs making up the Board will be bound by the decisions made even if they voted against them. The Board will be able to make decisions on anything that falls within the Functions and Procedure Rules. It is proposed that any liabilities associated with the Committee will be allocated amongst the participating boroughs.

5.3.2 The post-16 education and skills provision work falls within the following paragraphs of the functions of the West London Economic Prosperity Board:

3.1.5 Representing the participating local authorities in discussions and negotiations with regional bodies, national bodies and central government on matters relating to economic prosperity for the benefit of the local government areas of the participating authorities.

3.1.6 Representing the participating authorities in connection with the Greater London Authority, London Councils and the London Enterprise Panel, for the benefit of the local government areas of the participating authorities, in matters relating to the economic prosperity agenda

3.1.7 Representing the participating local authorities in discussions and negotiations in relation to pan-London matters relating to economic prosperity.

5.4 Risk Management

5.4.1 The risks of not engaging developing a skills commissioning function for West London include:

- Failure to influence public sector skills spend in London and West London to meet local need – with likely outcome of skills spend being directly solely by the mayor
- Lack of a co-ordinated approach in investment in skills across west London reducing impact of our individual efforts and spend.
- Outcomes for young people training in schools, FE providers and other skills providers in West London below what they might otherwise be
- Higher levels of unemployment and lower average income across the West London area

5.5 Equalities and Diversity

5.5.1 A locally-led skills commissioning process provides the opportunity to review the best available evidence and work with all partners locally to ensure the needs of all residents and businesses are given full consideration in skills delivery in West London. The strategy will seek to be inclusive and address specific priorities of the sub-region including and specific issues identified for particular groups accessing skills training. Full equality impact assessments will be undertaken as the strategy develops.

5.6 Consultation and Engagement

5.6.1 The Post-16 Area Review process has provided a valuable forum for consultation and engagement with local colleges and these proposals will be discussed in detail through this forum. WLA borough officials have also been in consultation with the Greater London Authority and representatives from other sub-regions to ensure structures developed here align with those being developed in other sub-regions and at the London level. It will also be important to engage with other skills providers, learner and employers as the detail of the skills commissioning function and strategy is developed.

5.7 Insight

5.7.1 Through the area review process the west London boroughs are developing their expertise in gathering and analysing local labour market data and analysis. It is proposed that the skills commissioning function build on this experience, purchasing new data on current and project economic structure in west London and drawing in expertise, in term of analytical capacity as well as industry skills experts, as necessary to inform strategic decision making.