

 For information

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Leading learning and skills

Delivering Learning and Skills

London Strategic Analysis 2008.

November 2008

For people and organisations interested in
learning and skills.

This publication was produced in consultation with our key partners, drawing on intelligence gathered for the London Skills and Employment Board.

Contents

Foreword	1
1 The strategic policy context	2
Enabling the system to deliver	2
Investing in skills	2
London adult skills and employment strategy	2
A joint investment plan for London	3
Developing a demand led system	3
Capital	3
2 London's economy and employer skills needs	4
3 Overview of learning and skills provision in London	5
LSC funding	5
Characteristics of learners in 2006/07	6
Quality of post-16 provision	6
4 Young People	7
The priorities for young people	7
Participation and achievement	7
5 Apprenticeships	12
Apprenticeship delivery	12
Apprenticeship plan for growth	12
6 Adult Skills	13
Engaging and working with employers	13
Supporting London's people	14
A customer focused skills and employment system	16

Foreword

The skills of the population continue to play an essential role in the future prosperity of the capital and, in the current economic circumstances, are fundamental to recovery and growth. Learning new skills boosts the human resources available to business and enables excluded individuals to engage with their community, raise their income and take control of their lives.

The landscape for learning and skills in London is changing. The Learning and Skills Council's strategic analysis of skills in London in 2008 - Delivering Learning and Skills - will play an integral role in informing the development of future plans.

The Machinery of Government changes announced in March 2008 will establish new agencies to co-ordinate learning and skills in London. These agencies will bring a new concentration on providing learning opportunities for 16-18 years olds and ensuring that the adult skills sector provides Londoners with the skills that employers need. Delivering Learning and Skills provides the background to the main areas of focus for the new agencies.

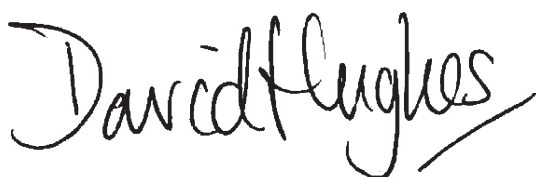
The London Skills and Employment Board published its strategy in July 2008 and proposed that the London Development Agency, Jobcentre Plus and the LSC should establish a single Joint Investment Plan to co-ordinate skills and employment interventions. This strategic analysis provides the baseline for the LSC's contribution to this plan.

The LSC is very pleased with the good performance on key measures of success in London. For example, the proportion of young people not in education, employment or training remains below the national average and continues to fall and London now has the highest participation rate in the country.

Simultaneously, London has significantly increased the number of employers engaging in Train to Gain and Further Education provision now exceeds national success rates.

Nevertheless, the capital faces continued challenges of worklessness, poor basic skills and a limited supply of Apprenticeship places.

The LSC will continue to work with our partners in the LDA, JCP, local authorities, London Skills and Employment Board, DIUS and DCSF to ensure that the learning, skills and employment infrastructure is fit to meet the challenge of enabling London's workforce to meet the demands of London's employers.

A handwritten signature in black ink that reads "David Hughes". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

David Hughes, LSC London Regional Director

1 The strategic policy context

The LSC is currently responsible for planning and funding all education and training for people over 16 in England, other than those in universities. We have a single goal: to improve the skills of England's young people and adults to ensure we have a workforce of world-class standard.

Our vision is that by 2010, young people and adults will have knowledge and skills to match the best in the world and be part of a truly competitive workforce.

Our priorities in the London Learning and Skills Plan 2008-09 are to:

- Improve educational opportunities for all Londoners
- Raise the effectiveness and performance of the learning and skills sector
- Integrate skills within economic development and employment
- Equip Londoners with skills to benefit from investment in the London 2012 Olympic Games and Paralympic Games

Enabling the system to deliver

The Secretaries of State of the Department for Innovation, Universities and Skills (DIUS) and Department for Children, Schools and Families (DCSF), announced the Machinery of Government (MoG) changes in their publication 'Enabling the System to Deliver' in March 2007. The starting point for these reforms is the ambition to raise the education participation age and deliver better outcomes for all young people; an ambition which has been at the heart of the Every Child Matters agenda and which was emphasised again in the recent Children's Plan.

The reforms provide an opportunity to bring together in one place responsibility for the outcomes and achievement of all young people up to the age of 19. They build on the existing role of local authorities (LAs) as commissioners of a wide range of services to support education and training.

From 2010 (subject to legislation), local authorities will have a statutory duty to provide learning places for people under the age of 19. They will be supported in this by a new Non-Departmental Public Body, the **Young People's Learning Agency (YPLA)**.

The future commissioning process requires local authorities to work together to develop and agree plans. Commissioning decisions need to be made collectively to ensure that the decisions of one LA do not adversely impact upon another and deliver good value for money, with high quality and choice of provision for learners.

London local authorities have submitted an initial proposal to deliver the new arrangements; feedback is due to be given by November 2008.

For adults and employers there will be a **new Skills Funding Agency (SFA)**, which will oversee the distribution of funding and manage

the performance of FE colleges. It will also house the National Apprenticeship Service (NAS), the National Employer Service and the Adult Careers and Advancement Agency. The Train to Gain brokerage service will transfer to the LDA in April 2009.

Meanwhile, the LSC must continue to focus on expanding the Train to Gain programme, improving adult basic skills, securing closer integration between skills and employment, and ensuring that a wide range of engagement/progression routes are available to support economic and social inclusion. A blueprint of the future post-19 delivery will be made available in Autumn 2008.

Investing in skills

Continuing to improve education and skills is central to the wider ambition of achieving economic success and a socially inclusive society. The Public Service Agreement (PSA) targets and indicators set by Government most relevant to the LSC are:

- Increase the number of young people achieving Level 2 at 19
- Increase the number of young people achieving Level 3 at 19
- Narrow the gap between low income and disadvantaged backgrounds and their peers
- Reduce the number of young people Not in Employment, Education or Training (NEET)
- Raise adult skill levels in literacy, numeracy, Level 2 and Level 3¹
- Increase the number of apprentices who complete the full apprenticeship framework²

Key components to achieve this include the September Guarantee for Young People, the Skills Pledge (which encourages employers to develop their staff to Level 2 and beyond), Train to Gain and Apprenticeships. There is a clear focus on employability and progression into further levels of study or employment for all learning and skills provision. This is demonstrated through programmes such as Skills for Jobs, reform of lower level provision (Foundation Learning Tier) and the forthcoming Integrated Employment and Skills trials, as well as through the London Skills and Employment Board (LSEB) Skills and Employment Strategy 2008-13.

London adult skills and employment strategy³

The LSEB is responsible for the long term strategy for adult skills and employment in London. It sets the strategic direction of the LSC adult skills budget in the capital (over £600m per annum) and aims to develop a skills and employment infrastructure to support London's global competitiveness.

The strategy has three strategic aims supported by three Implementation Plans:

- Working with employers to better support them in providing more job and skills opportunities to Londoners, to the benefit of their businesses and to keep London's economy competitive

¹ Level 2 is equivalent to 5 GCSEs A*-C. Level 3 is equivalent of 4AS / 2 A-levels.

² See the LSC Grant Letter 2008-09 for more information.

³ See [London's Future: The Skills and Employment Strategy for London 2008-2013](#) and [The London Story: Update 2008](#) for more information.

- Supporting Londoners to improve their skills, job and advancement prospects through integrated employment support and training opportunities
- Creating a fully integrated, customer focused skills and employment system

A joint investment plan for London

The strategy proposes that the three main delivery agencies (LSC, Jobcentre Plus (JCP)/Department for Work and Pensions (DWP) and the LDA) should develop a more integrated commissioning approach, to make the most of the resources available. The overall aim of the Joint Investment Plan (JIP) is to improve London's competitiveness by delivering high quality services to both businesses and residents through an improved public sector offer on skills and employment.

The objectives of the JIP are to:

- Ensure that we invest consistently in the same priorities and co-ordinate these more effectively
- Identify and enable co-commissioning arrangements to maximise added value
- Provide a mechanism and framework for directing our expenditure
- Provide clarity on responsibilities between partners, for both internal and external audiences
- Better co-ordinate commissioning/management arrangements in order to reduce bureaucracy and its associated costs for providers
- Support the case for additional expenditure, where it is needed

Developing a demand led system⁴

Responding to the needs of the labour market is a key strategic challenge facing London. At present:

Many employers are not engaged nor driving skills provision - employer demand needs to be raised to articulate effectively the real demand for skills in the capital. Currently employers can recruit from national and international labour markets and so are not always motivated to recruit or train resident workers.

Support for individuals is not sufficiently integrated or flexible - whether in work or not, people require integrated support to help them to overcome barriers to learning and work.

The supply-side needs to develop to meet the needs of employers and individuals - the provider base performs well against existing quality criteria, but a significant cultural shift is needed to deliver the right employability skills, to move the workless into sustainable employment and those in work to higher level jobs. The LSC has allocated £5m to further develop provider capacity to respond to the employers'⁵ needs.

The introduction of the demand-led funding system in the 2008/09

academic year represents a significant landmark in progress towards creating a truly demand-led system. Three new funding models (16-18, Adult Learner Responsive and Employer Responsive) have been successfully introduced to provide a common funding approach, in which resources will fundamentally follow learners' or employers' choices.

The London 2012 Olympic and Paralympic Games: Employability and Skills Legacy Action Plan

Delivering a lasting legacy from the 2012 Games is a key government objective. This means maximising the employment and skills benefits from the Games as a catalyst to drive forward the broader employment and skills agenda, to bring about systemic change and to ensure a legacy that is felt across the UK and in London.

The LSC is a key contributor to the 2012 Employment and Skills Legacy Plan, which includes targets that focus on employability and skills. The London Region LSC has been working with national, regional and local partners to maximise this opportunity to capitalise on the considerable investment already available. A good example is the Personal Best programme, which will engage 20,000 disadvantaged people to learn new skills ahead of the Games. The emerging results from Phase 1 indicate that 20 per cent of the participants have now gained full or part-time employment, 20 per cent have gone on to further learning, and 21 per cent have undertaken volunteering since leaving the course.

The LSC is also intending to launch the Olympic Legacy Centre Programme, which will invite innovative solutions to driving up the number of Apprenticeships, Train to Gain and full cost commercial provision across London. This includes both revenue and capital funding and will be accessible through open and competitive tendering. Alongside this, the LSC will continue developing a standardised reporting system to quantify the LSC's contribution to the Games and the associated legacy.

Capital

Capital investment in London will support the wider development of the FE infrastructure - it will help to secure capacity for high quality Diploma programmes, improve employer responsiveness and build a more specialised and vocationally excellent FE system. Our investment in world class buildings will deliver the facilities necessary to ensure that London has the skills it needs to succeed in an increasingly competitive global market.

The level of capital investment in London continues to accelerate. From April 2007 to September 2008, £798 million has been approved, of which the LSC will contribute £583 million (73 per cent). Approximately 34 per cent of the London learning sector's total floor space has benefited from LSC capital investment and requires no further significant improvement. It is anticipated a further £500 million of capital will have been committed by the end of 2010.

⁴ The key principles for each funding model are set out in our [funding guidance](#).

⁵ Note that this applies to Financial Year.

2 London's economy and employer skills needs

This chapter sets out the key issues facing the capital. It also highlights how learning plays an important role in equipping London with a skilled workforce.

Globally significant city facing a number of key challenges

London has continued to maintain its position as the best European city for doing business, topping the rankings for access to markets, availability of qualified staff, international transport links, internal transport links, telecommunications and languages spoken.⁶

The current global economic conditions present a significant risk to the London economy. The Organisation for Economic Cooperation and Development (OECD) has suggested that the UK will fall into recession this year, which is likely to have a significant impact on the capital. The current economic situation makes accurate forecasting difficult; however recent job losses in the Financial and Business Services Sector, the largest employment sector, have already impacted on London's economy.

London faces a number of further key challenges:

- Despite a highly qualified workforce, around 600,000 Londoners have no qualifications and almost 30 per cent are not in employment
- Child poverty rates are among the highest in Europe⁷
- Employment rates are particularly low for some Black, Asian and Minority Ethnic (BAME) communities, disabled people, lone parents and other specific groups, such as ex-offenders
- Significant numbers of learners do not have the basic skills that employers require (fewer than 50 per cent of Londoners have the numeracy skills expected of those who have completed primary school) and
- Those already in employment need greater skills to compete in an increasingly highly skilled labour market⁸

London's recruitment situation more severe than elsewhere nationally

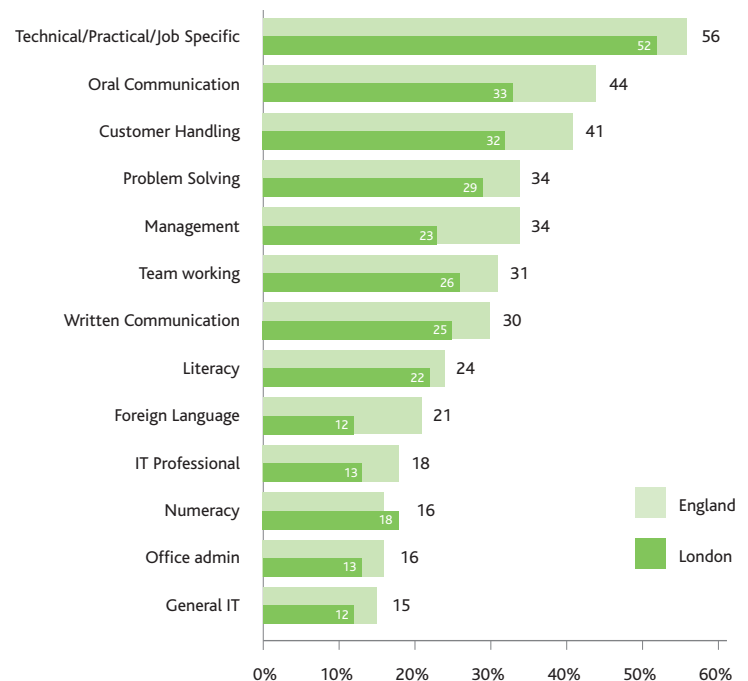
By 2020, GLA Economics forecasts that 50 per cent of all London jobs will require a Level 4 or higher qualification. Employers will increasingly need access to a highly skilled labour force to ensure high levels of productivity, competitiveness and economic growth. However, only 33 per cent of London's resident workforce has a Level 4, with a heavy reliance in some sectors on in-commuters and migrant workers (from the UK and abroad).⁹

There is increasing evidence of a lack of skilled staff in some sectors becoming a barrier to London's long term competitiveness. London's recruitment situation is more acute than in any other English region - a quarter of all vacancies nationwide that employers found hard to fill are in the capital. More employers in London report a skills gap than anywhere else in the country, other than the North East, equating to approximately 290,000 staff considered not to be fully proficient in their work.¹⁰

Employability skills in high demand across sectors

Aside from requiring job-specific skills, there is a significant demand for broad 'employability' skills across all sectors.¹¹ Employers are reporting that a significant number of graduates do not possess skills, such as team working and time management.¹² The National Employer Skills Survey (NESS) shows that London employers report similar skills lacking among potential recruits and the current workforce. Figure 1 shows that oral communication, customer handling, problem solving and management skills are particularly in demand.

Figure 1: Skills lacking in connection with skills shortage vacancies, London and England, 2007



Source: National Employer Skills Survey 2007

⁶ See [European Cities Monitor 2007](#) for more information.

⁷ During 2004-07, two out of five children (41 per cent) in London lived under the poverty line after accounting for housing costs (this is over 650,000 children). London has the highest rate of child poverty nationally. Trend data shows that national improvements in child poverty rates have not been evident in London where rates remain high. See '[Child Poverty in London: 2008 Update](#)', DMAG.

⁸ See [London's Future: The Skills and Employment Strategy for London 2008-2013](#) and [The London Story: Update 2008](#) for more information.

⁹ The London Story, London Skills and Employment Board, October 2007.

¹⁰ National Employer Skills Survey 2007: London Region research report, IFF Research Ltd, May 2008.

¹¹ See also [Higher Education at Work - High Skills: High Value](#), DIUS, April 2008 for more information.

¹² '[Too many graduates, not enough jobs](#)', guardian.co.uk, 17 September 2008.

3 Overview of learning and skills provision in London

This chapter includes information on the allocation of funds, a demographic analysis of learners and an overview of the quality of post-16 provision in London.

LSC Funding

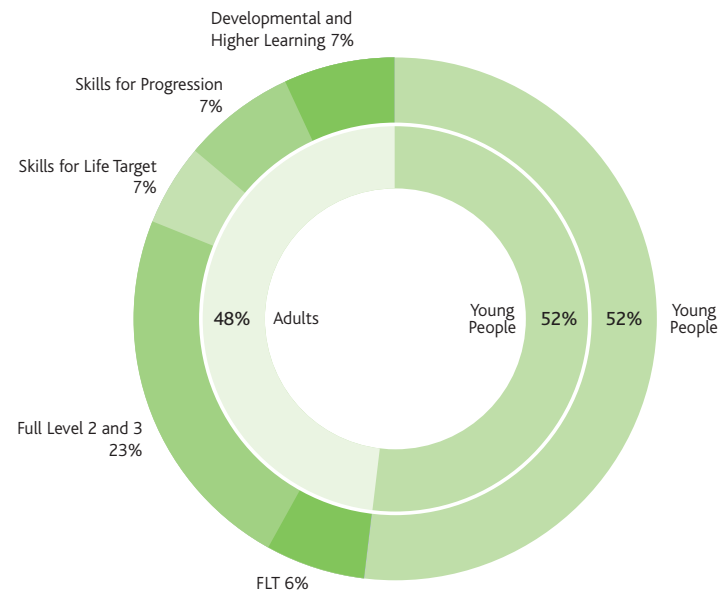
A total of £1.6bn was allocated to fund learning in 2008/09. Further Education (FE) funding increased by 0.5 per cent to £902.57m; School Sixth Form funding received £358.97m; Apprenticeships, Entry to Employment (E2E) and Train to Gain (T2G) increased by £21.64m to £183.23m overall.¹³

In 2008/09, Adult FE and Work Based Learning (including Train to Gain and E2E) allocations increased by £26.22m a rise of 13.9 per cent, reflecting the focus on expanding the vocational offer and employer responsive provision. Figure 2 demonstrates the focus of adult funding on Full Level 2 and 3 provision, which accounted for almost half the total adult FE and WBL allocation.

In addition, £48.5m has been allocated for European Social Fund (ESF) projects in 2008-2010; £27m of this is targeted at workless adults and young people Not in Education Employment or Training (NEET) and the remainder at employed adults.¹⁵ £26m has also been allocated to Learner Support, to help those who face financial hardship.

In 2006/07, London had the highest percentage nationally of theoretical fee income collected (75.4 per cent), which is significantly above the national average of 61.8 per cent. However, approximately £9.3m of fees are not collected in London and targets have been set to improve this situation.

Figure 2: Profile of 2008/09 allocations by Adults and Young People¹⁴



Note: In 2008/09 Young People funding was planned on the basis of total participation rather than participation by level.
Source: LSC



¹³ These figures are subject to change due to the open competitive tendering allocations being finalised (as of September 2008).

¹⁴ This chart shows a breakdown of provision by academic year and includes WBL and FE allocations for 2008/09, excluding entitlement funding and ALS.

¹⁵ Evaluations of the six 2005-08 ESF/LSC programmes will be available by the end of 2008.

Characteristics of learners In 2006/07¹⁶

Age

- There were 482,022 FE learners aged 16+, a reduction of 11 per cent on the previous year. An increasing proportion of FE learners are aged 16-18 with this age group now representing 20 per cent of FE learners.
- 57 per cent of Full Level 2 learners were aged 19+, up from 53 per cent the previous year.

Gender

- Women learners comprised 63 per cent of all FE, 51 per cent of Full Level 2 and 57 per cent of Full Level 3.

LLDD

- Almost 50,000 FE learners (10 per cent of the total) have a Learning Difficulty and/or Disability, a slight increase on the previous year.
- Learners with a Learning Difficulty and/or Disability (LLDD) accounted for 8 per cent of those studying for a Full Level 2.¹⁷

Ethnicity

- 62 per cent of FE learners were from Black Asian and Minority Ethnic (BAME) groups, a 1 per cent increase on 2005/06.¹⁸
- A third of learners on Full Level 2 in FE were BAME, the same as the previous year.

Qualification level

- The proportion of learners on a Full Level 2 or 3 has increased from 16 to 20 per cent, primarily due to additional learners at Level 2.

Quality of post-16 provision

The LSC is committed to continuing to support the sector to improve performance and eliminate inadequate and unsatisfactory provision. Success rates are improving across the board and provisional Apprenticeship Success Rates for 2007/08 indicate that London is close to the national average.¹⁹

There are no General FE Colleges rated as inadequate in London, and Quality Improvement Agency (QIA) support is being commissioned for provision issued with Notices to Improve (NTI) in 2008/09.²⁰ NTI are issued to FE providers who have a certain proportion of underperforming provision. A clear process for monitoring the impact of this support has been agreed.²¹



¹⁶ ILR F05 2006/07.

¹⁷ This does not include learners studying for a Full Level 3.

¹⁸ BAME is defined as any learner who declares themselves non White British.

¹⁹ It is not yet clear whether the introduction of Overall New Measures of Success for Apprenticeships in 2008/09 as the benchmark for Minimum Levels of Performance, will impact on the Apprenticeship offer in London and nationally.

²⁰ Ten providers have NTI for FE Long provision and 11 providers for FE Short provision.

²¹ The increase is largely due to the Minimum Levels of Performance (MLP) being set at a higher level.

4 Young people

This chapter focuses on performance against PSA targets for young people's learning, participation levels, travel to study and key challenges facing London.

The priorities for young people

The government's priorities are to raise attainment and participation, narrow achievement gaps, reform curriculum and qualifications and to deliver an entitlement to all young people to access provision that is most likely to lead to them making a success of their life.

The key challenges in London are similar to those nationally, including:

- increase GCSE 5* A-C achievement, including Maths and English;
- improve staying on rates;
- reduce drop-out at 17;
- improve the quality of A level achievement; and
- increase the number of young people in education, employment and training.

Participation and achievement

Participation in LSC funded learning is increasing

Table 1: Young people's participation

Funding Stream	2005/06	2006/07
Further Education	97,525	98,444
of which Full Level 2	17,933	19,356
of which Full Level 3	29,426	30,375
Work Based Learning	7,678	6,906
of which Full Level 2	5,465	4,734
of which Full Level 3	2,212	2,170
School Sixth Forms	61,992	62,236
Academies	1,290	1,630
Total	168,485	169,216

Source: Performance Management Scorecard, LSC, September 2008

Highest participation rate nationally

London's 16 and 17 year old participation rate of 89 per cent is the highest nationally – 93 per cent of 16 year olds and 85 per cent of 17 year olds are in education. The participation rate for 16 and 17 year old females and males is 93 per cent and 85 per cent respectively.

Participation in School Sixth Forms (SSF) increased in 2006/07 and for 2008/09 we are funding over 6,000 additional places funded in response to demand. Early figures suggest that FE participation in 2007/08 will be below target, but above the volume for 2006/07.²² This growth does not include Academies, which are funded directly by DCSF.

²² F04 ILR 2007/08. As of 17 September 2008.

²³ Framework Apprenticeship success rate uses 'New measures of success' (overall).

WBL success rates continue to increase whilst FE slows down

Provisional figures suggest that Apprenticeship success rates in London will match the national average in 2007/08. This is a significant improvement on 2005/06 performance. FE Full Level 3 success rates in particular have improved considerably, although the overall figure for 16 -18 FE remained 2 per cent below the national average.

Table 2: 16 -18 success rates

Funding Stream	04/05 London	04/05 National	05/06 London	05/06 National
FE	70%	72%	73%	75%
FE FL2	62%	63%	68%	68%
FE FL3	56%	61%	62%	65%
Apprenticeships ²³			44%	53%

Funding Stream	06/07 London	06/07 National	07/08* London	07/08* National
FE	75%	77%		
FE FL2	68%	70%		
FE FL3	68%	69%		
Apprenticeships	55%	63%	62%	64%

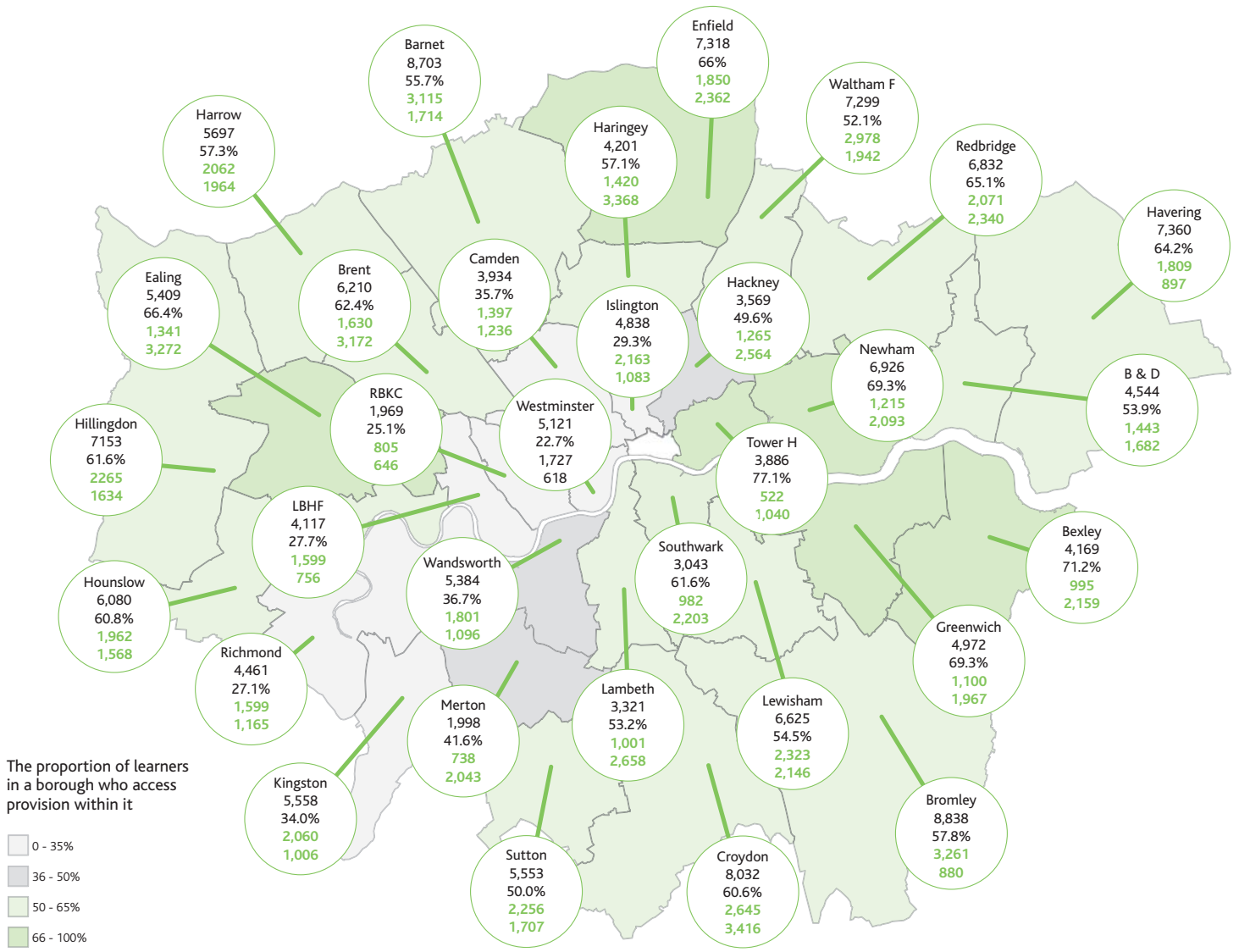
Source: Performance Management Scorecard, LSC, September 2008 and F04 ILR 2007/08. Note*: 2007/08 is provisional data



²² F04 ILR 2007/08. As of 17 September 2008.

²³ Framework Apprenticeship success rate uses 'New measures of success' (overall).

Diagram 1: Young People Travel to Study patterns for School Sixth Form and Further Education



Significant travel to study in London

Diagram 1 shows the degree to which learners study within their home borough, neighbouring authorities or further afield. It also shows that:

- Total 16+ learning capacity varies considerably between boroughs
- Well over half of learners from many inner London Boroughs and SW London boroughs travel outside of their borough to study
- Underlying data shows that travel to study patterns are quite different in School Sixth Forms and FE.

Key: Four simple reporting metrics are used for each borough:

- 1 The total number of young people learning at providers in that borough
- 2 The proportion of learners in a borough who access provision within it
- 3 The number of learners from that borough who travel to study in neighbouring boroughs
- 4 The number of learners from neighbouring boroughs who travel to study within that borough

Source: F05 Learner level ILR 2006/07 & PLASC Spring Final 2006/07

This analysis will be used to assist the dialogue on the transfer of responsibilities for young people’s learning to local authorities.

Drop-out rate at 17 reducing slightly

The drop-out rate in London at 17 reduced slightly in 2006, but has remained largely constant since 2003. The gap decreased due to increased retention in Sixth Form Colleges and FE Colleges. The drop-out rate however increased from 8.5 to 9 per cent in maintained schools.

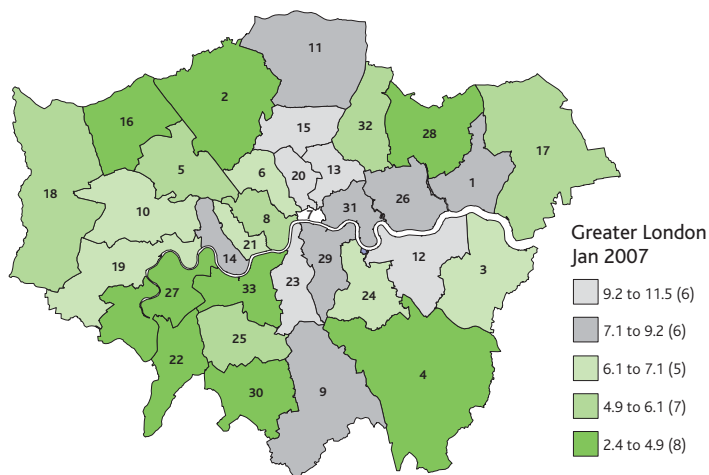
September Guarantee, Education Maintenance Allowance and Care to Learn take-up above national average

High levels of participation have been supplemented by the September Guarantee (SG) where over 90 per cent of Year 11s were made an offer, above the national average of 88 per cent.²⁴ Nine London boroughs however fell below the 90 per cent benchmark set in London. Education Maintenance Allowance (EMA) take-up is above average at 43 per cent and the need now is to reach those who are eligible but harder to engage. Care to Learn take-up is 19 per cent, the highest nationally.²⁵

Not in Education Employment and Training (NEET) levels are falling

The effect of rising participation is reflected in falling NEET, which reduced from 7.6 per cent in January 2007 to 6.4 per cent in January 2008; a faster reduction than the national average. London has already gone beyond its 2010 indicative target of 7 per cent, the first and only region to do so. A key issue remains tackling hard-to-reach groups, particularly within the fifteen NEET hotspot boroughs.²⁶ Addressing NEET at 18 is also a London priority for the year ahead.

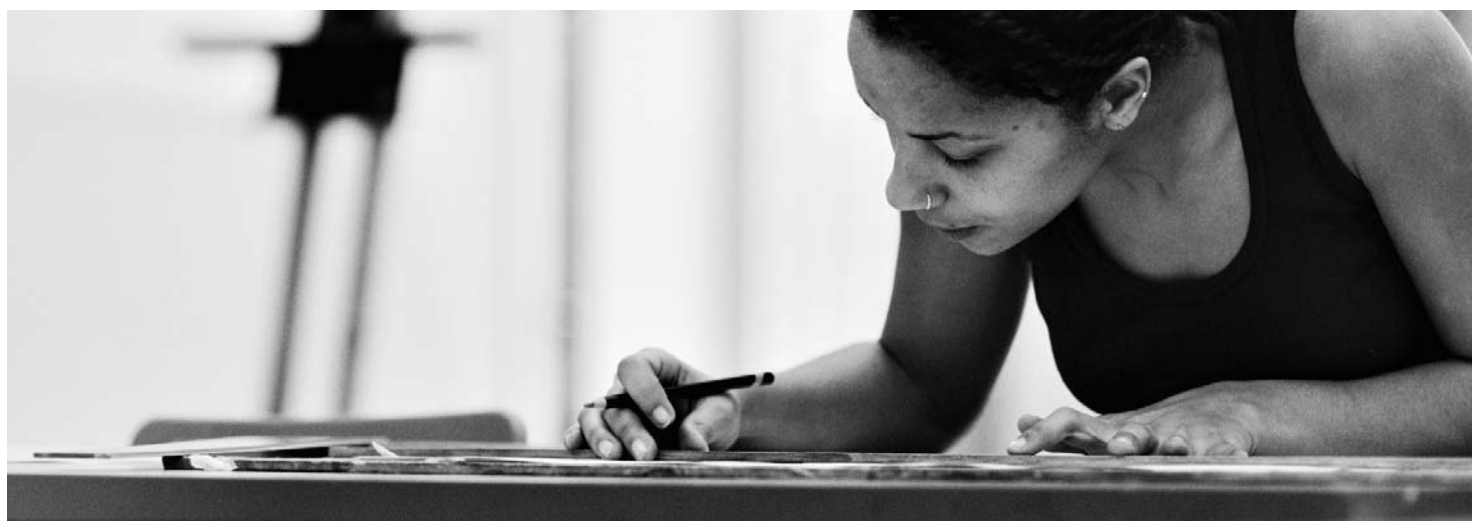
Map 1: Percentage of NEET 16-17 year olds by borough January 2008



Source: NEET Connexions data, January 2008

Key to London Boroughs on the maps

1 Barking & Dagenham	18 Hillingdon
2 Barnet	19 Hounslow
3 Bexley	20 Islington
4 Bromley	21 Kensington & Chelsea
5 Brent	22 Kingston upon Thames
6 Camden	23 Lambeth
7 City of London	24 Lewisham
8 City of Westminster	25 Merton
9 Croydon	26 Newham
10 Ealing	27 Richmond upon Thames
11 Enfield	28 Redbridge
12 Greenwich	29 Southwark
13 Hackney	30 Sutton
14 Hammersmith & Fulham	31 Tower Hamlets
15 Haringey	32 Waltham Forest
16 Harrow	33 Wandsworth



²⁴ The September Guarantee is an offer, by the end of September, of a place in learning to young people completing compulsory education. The guarantee was implemented nationally in 2007.

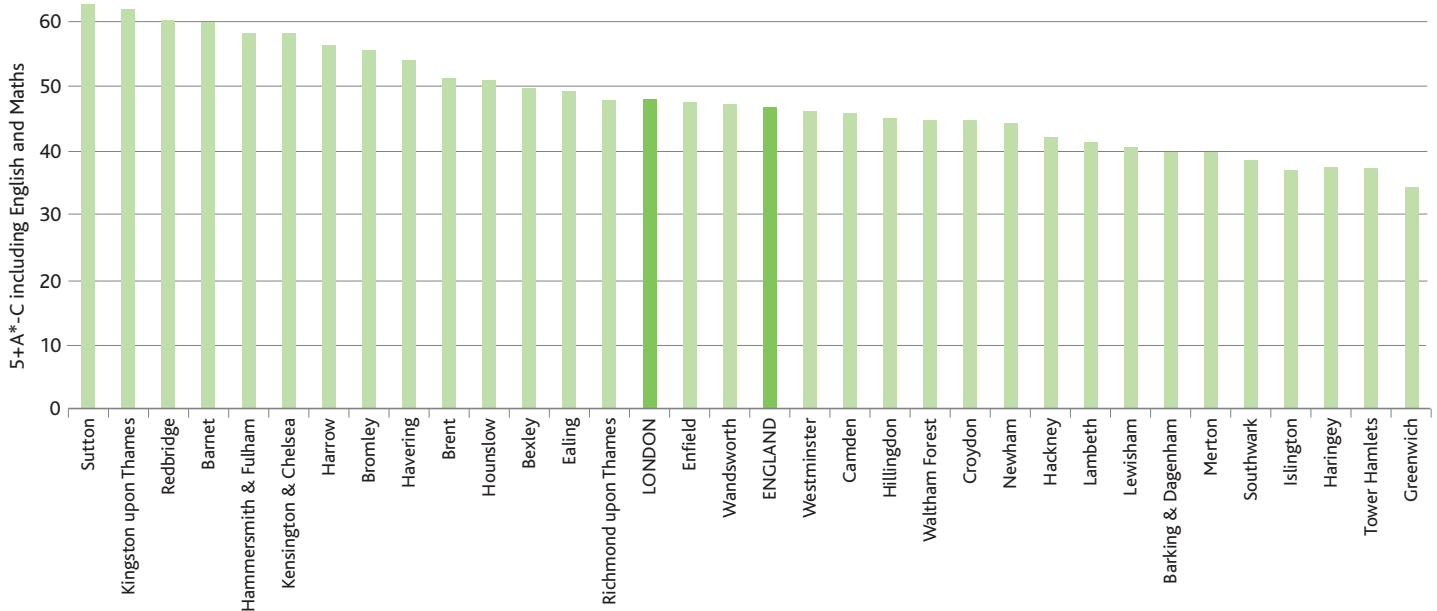
²⁵ Care to Learn is a scheme to help with childcare and travel costs for those aged under 20 in learning. For more information on the impact of Care to Learn in London see [Impact of Care to Learn: tracking the destinations of young parents funded in 2006/07](#)

²⁶ This is defined as a borough that remained above the regional average or failed to record a reduction in NEET in 2007/08.

GCSE attainment increasing at a faster rate than nationally

GCSE (5+A*-C) attainment including English and Maths increased from 45.7 to 47.8 per cent in 2006/07, and is improving at a faster rate than the national average. Achievement varies considerably within London, ranging from 34 per cent in Greenwich to 62.4 per cent in Sutton. Most of the lowest performing boroughs had an increase in achievement in 2006/07; for example, Hackney improved from 36.7 to 41.9 per cent. Significant improvement is however needed across many London boroughs in order to maintain momentum.²⁷

Figure 3: GCSE (5+A*-C) attainment including English and Maths by borough, 2006/07



Source: DCLG

Reducing the attainment gap

A further key issue for London is that 30.4 per cent of pupils eligible for free school meals (FSM) achieve 5 GCSE A*-C including English and Maths, compared to 52 per cent for the rest. This is a significant achievement gap, which although narrower than the national average of 28 per cent, is particularly acute in some London boroughs. For example, in Sutton the figures are 31 per cent for FSM pupils and 67.6 per cent for non-FSM.²⁸ Although the volumes in some boroughs are relatively small, this demonstrates the challenges facing individual boroughs to raise attainment for hard-to-reach and disadvantaged groups.

Some progress has been made in reducing the achievement gap. GCSE (5+A*-C) attainment including English and Maths increased in Neighbourhood Renewal Funding (NRF) boroughs by 2.8 per cent, compared to a rise of 0.8 per cent in non NRF boroughs.²⁹

The challenge is to ensure that targeted interventions take place in local deprivation hotspots within the non-NRF boroughs to narrow the attainment gap.

Level 2 at 19 achievement has surpassed the national average for the first time

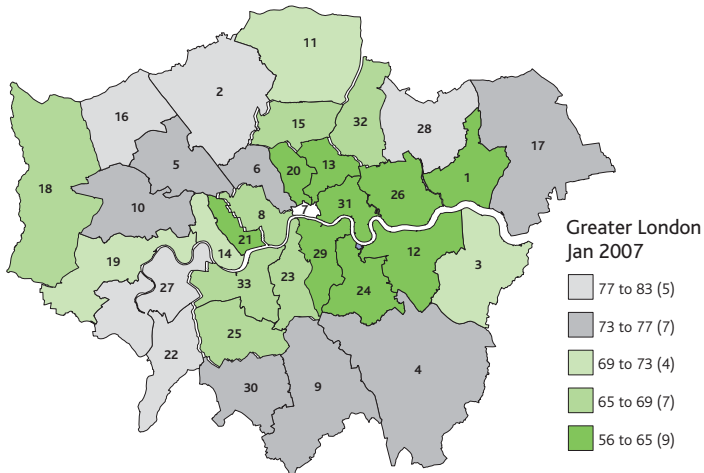
Level 2 at 19 achievement rose to 74.1 per cent in 2007, ahead of target and a 9.1 per cent rise since 2004. London has surpassed the national average, having been 2 per cent below in 2004. A challenge facing London is the need to raise Level 2 achievement at 19 in poorer performing boroughs, as there is a significant gap between the best and worst performers.

²⁷ Provisional figures indicate that GCSE achievement increased in 2007/08. For more information please [click here](#).

²⁸ DCSF, *GCSE and Equivalent Attainment and Post-16 Attainment by Pupil Characteristics, in England 2006/07*.

²⁹ DCLG. The NRF boroughs are Barking & Dagenham, Barnet, Brent, Camden, Croydon, Ealing, Enfield, Greenwich, Hackney, Hammersmith & Fulham, Haringey, Islington, Lambeth, Lewisham, Newham, Southwark, Tower Hamlets, Waltham Forest and Westminster.

Map 2: Percentage of young people achieving Level 2 at 19 July 2007



Source: DCSF, Level 2 at 19 SFR 2006/07.

Level 3 at 19 achievement increasing at faster rate than national average

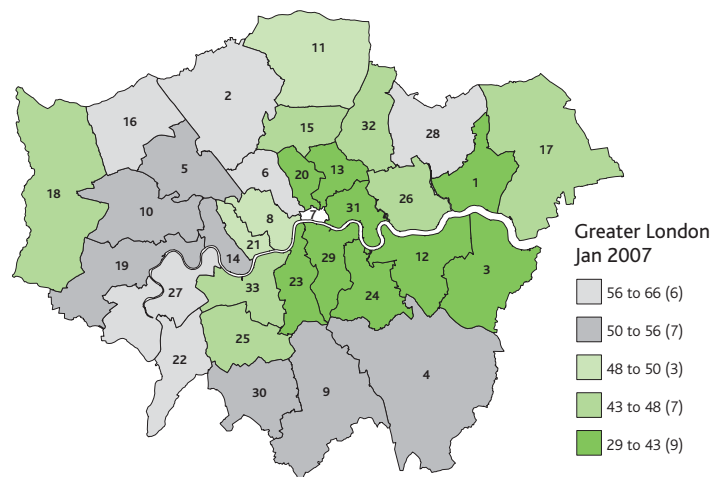
Similar success is demonstrated by the proportion of young people achieving Level 3 at 19, which rose to 50.5 per cent in 2007, exceeding all other regions bar the South East.³⁰⁰ Achievement in London has increased above the national average year on year since 2005.

Raising the quality and attainment of Level 3 provision however remains a key issue for London. For example, on the Qualifications and Curriculum Authority (QCA) points score system learners average 674.1, one full grade less than the national average at A Level and the lowest of any region. Raising Level 3 achievement in London is particularly important in relation to its high skilled economy and availability of skilled labour. The contributory reasons for poor performance include:

- A 16 year old with 5 A*-C grades including mathematics and English has an 83 per cent chance of gaining a Level 3 qualification by age 19, compared to 57 per cent for those without. Low GCSE achievement is a key feature of many London boroughs, as shown earlier in the chapter.

- Varying levels of quality of Level 3 provision. AS level provision in particular is an issue for 16-18 success rates. The lowest performing Sector Subject Areas (SSAs) and qualifications in 2006/07 were AS levels in Health and Social Care, Science and Mathematics, and ICT. This has contributed to Notices to Improve being issued to five London General Further Education Colleges, three Sixth Form colleges and seven former External Institutions (EIs).
- Retention and progression – as noted earlier, drop-out at 17 remains a key issue across London. A significant number of those leaving post-16 early are on Level 3 provision, particularly in AS provision.

Map 3: Percentage of young people achieving Level 3 at 19 July 2007



Source: DCSF, Level 2@19 SFR 2006/07.

Widening the curriculum offer

The Government has introduced a number of 14-19 reforms designed to encourage more young people to continue learning for longer and gain the skills and qualifications they need to progress into further and higher education or employment.³¹ A key aspect of this is the 14-19 Diplomas, with a projection of 3,200 learners participating in London in the first year, the highest number of 16-18 year old learners nationally. The LSC will be working closely with partners to increase participation in Diplomas.

³⁰ DCSF level 3 at 19 SFR for 2006/07.

³¹ [Click here](#) for more information on Diplomas.

5 Apprenticeships

This chapter looks at the Apprenticeship offer in London, in particular the key challenges facing the programme in the context of planned expansion over the next few years.

Apprenticeship delivery

Key focus on London to increase apprenticeship delivery

Expanding the Apprenticeship offer and increasing the supply of high quality work based learning provision are important government priorities. Apprenticeships are a key component in the drive to increase economic prosperity and a main route to increase participation of young people in education and training. World Class Apprenticeships, the Government's review of Apprenticeships, sets out the expectation that London should be the most improved LSC region in Apprenticeship delivery.³²

Significant increase in apprenticeship starts in 2007/08

Table 3: Apprenticeship starts and completions in London

	YP Starts	YP Completions	Adult Starts	Adult Completions	All Completions
2006/07	5,000	2,900	4,300	2,500	5,400
2007/08	5,900*	2,600*	8,100*	2,400*	5,000*

Source: LSC Performance Report, September 2008 Note*: This is provisional data up to Period 12. Period 15 data will include additional numbers.

In 2006/07, London delivered the lowest regional proportion of Apprenticeships starts (5 per cent) nationally but increased the number of successful completions. Provisional 2007/08 data in Table 3 demonstrates a significant increase in starts in 2007/08, especially in Adult Apprenticeships (which for the first time include learners aged 25+). Full year performance figures will show additional starts and completions and the number of completions is likely to surpass the 2006/07 figure.

Apprenticeship plan for growth

Expanding the Apprenticeship offer

The number of Apprenticeship starts will need to roughly quadruple from its current level if the 2020 targets within the Apprenticeship Plan for Growth are to be met. A number of key issues need to be addressed to achieve this, including:³³

- **Increase demand from employers:** Boosting the supply of places at employers has been identified as the main challenge to London. Barriers to participation include:³⁴
 - low awareness of the programme
 - employer perceptions of Apprenticeships
 - quality of potential recruits
 - lack of business need (particularly in sectors with a large and flexible labour market), and
 - not being approached with a bespoke offer

Employers currently participating identify expansion of 25+ Apprenticeships and cross-sectoral provision as factors that may encourage them to take on more Apprentices.

- **Targeting Apprenticeships at a wider range of sectors:** Relatively few Apprenticeships are delivered in some of London's key occupational areas, particularly those where there is not a tradition of Apprenticeships, such as Cultural and Creative Industries and Financial Services.
- **Increasing demand from learners:** In 2006/07 there were 1.03 million 15-24 year olds in London of which 2.3 per cent were participating in Apprenticeships.³⁵ The extension of Apprenticeships to people aged 25+ has had an impact on Apprenticeship starts.³⁶ A number of target groups have been identified, including young people not in education and training and learners progressing from Train to Gain.³⁷
- **Expanding the offer:** If Apprenticeships are to reach the expected level in London, growth will be necessary in non-traditional occupational areas. However, there remains a number of occupational areas where the barriers to entry continue to limit growth both from new and current providers – for example, difficulties in engaging employers, recruiting good assessors, developing sectoral knowledge and the level of necessary investment.
- **Raising quality of provision:** The focus on improving the quality of provision has led to a reduction in the number of places. Continued support to the provider network will be needed to improve performance and overall quality.

³² Published in March 2008.

³³ For an in-depth analysis of these issues see Apprenticeship Plan for Growth 2008 (due for publication).

³⁴ For more information: Expanding Apprenticeships London, Ipsos MORI, April 2008.

³⁵ Note that the actual 16+ participation rate will be higher as 15 year olds have been included in the population but are not eligible for Apprenticeships.

³⁶ ONS projections show that there will be minimal change in the resident volumes of 15-24 years olds from 2008 to 2020, with a projected change of 0.1 per cent.

³⁷ Apprenticeship Plan for Growth 2008 yet to be published.

6 Adult Skills

This chapter highlights the progress made in meeting the skills needs of adults and employers, focusing on performance against PSA targets, moving people into employment and progressing people within work.

Key focus on sustainable employment and progression

The 2008-09 Grant Letter states the role of the LSC in delivering the government’s objective to help more people, particularly those with low basic skills, move into sustainable employment. Key target groups include those disadvantaged in the labour market, incapacity benefit claimants, lone parents and the unemployed.³⁸ Delivering an expanded and improved Train to Gain service is also one of the LSC’s top priorities.

Engaging and working with employers

London is the best performing region for Train to Gain Level 2 starts

Following a slow start to the Train to Gain service in London, 2007/08 has seen a transformation in the number of learners.

So far, London has delivered 37,000 Level 2 starts and almost 49,000 starts overall, making it the best performing region by volume. It is expected that this will rise to over 38,000 Level 2 starts once final end of year data is available, doubling the 2006/07 performance of 19,000.³⁹

Changes are taking place to the learning and skills sector to meet employer needs

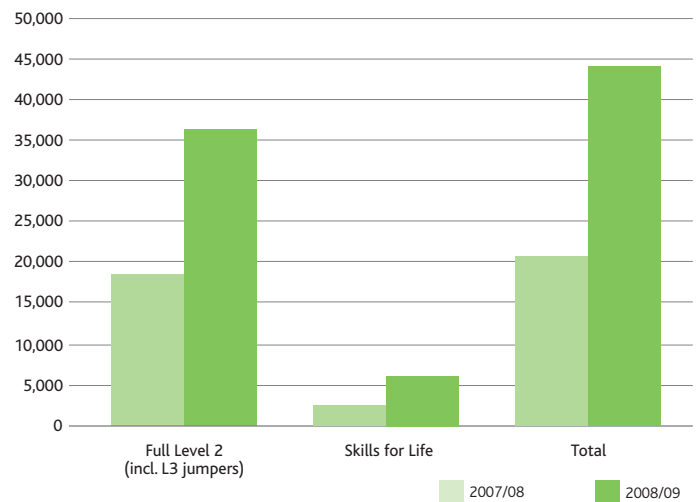
Important changes are taking place to ensure the needs of London’s employers are being met. More learners than ever before are gaining qualifications and training provision is significantly shifting to meet employers’ demands:

- The Apprenticeship offer is being expanded.⁴⁰
- The LSC is also working with the Qualifications and Curriculum Authority and the 25 Sector Skills Councils (SSCs) to reform and rationalise vocational qualifications and develop a new qualifications framework that matches employers’ and learners’ needs.⁴¹
- As specific employer needs vary greatly by sector, the LSC, DIUS and the SSCs are developing Sector Compacts, which aim to drive up the demand for skills and set out the specific offer to employers within Train to Gain.⁴²

Significant increase in Train to Gain Skills for Life starts

Skills for Life Train to Gain participation levels have also increased significantly in 2007/08. 6,500 Skills for Life starts have been delivered in 2007/08 which is well over double 2006/07 (2,640 starts) and makes London the top performing region. This would appear to demonstrate employer demand for work-related Skills for Life provision.

Figure 4: Level 2 and Skills for Life Train to Gain delivery



³⁸ For more information see the LSC Grant Letter 2008/09.

³⁹ Period 12 data (Final End of Year data will be available at Period 13 and will take into account any data lag).

⁴⁰ See Section 5 'Apprenticeships' for more information.

⁴¹ [Click here](#) for more information on the individual SSCs.

⁴² Four Sector Compacts have been agreed to date: SEMTA, Construction Skills, People 1st and ProSkills.

Key issues for Train to Gain

Whilst there has been improvement in participation, performance issues linked to the quality of learner outcomes persist, especially for Level 2. Currently 13,760 Level 2 achievements have been delivered in 2007/08, (63 per cent of target up from 37 per cent in 2006/07), clearly not as high as Level 2 starts volumes. This is due to a combination of factors including learners taking longer than expected to complete their qualification, meaning a delay in recording their achievement, and varying achievement levels by sector.

Level 2 and Skills for Life Train to Gain Success Rates rose in 2007/08, but need to improve further, especially with the Minimum Level of Performance (MLP) set for Train to Gain at 65 per cent in 2008/09.⁴³ Further increasing Success Rates is vital to ensuring that progress is made in increasing the number of adults with Level 2.

The Train to Gain Plan for Growth recognises the special importance of London as a driver of economic growth, setting the expectation for the region to be the most improved over 3 years.

The Plan for Growth sets out a number of key actions:⁴⁴

- Focus on larger employers – through the establishment of the account management unit as part of the LSEB objective of creating a single public sector offer for employers.
- Integration of employment and skills – supporting those moving from unemployment into sustainable employment.
- Build the capability of the London provider base through the sharing of risk to deliver ambitious targets.
- Continue to use our performance management framework, ensuring consistency of application and challenge to drive up the achievement rate for all learners.
- Olympics – ensure that Olympic contractors and their supply chain can access the Train to Gain service.

Of particular importance to London will be the new flexibilities, which aim to make Train to Gain more demand-led and increase the range of provision. This includes expanding the programme to include Level 3 delivery and enabling more provision for repeat or additional learners (i.e 'non-first').

Growing Level 3 provision in particular is one of the largest challenges facing the region over the next three years. Key issues include ensuring a strong provider network that is responsive to employer needs, raising employer and employee awareness of the new offer and encouraging providers to look at learner progression routes from Level 2 to Level 3.⁴⁵

Targets exceeded for brokerage

Effective brokerage is a key element of the Train to Gain service, whereby skills brokers link employers to learning providers and undertake skills needs analyses to ensure that training matches the need of the employer.

In 2007-08, approximately one third of all programme starts were a result of broker interventions. From April 2009, the Train to Gain Brokerage Service will be delivered by the LDA as part of the Government's business simplification agenda. Joint partnership working between the LSC and LDA will be important to ensure continued high levels of performance.

London has highest number of Skills Pledge commitments

Partnership working will also be crucial to ensure the strong performance of the Skills Pledge.⁴⁶ In 2007/08 London achieved the highest initial commitment of any region (26 per cent of the national total⁴⁷), with the highest number of Action Plans completed.

Although the impact of increased Skills Pledge activity on Train to Gain volumes is not proven, the Skills Pledge has created the opportunity for brokers to re-engage some large/medium sized organisations and to encourage the take-up of Apprenticeships.

Supporting London's people

Significant increase in Full Level 2 and 3 learners in 2007/08

In 2006/07, although there was an overall reduction in adult learners, more people were taking Full Level 2 and 3 courses, with provisional figures for 2007/08 highlighting a further sizeable increase.

Table 4: Adult participation

Funding Stream	2005/06	2006/07	2007/08*
Further Education	447,662	383,578	
of which Full Level 2	20,301	24,707	31,683
of which Full Level 3	21,488	21,438	22,706
Work Based Learning	5,641	5,192	
of which Full Level 2	2,768	2,397	
of which Full Level 3	2,834	2,779	
Skills for Life (Target bearing)	58,812	69,300	
Skills for Life (Non-target bearing)	105,748	90,230	

Source: Performance Management Scorecard, LSC, September 2008 and F04 ILR 2007/08. Note*: 2007/08 is provisional data, does not include Higher Education Institutions. Figures correct as at 24th October 2008

⁴³ These Success Rates refer to new measure (overall). This is based on learners who achieved in the academic year. Early leavers, transfers and planned breaks are excluded. The Train to Gain MLP is still in a pilot phase.

⁴⁴ Train to Gain Plan for Growth: LSC London Regional Implementation Plan.

⁴⁵ Train to Gain Plan for Growth: LSC London Regional Implementation Plan.

⁴⁶ The Skills Pledge is a commitment given by employers to training their employees. Employers are supported with impartial advice from Train to Gain brokers, who put together an action plan tailored to an organisation and employees needs. [Click here](#) for more information.

⁴⁷ Skills Pledge Cumulative Performance Report 14/06/07 - 20/06/08.

London has the lowest proportion of target bearing Skills for Life provision

In 2006/07 London provided 19 per cent of adult Skills for Life learners, the highest of any region. However, only 43 per cent of learners contributed toward target, the lowest proportion nationally. This is an increase on 2005/06 but there is considerable scope for improvement. The majority of Skills for Life provision currently delivered is at Entry level and further support needs to be given to providers to enable individuals to progress to target-bearing levels across all funding streams.

Success Rates improving at a faster rate in London than nationally

The focus on improving the quality of provision in London has resulted in ongoing improvements in Success Rates. London has surpassed the national average for FE and provisional figures suggest that London will almost equal the national average for Apprenticeships.

Table 5: Adult success rates

Funding Stream	04/05 London	04/05 National	05/06 London	05/06 National
FE	74%	75%	78%	77%
FE FL2	61%	62%	67%	68%
FE FL3	55%	56%	60%	62%
Apprenticeships ⁴⁸			48%	51%

Funding Stream	06/07 London	06/07 National	07/08* London	07/08* National
FE	79%	75%		
FE FL2	68%	68%		
FE FL3	65%	65%		
Apprenticeships	59%	63%	63%	64%

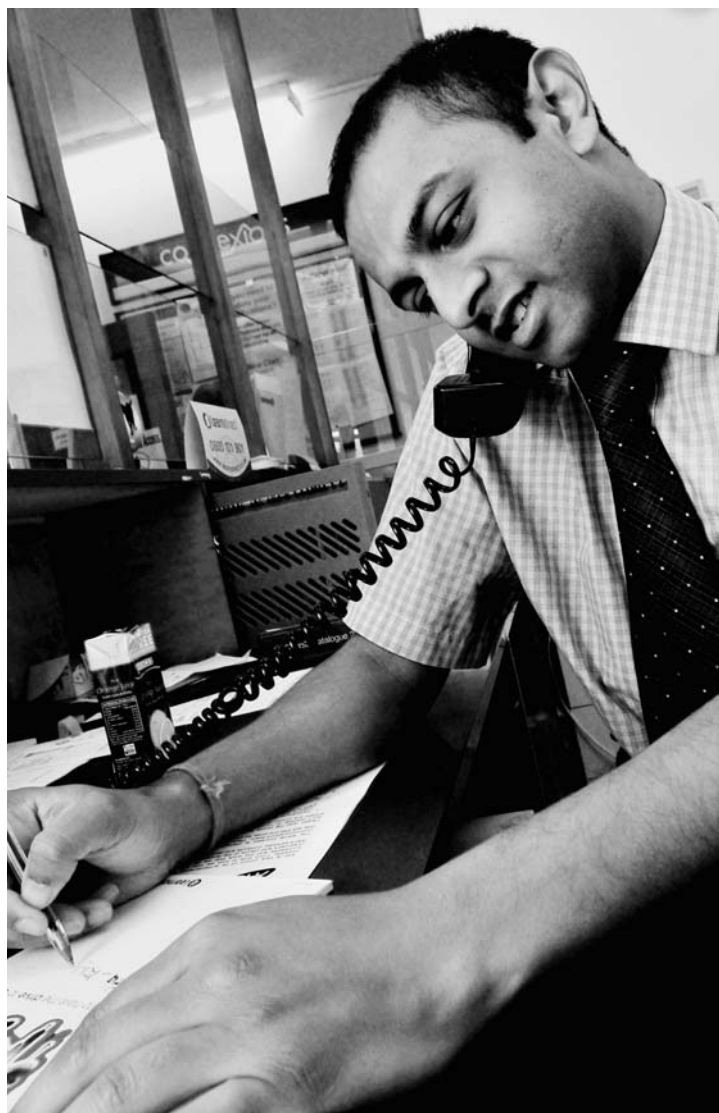
Source: Performance Management Scorecard, LSC, September 2008

Note*: 2007/08 is provisional data

Skill levels within the available labour market continue to increase

The proportion of economically active adults qualified to at least Level 2 has also improved, with 23.8 per cent without a Level 2 in 2007 compared to 24.5 per cent in 2006. In volume terms this means that an additional 21,000 residents gained a Level 2 in 2007, but there are still 870,000 below.⁴⁹

Economically active adults qualified to at least Level 3 have also increased, with 40.7 per cent without a Level 3 in 2007 compared to 41.3 per cent in 2006. This means that approximately an additional 12,500 London residents gained a Level 3 in 2007.⁵⁰



⁴⁸ Framework Apprenticeship success rate uses 'New measures of success' (Overall).

⁴⁹ LSC Performance Review Information June 2008. Figures from Qtr 4 2007 Labour Force Survey.

⁵⁰ LSC Performance Review Information June 2008. Figures from Qtr 4 2007 Labour Force Survey.

Low levels of participation in numeracy

Almost two thirds of Skills for Life enrolments in 2006/07 were on ESOL courses, with low levels of numeracy and literacy participation. Although the target of increasing numeracy and literacy enrolments in 2006/07 was achieved, the direction of travel is positive, if limited. If the stretching World Class Skills targets for 2020 are to be achieved, the demand for numeracy participation in particular will need to increase and the provider network supported to deliver additional numbers.

FE colleges have participated in the Employability Demonstration Pilot and the ESOL Transitional Fund, which has seen mainstream Skills for Life provision being shifted towards an employability context. Whilst a significant improvement has been achieved, further progress still needs to be made to ensure that Skills for Life qualifications are fully embedded.

High number of starts on employability programmes

The Employability Skills Pilots (ESP), Employability Demonstration Pilots (EDP) and Skills for Jobs are key aspects of developing a more integrated and demand led skills and employment offer in London.⁵¹ The focus is on developing a system that matches employer needs and equips unemployed Londoners with the right skills that enable them to find sustainable employment.

Both programmes have been a success in terms of starts, with Skills for Jobs meeting its target and ESPs exceeding their target by 44 per cent. Embedding numeracy with either literacy or ESOL has proved successful as high numbers of learners have started the ESP programme. This would appear to highlight a demand for both integrated employment and skills provision in general and numeracy embedded learning.

It is more difficult currently, however, to measure whether such provision has led to sustainable employment for participants in recording job outcomes.

A number of key challenges have been identified:

- Translating starts into job outcomes
- The importance of strong strategic relationships between providers and JCP districts is crucial to the success of such programmes
- The need to collect progression data for learners that accurately demonstrates whether they found work and gained sustainable employment
- The need for data systems to be compatible with multi agency working
- The necessity of providers developing good employer links

A customer focused skills and employment system

Learner research demonstrates that learning provides skills crucial to employers and individuals.

Recent research shows that people who pursue publicly funded learning programmes are gaining the skills and qualifications that employers need. As a result, learners progress up the career ladder, gain employment and move onto higher levels of learning.⁵²

Learners report that the employment related benefits of learning are lasting. Table 6 shows that, while learning has an immediate impact on employment, particularly for Level 2 learners, 18 months after completing their course even more learners were in paid employment.

Table 6: Longer term impact by level of course

Level 2	Before the course	Immediately after	18 months after course
Full time work	33%	35%	48%
Paid Employment	58%	63%	73%
On a course or government supported training programme	26%	39%	33%
Either in paid employment or studying	74%	81%	85%
Unemployed	21%	21%	13%
Level 3	Before the course	Immediately after	18 months after course
Full time work	25%	18%	25%
Paid Employment	51%	50%	58%
On a course or government supported training programme	37%	53%	57%
Either in paid employment or studying	76%	81%	87%
Unemployed	18%	16%	13%

Source: Where are they now? Results in each column can total more than 100%, both because of the inclusion of summary rows (in bold) and because individuals can be both working and studying / training.

⁵¹ [Click here](#) for more information on the EDPs.

⁵² The LSC carried out four Learner Tracker surveys in 2008, with a focus on employability and progression into further learning of adult learners. The surveys involved a range of learners, across levels, gender, unemployed/employed and with/without previous qualifications. [Click here](#) for more information.

Figure 5: Benefits gained by going on a full Level 2 or 3 course

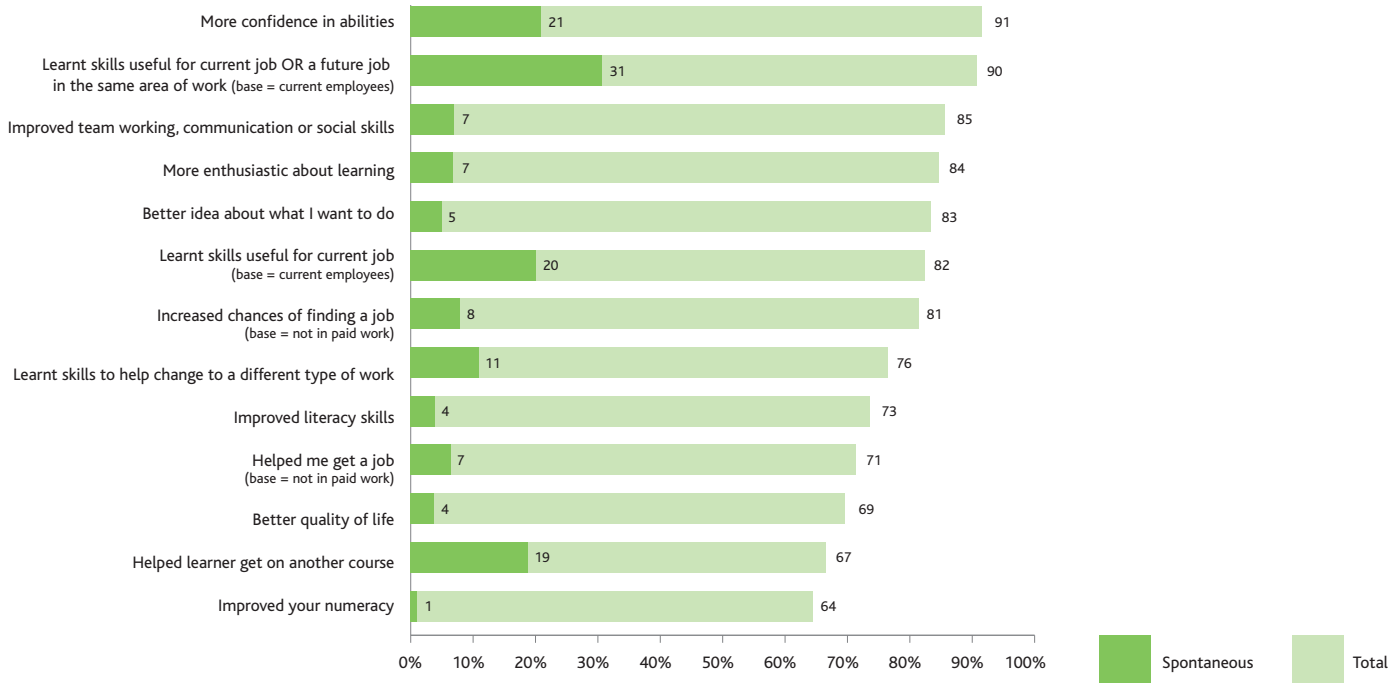


Figure 5 shows the lasting benefits of learning to adult learners and the importance of the course in helping the learner find work, or move them closer to finding work. It also demonstrates that other benefits associated with learning and valued by employers continue to improve long after the course has finished.

Research also highlights the value of qualifications to both employers and learners alike:

- Almost two in five adult learners employed at the start of their course say they have had a promotion or are now in a higher-level job or position.⁵³
- Around two-thirds of those that have continued in work say they are earning more per hour, their job is more secure, their pay and promotion prospects have increased, and they are doing more interesting work.⁵⁴
- One study found that of 2,679 unemployed learners, the proportion on benefits fell from 88 per cent before the course to 53 per cent after. One in five learners who had been claiming Incapacity Benefit moved into work.⁵⁵
- Another study found that a third of all learners on courses below Level 2 progressed to higher-level courses and 47 per cent of Level 3 completers progress into higher education.⁵⁶

Source: Where are they now?
 Spontaneous = main benefits stated by learner without being prompted
 Base: all learners for spontaneous responses, and for prompted answers unless stated
 Note: the base for "helped me get a job" is "new employees", meaning those currently working as employees who were not working as employees when last interviewed or those working in a new job

As learning addresses the job-specific and generic employability skills that employers need, they report a range of business benefits.

The Train to Gain Employer Evaluation shows:

- **Increased competitiveness and profitability** – 64 per cent of employers using the Train to Gain service felt their long-term competitiveness had improved and 42 per cent said that the training had a beneficial impact on the bottom-line or profitability of their business.
- **Skilled workforce** – three-quarters of Train to Gain employers reported that they had noticed an improvement in the skills of employees in relation to their specific job role – this figure was higher among employers whose staff had been working towards or who had achieved a Level 3 qualification.
- **Improved staff retention** – 44 per cent of employers reported that Train to Gain had helped them to retain employees.

⁵³ See 'Where are they Now?', for more information.

⁵⁴ See 'Where are they Now?', for more information.

⁵⁵ See 'The Impact of Learning on Employability', for more information.

⁵⁶ See 'Where are they Now?' and 'What is the Impact of the Foundation Learning Tier?', for more information.

