

London's further education colleges meeting the needs of London's economy

A report to the Greater London Authority

September 2015



SQW

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Executive summary

1. In its 2014 Growth Deal, the London Enterprise Panel (LEP) proposed to Government that as part of developing a long term vision for skills devolution to the capital, the LEP would undertake a Skills Inquiry for London. As the voice of business in the capital the LEP has consulted stakeholders including business intermediaries to understand their views about how the skills system in London should evolve.
2. In June 2015, the Greater London Authority (GLA), on behalf of the LEP Employment and Skills Working Group and FE Capital Steering Group, commissioned SQW to investigate specialisation across London's FE colleges and how this is meeting the skills needs of London's main employment sectors.

Methodology

3. The study adopted a mixed methods approach involving stakeholder interviews, secondary analysis of administrative data, primary data collection, college case studies, and data visualisation, with all substantive project tasks run in parallel over a six-week period.
4. Primary data collection methods included an online survey of all 37 FE colleges in the capital (single response incorporating the views of college principals, employer engagement managers and curriculum leads), telephone and face-to-face interviews with sector stakeholders including London representatives for the Association of Colleges (AoC), the Skills Funding Agency, the London Enterprise Panel, sector skills councils, and college leaders. Seventeen college case studies were also gathered as part of the work.
5. Secondary data analysis to map London FE colleges' skills supply against London's main employment sectors focused on four data sources:
 - Skills Funding Agency, Individualised Learner Record (ILR) (2011/12 – 2013/14)
 - Office for National Statistics, Business Register Employment Service (2014)
 - UK Commission for Employment and Skills, *UK Working Futures 2012 – 2022* (2014)
 - UK Commission for Employment and Skills, *Employer Skills Survey 2013* (2014).
6. With the assistance of the AoC, all 37 London general and specialist colleges in AoC membership were invited to complete the online survey and contribute case studies over a two-week period. Twenty-four colleges completed the survey, and 12 colleges contributed 17 case studies. Three colleges also contributed to stakeholder consultations.

Findings

Skills demand: London's main employment sectors

7. To make the analysis of supply-side data more manageable, nine sectors have been loosely identified that are likely to have a bearing on future skills demand across London, either

through future growth or by creating a large volume of replacement demand. Drawing on recent LEP publications and SQW analysis of ONS and UKCES data, four 'high growth' and five 'high volume' sectors were identified and mapped to 'best fit' Tier 1 Sector Subject Areas (SSAs) as recorded on the ILR:

High growth sectors	Sector Subject Area
Scientific activities	SSA 02 – Science and mathematics
Technology	SSA 06 – Information and communications technology
Tourism	SSA 08 – Tourism, Leisure and Travel
Creative	SSA 09 – Arts, media and publishing, including Media and communication
High volume sectors	Sector Subject Area
Human health and social work	SSA 01 – Health, public services and care
Transport	SSA 04 – Engineering and manufacturing technologies, including Motor vehicle and Transportation operations and maintenance
Construction	SSA 05 – Construction, planning and the built environment
Wholesale and retail trade services, distribution, hospitality, food	SSA 07 - Retail and commercial enterprise, including Retailing and wholesaling, Warehousing and distribution, Hospitality and catering
Professional, business support, administrative services, finance and insurance	SSA 15 – Business, administration and law

8. Taken together, these sectors:

- account for 80% of employment in London (3.64m jobs)
- account for the majority (90%, 217,000 jobs) of jobs growth since 2009
- are expected to play an important role in generating employment growth in future, especially scientific and technology activities (together, these will account for 38% of future jobs growth to 2022)
- account for 70% of future replacement demand (equivalent to around 1.4m jobs by 2022).

London's further education colleges response

Employability skills

9. London's FE colleges play an important role in providing young people and adults with the skills they need to enter and sustain employment. Colleges have to deal with the many young people who leave school without adequate English and maths skills up to Level 2 (estimated at 55% of entrants to FE), and they do essential work stopping these young people becoming not in education, employment or training (NEET) and becoming adults working in low-skilled jobs (if they are employed at all). Employability skills cut across all of London's main employment sectors, and will play an important role in meeting substantial levels of replacement demand over the next decade.

- There were 1.23m learner starts in London in 2013/14, 1.19m non-apprenticeship starts.
- Of all non-apprenticeship starts, 68% (c.810,000) were at level 2 or below, and the number of these has increased by over 20% in the last three years. The largest increase was seen at Entry Level.
- Around 40% of all learner starts was in Preparation for Life and Work (SSA 14) in 2013/14, equivalent to almost 500,000 learners. The number has increased rapidly over the last three years.
- It is estimated that in the region of 43,000 young learner starts do not have Level 2 in English and Maths across London's FE colleges.
- It is estimated that the number of learners on Sector Based Work Academies (SBWAs) in FE colleges could be in the region of 4,100 across London as a whole. Large shares of these were in SSAs relevant to London's main sectors (especially Retail).
- Most colleges expect basic skills provision to increase in the next five years, both for young people and adults. The main barriers to the delivery of this are staff capacity and the lack of demand from potential learners.

Higher-level specialisation and employer engagement

10. Facing future government spending cuts to unprotected budgets for young people and adult learners, FE colleges are likely to accept some degree of consolidation, and will need to rethink their role and their funding. Specialisation could enable colleges to be large enough and specialist enough to be sustainable. Sector stakeholders argued that colleges should draw on areas of strength in their higher-level provision and plan strategically to develop their specialist offer. It was generally held that FE capital investment should focus on strengthening the alignment of FE-college skills provision at Level 3 and above with employer demand on a regional and sub-regional basis.
- There were over 161,000 learner starts at Level 3+ across London in 2013/14, and of these, three-quarters were in SSAs that are relevant to London's main employment sectors.
 - FE colleges accounted for the majority (56%) of Level 3+ starts, and the four most popular SSA starts at level 3+ at FE colleges were all relevant to London's main sectors (health, science and maths, arts and media, and business admin and law).
 - Private sector public funded (PSPF) providers only accounted for 5% of Level 3+ starts in 2013/14, but the number of Level 3+ starts in SSAs relevant to the main sectors at PSPF providers increased by 25,500 over the last three years.
 - The number of learners on bespoke training schemes for employers is estimated in the region of 12,400 across London as a whole. The largest volume of these training schemes is being delivered in SSAs that are relevant to London's main sectors.

- A high proportion of colleges expect to increase their Level 3+ and bespoke training provision in a number of SSAs that are relevant to London's main sectors, including in health, business admin and law, ICT, arts, engineering and science, and retail.
- Colleges believe the largest gaps in terms of their ability to meet the future needs of London's employers are in science and maths, construction, ICT and engineering and manufacturing technologies.
- Key barriers to future high-level specialisation in provision were lack of engagement from employers and staff issues. Lack of employer engagement was also a major barrier for the provision of bespoke employer training.

Apprenticeships

11. College apprenticeship starts have declined over recent years (though achievements have increased). High-quality apprenticeship provision requires good relationships with employers in sectors where colleges have strength and depth, and also assessors and verifiers to carry out off-site work-based assessments. With campus-based assets and staff, colleges often sub-contract apprenticeship delivery to private providers with suitably qualified assessors and verifiers. Colleges in London are also being encouraged to deliver more Higher Apprenticeships, but provision in the sector is not yet particularly strong relative to the number of young people choosing to go to university. Private sector providers and higher education institutions are therefore becoming increasingly important partners for FE colleges delivering apprenticeships.
 - Apprenticeships are more concentrated in a smaller number of SSAs compared to non-apprenticeship learners, and particularly in three SSAs that are relevant to London's main employment sectors (business administration and law, health, and retail).
 - Higher Apprenticeships (Level 4+) accounted for only 3% of all apprenticeship starts in 2013/14, but the number has increased rapidly over the last three years.
 - Most of London's FE colleges had apprenticeship starters in 2013/14. A large proportion of these starts were in four SSAs, all of which are relevant to London's main employment sectors (health, business administration and law, engineering and manufacturing technologies, and retail).
 - The majority of apprenticeship starts (67%) were at PSPF providers, and these were concentrated in three SSAs (business administration and law, health and retail).
 - The SSAs with the highest number of colleges planning to increase provision in future were Health, Business administration and law, and Retail (building on current high levels of provision) and ICT, Engineering, Construction and Arts (growing currently low levels of provision).
 - Key barriers to the delivery of apprenticeships are the lack of engagement from employers and a lack of demand from potential learners.

Conclusions

12. The findings on the supply of skills in London that meet London's sectoral needs show that there is more work to do in this area.
- The analysis of the ILR data should be treated as a first step by the LEP in beginning to determine how the supply of Level 3 skills in London is matching demand.
 - Further refinement and analysis of these findings should now take place as part of the proposed area reviews of post-16 education and training institutions.
 - The LEP should take action to significantly increase the number of Higher Apprenticeships.
 - An analysis of the quality and distribution of provision should be undertaken and considered as part of the FE Capital investment round and the area review process.
 - Overall, colleges seem to have a good understanding of the main sectors for London's economy, most of their current provision is aligned to these and colleges expect to increase provision in the main sectors. This is true for Level 2 and below provision, Level 3+ provision and apprenticeship provision.
 - Just over half of 16 to 18-year-old learners in colleges don't have Level 2 English and maths (it is estimated that this means 42,000 young learner starts). These are key skills for employability in London. Colleges deliver a crucial function in getting these young people ready for work, ensuring they have the skills to fully participate in the society.
 - 40% of all learner starts was in Preparation for Life and Work, FE colleges response to the lack of soft skills among young people reported by employers.
 - Colleges account for 56% of Level 3+ starts in London, and expect to increase provision in some of the main employment sectors for London.
 - All colleges provide bespoke training for employers and the largest volumes are in areas that are relevant to London's main employment sectors.

1. Introduction

Context

- 1.1 In 2015, the Coalition government launched a wide-ranging consultation on the purpose of further education in England, *A Dual Mandate for Adult Vocational Education*.¹ It anticipated the sector would provide more higher-level specialised professional and technical skills for the workplace, and would require stronger partnerships between colleges and with local businesses and communities to shape future provision. The sector would also continue to provide 'second chances' for the large number of adults with basic skills English and maths deficiencies which prevent them from securing sustained employment. The consultation document asserts the primacy of localism ('local areas have a better understanding of the needs of the local business population, and are able to drive greater collaboration and specialisms across providers operating in a particular geography') and responsiveness to the skills needs of employers and economic growth.
- 1.2 In 2014, the Coalition government committed £120m for capital investment in further education (FE) college and private provider estate and facilities to the London Enterprise Panel (LEP), as part of the Government's Local Growth Deals from 2015/16 to 2016/17. An additional £38m was made available from London's second Growth Deal application for 2017/8. The Growth Deal application made a case for devolution of the SFA's allocation for London in full to the Mayor and the LEP, and announced a London Skills Inquiry to model and develop how a London skills system would work. In its 2014 Growth Deal proposal, the London Enterprise Panel (LEP) made a proposition to Government that in developing a long term vision for skills devolution to the capital, it would undertake a Skills Inquiry for London.
- Proposition 9: Devolve the Skills Funding Agency's (SFA) allocation in full to the London Enterprise Panel (LEP) and match this with appropriate devolution of the funding guidance set by the government's skills strategy to maximise economic benefit for Londoners. This is a long term vision and the LEP is committed to further work to propose a model through a Skills Inquiry for London.*²
- 1.3 Skills devolution is a key principle behind any proposals for new skills funding structures. As McKinsey and Co. points out in *London 2036: An Agenda for Jobs and Growth*³ (the latest economic development plan for the LEP), the skills agenda is an area that receives a lot of attention and funding, and to date multiple reviews have argued for further devolution of skills budgets to local areas. It states that the arguments for devolution are strongest in London, not least because the capital's skills challenges are different from those faced in much of the UK, given the city's success in importing talent.
- 1.4 The new Conservative government has set out its support for the principle of devolution of skills to a number of English cities (including London) in both its first Budget and in the new

¹ https://www.google.co.uk/search?q=dual+mandate+bis&gws_rd=cr&ei=Lej2Vez_AcW5y-rZgE (accessed September 2015)

²

[http://www.london.gov.uk/sites/default/files/A%20Growth%20Deal%20for%20London%20\(FINAL\)%2020140331.pdf](http://www.london.gov.uk/sites/default/files/A%20Growth%20Deal%20for%20London%20(FINAL)%2020140331.pdf) (accessed September 2015)

³ <https://lep.london/sites/default/files/documents/publication/London%202036%20%28reduced%29.pdf>

Productivity Plan.⁴ Government has also announced its intention to conduct with LEPs/local areas a series of area based reviews to consider the role of post-16 education at a local level.⁵

Study aims and objectives

- 1.5 The LEP Skills and Employment Working Group is concerned with skills acquisition for sustained employment in London, setting priorities for skills training, and improving the efficiency and effectiveness of the existing skills training system. This study makes a contribution to the LEP Skills Inquiry and to the work of FE Capital Steering Group.
- 1.6 In June 2015, the Greater London Authority (GLA), on behalf of the LEP Employment and Skills Working Group and FE Capital Steering Group, commissioned SQW to investigate how FE colleges are meeting the skills needs of the London economy, the barriers colleges face, and the role of FE capital investment in delivering a more responsive skills system. We are grateful for the assistance of Michael Heanue, Principal Policy Officer at the GLA, and Mary Vine-Morris, Regional Director, Association of Colleges (AoC) London Region, and to all the FE sector FE stakeholders and colleges who contributed to the study.
- 1.7 The terms of reference from the GLA brief are set out below.

In order to establish a picture of where provision is currently meeting the needs of specific sectors or where the needs of particular employers are being met, the FE Capital Steering Group, on behalf of the LEP, seeks an organisation to consult colleges and published skills data in order to gather evidence of the following activities:

- *sector specialisation*
- *delivery of bespoke training to meet specific employers' needs*
- *delivery of sector based work academies*
- *delivery of basic skills, English and mathematics*
- *delivery of higher-level skills*
- *delivery of apprenticeships*
- *delivery of higher-level apprenticeships.*

Providers may also wish to express which sectors or area of provision they are unable to deliver at present, but would choose to explore at a later date, perhaps through an FE Capital investment application, in order to meet the needs of local employers.

⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443898/Productivity_Plan_web.pdf (accessed September 2015)

⁵ <https://www.gov.uk/government/collections/post-16-education-and-training-area-reviews> (accessed September 2015)

Approach

- 1.8 The study adopted a mixed methods approach involving stakeholder interviews, secondary analysis of administrative data, primary data collection, college case studies, and data visualisation, with all substantive project tasks run in parallel over a six-week period.
- 1.9 Primary data collection methods included an online survey of all 37 FE colleges in the capital (single response incorporating the views of college principals, employer engagement managers and curriculum leads), telephone and face-to-face interviews with sector stakeholders including London representatives for the AoC, the Skills Funding Agency, the London Enterprise Panel, Sector Skills Councils, and college leaders, and college case studies.
- 1.10 Secondary data analysis to map London FE colleges' skills supply against the demand for skills in the main employment sectors, focused four data sources:
- Skills Funding Agency, Individualised Learner Record (2011/12 – 2013/14)
 - Office for National Statistics, Business Register Employment Service (2014)
 - UK Commission for Employment and Skills, *UK Working Futures 2012 – 2022* (2014)
 - UK Commission for Employment and Skills, *Employer Skills Survey 2013* (2014).
- 1.11 With the assistance of the AoC, all 37 London general and specialist colleges in AoC membership were invited to complete the online survey and contribute case studies over a two-week period. Twenty-four colleges completed the survey, and 12 contributed 17 case studies. Three colleges also contributed to stakeholder consultations.

Report structure

- 1.12 This report presents a synthesis of the close-to-source analysis for each methodological task presented in the accompanying annexes. The next section sets out the main employment sectors for London, including sectors with a high volume of replacement demand and smaller, high-growth sectors. It is followed by three sections investigating how London's FE colleges are supplying the skills needs of the main London employment sectors and particular employers, considering employability skills, higher-level specialised provision and bespoke employer training, and apprenticeships in turn. The final chapter draws together the findings in a conclusion.

2. Demand: London's employment sectors

- 2.1 In this section, we identify the major employment sectors for London, and present our demand-side analysis of the current sector profile of London's economy, recent trends and current skills gaps in these sectors. We also explore the expected scale of future demand by sector, including a breakdown of net new demand (associated with sector growth) and replacement demand (i.e. job openings created by those leaving the labour force, for example, through retirement).

Introduction to London's main sectors

- 2.2 Sector stakeholders interviewed during the project recognised the role of the LEP and London government in articulating employer skills needs in the capital, setting priorities for skills acquisition for sustained employment in London, and helping to improve the efficiency and effectiveness of the skills system. Equally, they acknowledged that colleges have to balance regional skills needs for major employment sectors with local and individual employment and skills needs and aspirations, and that as incorporated institutions, colleges must decide their own role in supplying skills to meet local needs and in response to regional and national skills priorities and policies.
- 2.3 The LEP's vision is "*to realise the potential of London's world class science and technology community to drive innovation, jobs and growth*", recognising that the **digital, creative, science and technology sectors** are amongst the most productive in London and have a key role in driving innovation (and thereby the competitive advantage of London internationally)⁶. Building on sectors where London already has specialisms - including **finance and insurance, business services, professional, scientific and technical, and ICT**⁷ - is important. However, at the same time, the LEP has emphasised the need for London to become more diverse and resilient, including through the **tourism, technology (e.g. digital advertising) and creative (e.g. film, broadcasting, advertising and marketing) sectors, and life sciences (including healthcare)** which have been identified as having long-term growth potential⁸.
- 2.4 In terms of the *nature* of sector skills demand in London, the LEP aims to^{9,10}:
- Ensure Londoners have the **STEM skills** firms need, particularly through science and technology apprenticeships (alongside aims to increase the number of apprenticeships in general)
 - Improve the competitiveness of Londoners by increasing numbers gaining economically valuable **higher-level skills** (Levels 3/4+), and closing the Level 3/4 qualifications gap between growth (Olympic Host) boroughs and the London average.

⁶ London Enterprise Panel (2013) Jobs and Growth Plan for London

⁷ Greater London Authority (2013) London Labour Market Projections

⁸ London Enterprise Panel (March 2014) Growth Deal for London: Proposals to HM government; Greater London Authority (March 2015) The London Plan; London Enterprise Panel and London First (2013) London 2036: An agenda for jobs and growth

⁹ London Enterprise Panel (2013) Jobs and Growth Plan for London

¹⁰ London Enterprise Panel and London First (2013) London 2036: An agenda for jobs and growth

- Develop Londoners' skills to **meet the needs of new and existing industries, including technical talent** (identified by London's tech entrepreneurs as the single biggest barrier to growth).
- Develop **employability skills**, particularly for adults, and ensure that London residents are equipped to compete for jobs.
- Ensure the supply of skills is sufficient in sectors that play an important role in enabling growth. This includes working with the construction sector to ensure a lack of **construction skills** does not become a barrier to home building, and ensuring the supply of skills to meet London's growing **transport** requirements.

2.5 At present, just over half of all jobs in London are held by people with degrees¹¹, but there is a 'significant disconnect between the skills we are producing and the skills our economy needs'¹². In response, the LEP has prioritised the creation of a demand-led skills system, where employers have the opportunity to inform provision, and where providers better understand **new and emerging sector requirements and replacement demands**, and create an education offer that is responsive and relevant to employer needs.

2.6 Based on the literature above, and to make the analysis more manageable, we have loosely identified nine sectors that are likely to have a bearing on future skills demand across London, either through future growth or by creating a large volume of replacement demand. These are listed in Table 2-1. Alongside these main sectors, we have mapped the 'best-fit' sectors available from established data sources on skills demand (BRES, UKCES Working Futures) and supply (ILR). These sectors have been used in our analysis of demand below, and in our analysis of supply in chapters 3-5. Four are 'growth' sectors, and five relate to sectors that account for a relatively large share of employment across London and will generate considerable replacement demand for skills in future. It should be noted that sectors are defined at only at a very high, one-digit level, and may only partly relate to the broad Sector Subject Areas (SSAs) defined at Tier 1 in the ILR. These sectors have been used in our analysis of demand below, and in our analysis of supply in chapters 3-5.

¹¹ Greater London Authority (2013) London Labour Market Projections

¹² London Enterprise Panel (2013) Jobs and Growth Plan for London, page 42

Table 2-1: Mapping main sectors against sectors used in secondary data analysis

Quantitative evidence on skill demand		Quantitative evidence on skills supply
Best-fit sectors with BRES data	Best-fit sectors with UKCES Working Futures data	Best-fit with Sector Skills Areas (SSAs) in ILR
Growth sectors		
J: Information and communication	Engineering	SSA 02 – Science and mathematics
M: Professional, scientific and technical services	Professional services* Information technology	SSA 06 – Information and communications technology
R: Arts, entertainment and recreation	Arts and entertainment Media	SSA 08 - Leisure, travel and tourism SSA 09 –Arts, media and publishing (includes Media and communication)
Large employment / high replacement demand sectors		
G: Wholesale and retail trade I: Accommodation and food	Wholesale and retail trade Accommodation and food	SSA 07 – Retail and commercial enterprise (includes Retailing and wholesaling, Warehousing and distribution, Hospitality and catering)
K: Financial and insurance activities N: Admin and support service activities	Professional services* Finance and insurance	SSA 15 – Business, administration and law
Q: Human health and social work activities	Health and social work	SSA 01 – Health, public services and care (includes Health and social care)
H: Transportation and storage	Transport and storage	SSA 04 - Engineering and manufacturing technologies (includes Motor vehicle, Transportation operations and maintenance)
F: Construction	Construction	SSA 05 - Construction, planning and the built environment

Source: SQW. Note: * Different parts of Working Futures 'professional services' sector relate to different BRES and SSA sectors

2.8 As part of our survey with London FE colleges, we asked for views on the most important sectors for growth. As illustrated in Table 2-2 below, these **mapped very closely to the main sectors** listed above, with creative, digital and information technology, health, business and finance and science and engineering identified as the top five sectors for growth. The only sector not featuring explicitly on the colleges' list was retail/hospitality/food.

Table 2-2: Main sectors for future employment growth (2015-2020) as reported by FE colleges, ranked according to number of responses (London's main sectors highlighted in blue)

Main sectors	Number of college responses	% of colleges (n=24)
Creative Industries	21	88%
Digital and Information Technology	21	88%
Health and Social Care	21	88%

Main sectors	Number of college responses	% of colleges (n=24)
Business and Finance	18	75%
Science and Engineering	18	75%
Construction	17	71%
Tourism	10	42%
Transport and Logistics	9	38%
Education	6	25%
Manufacturing, Installation and Maintenance	7	29%
Don't Know	0	0%

Source: SQW Survey

- 2.9 Sector stakeholders generally agreed with the main employment sectors identified above. They recognised the importance of large employment sectors presenting significant replacement demand for often entry- and lower-level skilled employment, alongside smaller but rapidly growing and highly productive employment sectors presenting new demand for mostly higher-level technical and professional skills. Major employment sectors for replacement and new skills demand are both important, because the actual number of future skilled job opportunities will probably be greater for replacement skills in large, established employment sectors than for growth skills demand in emerging employment sectors.

Current sector profile of the economy and recent trends

Latest data from the Business Register and Employment Survey (BRES) shows there are around 4.59m jobs in London (2011-13¹³).

¹³ BRES is a survey-based source of data, so a three-year average has been taken from the latest data available to minimise sampling errors.

- 2.10 Table 2-3 presents employment by broad sector across London, along with the location quotient to indicate the level of specialisation compared to the UK average¹⁴, with the main sectors shaded in blue. Together, **the main sectors account for around 80% of employment in London (3.64m jobs) and include a number of sectors where London has a specialism** (i.e. a LQ value above 1), such as professional, scientific and technical activities, finance and insurance, and information and communication.

¹⁴ A value of >1 indicates that the share of employment in a sector in London is higher than the share nationally, and therefore the sector is over-represented in employment and London has a specialism in this sector. A value of <1 indicates under-representation.

Table 2-3: Employment jobs in London, three-year average (2011-13)

	Number in employment in London	% of all London employment	Location Quotient (LQ) compared to UK average (specialisms highlighted in red)
M : Professional, scientific and technical activities	612,367	13%	1.7
G : Wholesale and retail trade	582,767	13%	0.8
N : Administrative and support service activities	467,833	10%	1.3
Q : Human health and social work	455,867	10%	0.8
P : Education	359,233	8%	0.9
K : Finance and insurance	353,800	8%	2.1
I : Accommodation and food	337,100	7%	1.1
J : Information and communication	335,700	7%	1.9
O : Public administration	217,167	5%	1.0
H : Transportation and storage	216,733	5%	1.1
F : Construction	148,900	3%	0.7
R : Arts	127,367	3%	1.1
L : Real estate activities	121,033	3%	1.5
S : Other service activities	117,133	3%	1.2
C : Manufacturing	108,367	2%	0.3
E : Water supply	17,233	0%	0.6
D : Electricity, gas	6,500	0%	0.3
B : Mining and quarrying	3,733	0%	0.4
A : Agriculture	1,000	0%	0.0
Total	4,590,000	100%	1.0

Source: SQW analysis of BRES

2.11 Since 2009, employment jobs in London have increased by 6% (around 242,000 jobs). **London's main employment sectors account for the majority of this growth (almost 90%, or 217,000 jobs),** and most of this has been driven by the following:

- Scientific and technology activities (accounting for 30% of jobs growth)
- Wholesale, retail, trade services, distribution, hospitality and food (21% of jobs growth)
- Professional, business support, administrative services, finance and insurance (18% of jobs growth)
- Health (15% of jobs growth).

High-level picture of current vacancies and skills gaps

2.12 In 2013, the UK Commission for Employment and Skills (UKCES) published the findings of their Employer Skills Survey, which provides a detailed picture of training, vacancies, skills gaps and investment in training across London for all sectors¹⁵. Key findings that are relevant to this study include the following:

- 4% of employers reported a skills shortage,¹⁶ equivalent to over 9,300 vacant positions, and 14% reported a skills gap,¹⁷ equivalent to over 34,000 vacancies.
- 7% of employers with vacancies reported at least one that is hard to fill. The most common reasons cited for this included low numbers of applicants with the required skills, and lack of work experience and qualifications that the business demands.
- **Specifically in relation to 17-18 year olds, difficulties in recruitment were linked to lack of softer skills** (17% of employers who had recruited this age group in the last two-to-three years cited a lack of working world/life experience or maturity as an issue, 13% cited poor attitude/personality or lack of motivation) **and skills issues** (10% cited a lack of required skills or competencies).

2.13 Amongst growth sectors requiring new, often higher-level technical and professional skills, sector stakeholders interviewed for the project drew particular attention to skills shortage vacancies in creative and digital media, in broadcasting, production management, production accounting, partnerships management, visual effects, advertising, and animation skills (visual effects has 17 occupations listed on the government list of priority visas). There are also shortages of hybrid skills combining creative, entrepreneurial and technical skills that need to keep up with the pace of technological change. Stakeholders also argued for the importance of enterprise skills for self-employment and business start-ups (e.g. finance, human resources, marketing). There is a huge growth in technology start-ups in London (e.g. Tech City UK), but not enough awareness of the skills needs of this sector or the challenges FE colleges face in addressing the niche technical skills needs of the growing number of micro businesses in the sector. One stakeholder asked: 'how sophisticated is college training for supporting start-ups with enterprise business skills'?

Overview of projected growth and scale of employment

2.14 According to projections produced by UKCES as part of their Working Futures research (2013), **the total number of jobs in London is expected to rise by 8% (just over 400,000 jobs) between 2012 and 2022, to a total of 5.4m**. Table 2-4 presents projections for London's main sectors, showing some are expected to play an important role in generating employment growth in future, especially **scientific and technology activities** (together, these will account for 38% of future jobs growth).

¹⁵ Data is not available for individual sectors at the London level.

¹⁶ When businesses cannot find recruits with the skills required

¹⁷ When employees are not being fully proficient, i.e. staff employed with gaps in their ability to do the job

Table 2-4: Employment projections to 2022 by main sector in London

UKCES Working Futures sectors	Jobs in 2022 (000s)	% of all jobs in 2022	Absolute volume change 2012 - 2022 (000s)	% change 2012 - 2022	% contribution towards total growth from 2012 to 2022
Information technology	274	5%	63	30%	16%
Engineering	11	0%	0	4%	0%
Professional services*	712	13%	90	14%	22%
Arts and entertainment	177	3%	14	9%	4%
Media	155	3%	-12	-7%	-3%
Wholesale and retail trade	675	13%	38	6%	9%
Accommodation and food	366	7%	37	11%	9%
Finance and insurance	424	8%	46	12%	11%
Professional services*	712	13%	90	14%	22%
Health and social work	540	10%	50	10%	13%
Transport and storage	278	5%	11	4%	3%
Construction	289	5%	43	18%	11%

Source: SQW Note: * Different parts of Working Futures 'professional services' sector relate to different BRES and SSA sectors

2.15 Jobs growth is expected to focus on higher-level occupations across London's economy as a whole, specifically **professional, associate professional and technical, managers, directors and senior officials**. Jobs in these occupations are expected to increase by around one-fifth by 2022. In addition, jobs in caring, leisure and other service occupations are projected to increase by 14%. Correspondingly, **demand for higher-level qualifications (Levels 4+) is expected to increase by about one-third**, whereas demand for qualifications at Level 3 and below is expected to fall.

Net new and replacement demand by main sector

2.16 In addition to net 'new' demand of around 400,000 jobs by 2022, London will see **replacement demand of almost 2m jobs**. This means that almost 40% of jobs currently in London's economy will be lost (for example, through retirement) and need to be replaced. Table 2-5 below presents the scale of net and replacement demand for London's main sectors. We can observe that London's **main sectors account for 70% of all replacement demand** through to 2022 (equivalent to around 1.4m jobs), and sectors generating high volumes of replacement demand include:

- **professional services** (255,000 jobs, 74% of sector's total requirement)
- **wholesale and retail trade** (244,000 jobs, 87% of sector's total requirement, 41% of demand requires qualification Level 3+)
- **accommodation and food** (132,000 jobs, 78% of sector's total requirement, 78% of replacement demand is level 3+, 43% of demand requires qualification Level 3+)

- **finance and insurance** (145,000 jobs, 76% of sector's total requirement, 76% of demand requires qualification Level 3+)
- **health and social work** (200,000 jobs, 76% of sector's total requirement, 78% of demand requires qualification Level 3+).

Table 2-5: Break down of total employment requirement for main sectors in London (2012-22)

UKCES Industrial Group	Net 'new' demand		Qualification profile for net demand		Replacement demand		Qualification profile for replacement demand		Total Requirement 2012-22 (000s)
	Number (000s)	% Total Requirement	Qualification Level	% total net 'new' demand	Number (000s)	% Total Requirement	Qualification Level	% total replacement demand	
Information technology	63	43%	L4+: L3: No qual - L2:	111% -9% -2%	84	57%	L4+: L3: No qual - L2:	72% 9% 20%	147
Engineering	0	10%	L4+: L3: No qual - L2:	360% -91% -169%	4	90%	L4+: L3: No qual - L2:	53% 17% 30%	4
Professional services*	90	26%	L4+: L3: No qual - L2:	151% -19% -32%	255	74%	L4+: L3: No qual - L2:	76% 8% 17%	344
Arts and entertainment	14	18%	L4+: L3: No qual - L2:	220% -32% -88%	68	82%	L4+: L3: No qual - L2:	61% 14% 25%	82
Media	-12	-24%	L4+: L3: No qual - L2:	-79% 62% 117%	61	124%	L4+: L3: No qual - L2:	64% 12% 24%	49
Wholesale and retail trade	38	13%	L4+: L3: No qual - L2:	304% -30% 174%	244	87%	L4+: L3: No qual - L2:	29% 18% 53%	282
Accommodation and food	37	22%	L4+: L3: No qual - L2:	209% -25% -84%	132	78%	L4+: L3: No qual - L2:	26% 18% 56%	168
Finance and insurance	46	24%	L4+: L3: No qual - L2:	211% -43% -69%	145	76%	L4+: L3: No qual - L2:	63% 13% 24%	190
Professional services*	90	26%	L4+: L3: No qual - L2:	151% -19% -32%	255	74%	L4+: L3: No qual - L2:	76% 8% 17%	344
Health and social work	50	20%	L4+: L3: No qual - L2:	168% 1% -69%	200	80%	L4+: L3: No qual - L2:	64% 13% 22%	251

UKCES Industrial Group	Net 'new' demand		Qualification profile for net demand		Replacement demand		Qualification profile for replacement demand		Total Requirement 2012-22 (000s)
	Number (000s)	% Total Requirement	Qualification Level	% total net 'new' demand	Number (000s)	% Total Requirement	Qualification Level	% total replacement demand	
Transport and storage	11	9%	L4+: L3: No qual - L2:	423% -63% -260%	105	91%	L4+: L3: No qual - L2:	28% 16% 57%	115
Construction	43	32%	L4+: L3: No qual - L2:	99% -18% 19%	90	68%	L4+: L3: No qual - L2:	25% 24% 51%	133
All sectors	401	17%			1,964	83%			2,365

Source: SQW. Notes: * Different parts of Working Futures 'professional services' sector relate to different BRES and SSA sectors.

Conclusion

- 2.17 In order to make the analysis manageable, we have loosely identified nine employment sectors that are likely to have a bearing on future skills demand across London, either through future growth or by creating a large volume of replacement demand. Alongside these main sectors, we have mapped the 'best-fit' sectors available from established data sources on skills demand (BRES, UKCES Working Futures) and supply (ILR). The sectors are defined at only at a very high, one-digit level, and may only partly relate to the broad Tier 1 ILR SSAs.
- 2.18 The table below summarises recent trends, the current position and future projections for each main sector. Together, these sectors:
- account for 80% of employment in London (3.64m jobs)
 - account for the majority (90%, 217,000 jobs) of jobs growth since 2009
 - are expected to generate employment growth in future, especially scientific and technology activities (together accounting for 38% of future jobs growth to 2022)
 - account for 70% of replacement demand (equivalent to around 1.4m jobs by 2022).
- 2.19 In addition, cutting across these sectors, is a need to ensure that London's workforce have the STEM, technical and higher-level skills that firms need, and sufficient employability skills to enable residents to compete for the jobs created. Specifically for 17-18 year olds, there is also a need to improve softer skills (such as life experience, poor attitudes/motivation) and skills/competences in line with what employers need.

Table 2-6: Summary of current jobs and future demand for London's main sectors

London main sectors	Recent trends and current position	Future demand
Scientific and technology activities	<ul style="list-style-type: none"> • High share of current jobs • Current specialisation • Accounts for large share of recent jobs growth 	<ul style="list-style-type: none"> • Projected rapid future growth
Tourism and creative	<ul style="list-style-type: none"> • Relatively high share of current jobs 	<ul style="list-style-type: none"> • High volume of replacement demand
Wholesale, retail, trade services, distribution, hospitality, food	<ul style="list-style-type: none"> • High share of current jobs • Current specialisation (accommodation and food) • Accounts for large share of recent jobs growth 	<ul style="list-style-type: none"> • High volume of replacement demand
Professional, business support, administrative services, finance and insurance	<ul style="list-style-type: none"> • High share of current jobs • Current specialisation • Accounts for large share of recent jobs growth 	<ul style="list-style-type: none"> • Projected rapid future growth • High volume of replacement demand
Health	<ul style="list-style-type: none"> • High share of current jobs • Accounts for large share of recent jobs growth 	<ul style="list-style-type: none"> • Projected relatively rapid future growth • High volume of replacement demand
Transport		<ul style="list-style-type: none"> • Role in enabling future growth
Construction		<ul style="list-style-type: none"> • Projected relatively rapid future growth • Role in enabling future growth

3. The FE response: employability skills

- 3.1 In this section, we assess the scale and nature of London's FE provision, overall and in terms of basic skills and Sector-Based Work Academies (SBWA), and the extent to which this is aligned with employer demand in the main sectors set out in section 2. This analysis draws on the ILR and feedback gathered through our provider survey and stakeholder consultations. It is important to note that the analysis of ILR data considers provision at all levels and learning aims in general, and non-apprenticeship and lower-level provision (Level 2 and below) in particular. Higher-level provision is discussed in section 4, and apprenticeship provision in section 5 below.

Current patterns and recent trends in provision

Overall provision

- 3.2 In 2013/14, **there were 1.23m learner starts** in London, a decline of 2% from 2011/12. However, the number of **learner achievements** rose by 4% during the same period from 928,000 to 966,000. The age profile of learners in London has become older during the past three years, with an increasing majority of both starters and achievers (up to 61% and 65% respectively in 2013/14) were 25+ at the start of the academic year, and a fall in those learners aged 16-18.
- 3.3 The **37 FE Colleges accounted for 55% (680,000) of all London provider starts** in 2013/14. Private sector public funded (hereafter referred to as PSPF) providers had 190,000 starts, equivalent to 15% of all London starts¹⁸. The proportions are very similar for learner achievements. The number of learner starts in PSPF providers has increased quickly (at 57% over three years), compared to a fall (-7%) at FE colleges.

Level of study excluding apprenticeships

- 3.4 In 2013/14, there were 1.19m non-apprenticeship starts. **Of these, 68% (810,000) were at Level 2 or below** (including Entry level), and **the number at this level increased by 20% over the last three years**, as shown in Table 3-1 below. Within this category, the largest increase was seen at Entry Level, where the number of starts increased by 67% over the same time period. Level 1 starts remained relatively static, whereas the number of Level 2 starts declined slightly.

Table 3-1: Starts by Sector Subject Area for non-apprentice learners

	Starts 2013/14	% of all starts in 2013/14 (2011/12 – 2013/14)	Absolute change (2011/12 – 2013/14)	% change (2011/12 – 2013/14)
Entry level	333,620	28%	133,560	67%
Level 1	261,150	22%	8,500	3%
Level 2	215,030	18%	-8,190	-4%
Level 3	136,270	11%	-11,940	-8%
Level 4 (original)	9,190	1%	1,900	26%

¹⁸ The remaining 30% are split between Schools, Sixth Form Colleges, Special Colleges and other Public Funded providers such as local authorities and higher education institutions.

	Starts 2013 /14	% of all starts in 2013/14	Absolute change (2011/12 – 2013/14)	% change (2011/12 – 2013/14)
Level 5 (original)	400	0%	50	14%
Higher level	40	0%	-650	-97%
Not applicable	232,700	20%	-135,30	-37%
Sub-total: Level 2 and below	809,800	68%	133,870	20%
Sub-total: Level 3 +	145,900	12%	-10,640	-7%
Sub-total: N/A	232,700	20%	-135,340	-37%
Total	1,188,390	100%	-12,150	-1%

Source: SQW analysis of ILR data

- 3.5 A clear distinction emerged during the stakeholder consultations between FE colleges' provision up to Level 2, and from Level 3. Anything below Level 2 was generally regarded as pre-employment / basic skills training, sometimes taken up by highly qualified learners lacking essential skills to enter employment. Level 2 was generally accepted as the minimum requirement for entering and sustaining employment in London, and provides a vital stepping stone into higher-level learning and sustained employment. It was argued that alignment of learner progression from Levels 1 and 2 into relevant employment sectors is much looser than for Level 3.

Sector Subject Areas and employability skills

- 3.6 **Around 40% of starts** (and over one-third of achievements) **in 2013/14 were in Preparation for Work and Life** (SSA 14). This equated to almost 500,000 learner starts. This SSA has seen the largest increase in learner starts since 2011/12, 15% or 63,200 learners.

Table 3-2: Starts by Sector Subject Area for all learners in London

	Starts in 2013/14	% of all learner starts in 2013/14	Change	% change
01 - Health, Public Services and Care	80,270	7%	-5,700	-7%
02 - Science and Mathematics	46,120	4%	4,600	11%
03 - Agriculture, Horticulture and Animal Care	8,060	1%	920	13%
04 - Engineering and Manufacturing Technologies	29,080	2%	-6,090	-17%
05 - Construction, Planning and the Built Environment	27,890	2%	-2,120	-7%
06 - Information and Communication Technology	63,980	5%	1,440	2%
07 - Retail and Commercial Enterprise	62,040	5%	560	1%
08 - Leisure, Travel and Tourism	42,750	3%	-6,300	-13%
09 - Arts, Media and Publishing	147,030	12%	5,080	4%
10 - History, Philosophy and Theology	13,800	1%	310	2%
11 - Social Sciences	70,250	6%	-2,570	-4%
12 - Languages, Literature and Culture	9,500	1%	-1,530	-14%
13 - Education and Training	10,000	1%	-2,110	-17%

	Starts in 2013/14	% of all learner starts in 2013/14	Change	% change
14 - Preparation for Life and Work	496,420	40%	63,230	15%
15 - Business, Administration and Law	81,440	7%	-4,220	-5%
U - Unknown	11,990	1%	-67,550	-85%
X - Not Applicable	21,230	2%	1,320	7%
Total	1,230,300	100%	-19,920	-2%

Source: SQW analysis of ILR data

- 3.7 Note: 'U - Unknown' includes unregulated, mostly lower-level learning aims not assigned at SSA Tier 1, and others that had an SSA tier 1 missing in one year and then a valid value is present in a subsequent year.

English and maths provision

- 3.8 According to our survey, just over half of all young learner¹⁹ starts at FE colleges did not have Level 2 English and maths. This equates to over 21,000 learners in the 18 colleges that responded to this question. These learners accounted for the majority of young learners at most colleges responding to the survey. At the upper extreme, Bromley College of Further and Higher Education had 3,000 young learner starts without Level 2 English and Maths in 2014/15, which accounted for 80% of all young learner starts at that college (see Table 3-3 below). If we scale up the results of the survey to all 37 FE colleges, we estimate that the number of young learner starts without Level 2 English and maths could be in the region of 43,000 across London as a whole.

Table 3-3: Young learners (16-18) starts in 2014/15 without level 2 English and maths – 1,000+ only

College	Number of young learners starts without Level 2 English and Maths	% of all young learner starts at that college
Bromley College of Further and Higher Education	3,000	80%
Uxbridge College	2,310	61%
Kingston College	2,153	84%
Harrow College	2,059	70%
Barking and Dagenham College	1,545	55%
LeSoCo	1,501	77%
South Thames College	1,500	60%
West Thames College	1,162	56%
Havering College of Further and Higher Education	1,089	42%

Source: SQW survey

- 3.9 Data on English and Maths provision is not available through the ILR data cube, but was covered by our survey of FE colleges. This indicates there were **almost 20,000 adult learner²⁰ starts on Level 1 English and maths courses in 2014/15 across the 18 colleges responding to this question**. As illustrated in Table 3-4 below, the highest number was at Kensington and Chelsea College, with over 4,500 learner starts.

Table 3-4: Number of adult learner starts on Level 1 English and maths courses – 1,000+ only

	Number	% of all adult learner starts at each college
Kensington and Chelsea College	4507	60%
LeSoCo	3646	39%
South Thames College	3500	35%
College of Haringey, Enfield and North East London	2115	12%
Harrow College	1627	45%

Source: SQW survey

- 3.10 Sector stakeholders interviewed for the project confirmed most FE college provision up to Level 2 is focused on pre-employment work-readiness training for young people and adults, including basic skills English and maths. Colleges deliver this essential social service, preventing unemployment and disengagement, in all London boroughs. Greater sub-regional coordination and collaboration between colleges and with private providers was called for to strengthen English and maths provision across London. One example of successful collaboration was offered: a 12-month, £4.5m European Social Fund project targeting English and maths provision at areas of greatest need, coordinated by one London FE college and involving other colleges and private providers in the Outer North East London Boroughs. Given the scale of the London basic skills challenge, more sub-regional coordinated collaborative provision like may be required.

Delivery of Sector-Based Work Academies

- 3.11 An SBWA is an employment scheme that helps individuals to secure employment through pre-employment training, a work experience placement and a guaranteed job interview. Learners are referred to learning providers including FE colleges by Job Centre Plus.
- 3.12 **Fifteen of the colleges (63%) responding to our survey stated that they provided SBWAs²¹**. Table 3-5 shows the colleges who provided details on their SBWAs. Across these, a total of **42 SBWAs were being delivered** at the time of the survey. The College of Haringey, Enfield and North East London had the highest number of SBWA learners (600) by a considerable margin, accounting for 40% of all SBWA learners detailed by respondents. If we scale up the results of the survey to all 37 FE colleges, we estimate that the number of learners on SBWAs could be in the region of 4,100 across London as a whole²².

²⁰ Aged 19+

²¹ Of these fifteen, four declined to provide details of the top five employers for whom they currently deliver SBWAs

²² 63% of our sample said they had SBWA. Of these, 11 provided details – giving a total of 1,485 learners (135 learners per college). If we assume 63% of all colleges have SBWAs (23), with 135 per college, this gives a scaled up estimate of just over 3100 learners across London as a whole.

Table 3-5: Number of SBWAs delivered by colleges

College	Number of SBWAs	% of all SBWAs	Total number SBWA learners	% of all learners in SBWAs
College of Haringey, Enfield and North East London	5	12%	600	40%
Westminster Kingsway College	5	12%	206	14%
Capel Manor College	5	12%	200	13%
Harrow College	5	12%	150	10%
South Thames College	5	12%	120	8%
West Thames College	5	12%	66	4%
LeSoCo	4	10%	43	3%
College of North West London	4	10%	25	2%
Lambeth College	2	5%	-	0%
Kensington and Chelsea College	1	2%	70	5%
Richmond Upon Thames College	1	2%	5	0%
Total	42	100%	1485	100%

Source: SQW survey

- 3.13 Of the colleges which responded, ten provided further details about the employers they work with and the number of associated learners:

Table 3-6: Top 5 employers (number of learners in 2013/14)

Employer	Number of current learners (2013/14)	Associated FE College
Pro Active Rail	200	College of Haringey, Enfield and North East London
Cyprian Care	120	College of Haringey, Enfield and North East London
Mi Homecare	120	College of Haringey, Enfield and North East London
Lexington	80	College of Haringey, Enfield and North East London
Fords of Dagenham	80	College of Haringey, Enfield and North East London
Waitrose	76	Westminster Kingsway College

Source: SQW Survey

Of the 42 SBWAs for which data were provided, only 33 of these had a SSA assigned to them (

- 3.14 Table 3-7). **Almost all of these were in SSAs that were relevant to London's main sectors,** with a particularly high number in Retail and Commercial Enterprise (SSA 07), one related to **Preparation for Life and Work** (SSA 14). However, none of the SBWAs related to the main sectors of scientific/technology activities, tourism and creative.

Table 3-7: Number of SBWAs by SSA

London's main sectors	SSA	Number of SBWAs	% of SBWAs
Health	01 - Health, Public Services and Care	6	18%
-	03 - Agriculture, Horticulture and Animal Care	1	3%
Transport	04 - Engineering and Manufacturing Technologies	4	12%
Construction	05 - Construction, Planning and the Built Environment	3	9%
Wholesale, retail, hospitality and food	07 - Retail and Commercial Enterprise	17	52%
-	14 - Preparation for Life and Work	1	3%
Professional, business support, admin services, finance and insurance	15 - Business, Administration and Law	1	3%
Total		33	100%

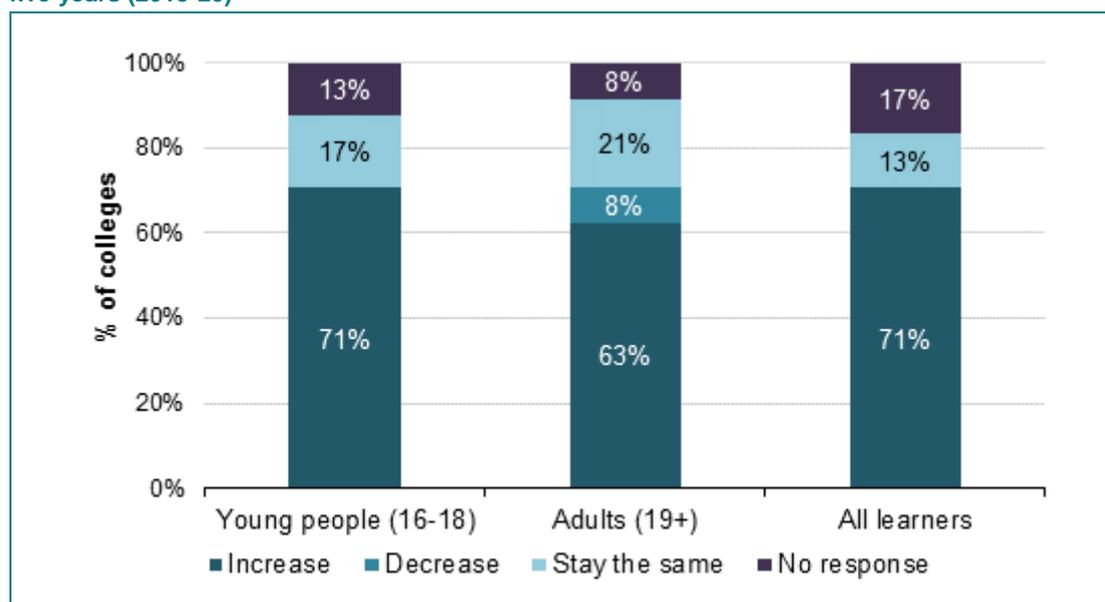
Source: SQW survey

Future anticipated changes in provision

Basic skills

- 3.15 According to our survey, the **majority of colleges expect basic skills provision for young people and adults to increase from 2015 to 2020, especially for young people**. Only two colleges expected a decrease in basic skills provision for adults, and no respondent college expected a decrease in basic skills provision overall.

Figure 3-1: Percentage of colleges who identified change in basic skills provision over the next five years (2015-20)

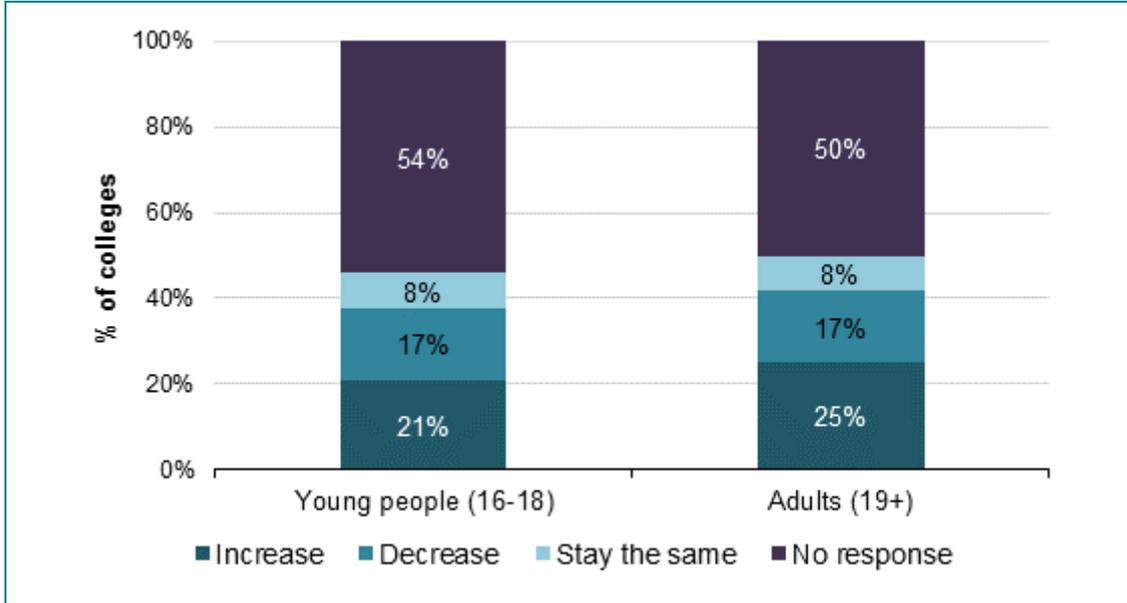


Source: SQW survey

Sector-Based Work Academies

- 3.16 The anticipated future provision of SBWAs was not clear in the survey as the majority of colleges did not respond to this question. For those that did, a slightly higher proportion of colleges expected SBWAs to increase (21% for young people, 25% for adults), but a reasonable share thought SWBA provision would decrease (17% for both age groups).

Figure 3-2: Percentage of colleges who identified change in SBWA provision over the next 5 years (2015-20)



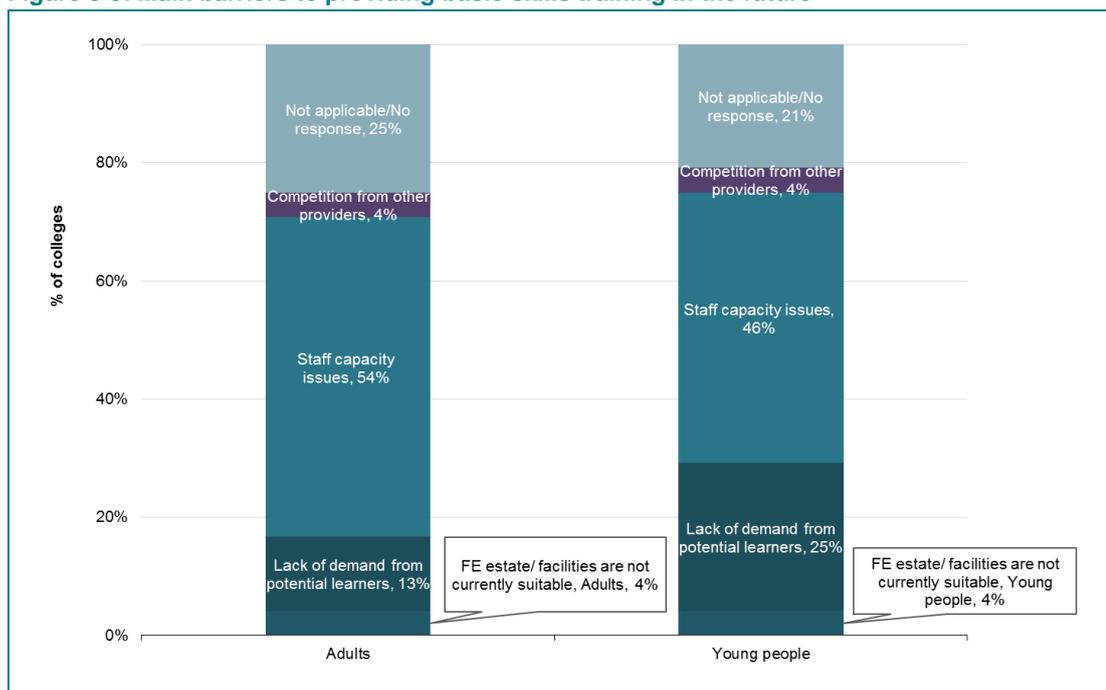
Source: SQW survey

Barriers to delivering provision

- 3.17 According to our survey results, major **barriers to the delivery of basic skills provision** for both young people and adults were as follows²³: staff capacity (and shortages in the supply of suitable GCSE English and Maths teachers), and lack of demand from potential learners. The unsuitability of FE estates/facilities were only identified as a barrier by 4% of colleges.

²³ Excluding government funding

Figure 3-3: Main barriers to providing basic skills training in the future



Source: SQW survey

- 3.18 Excluding government funding, respondent colleges identified the **main barriers to providing SBWAs** in the future as lack of engagement from employers and, to a lesser extent, competition from other providers. They were criticised by some sector stakeholders for not being 'sector-based' because most employers engaged through the scheme are large employers with a vacancies. They thought small and medium-sized enterprises (SMEs) with only one or two vacancies are effectively excluded, often in areas with the highest need. A relatively high number of colleges responding to the survey noted 'other' barriers, including a lack of demand from learners and sometimes inadequate awareness by Job Centre Plus (JCP) of what the colleges offer.

Role of FE capital investment

- 3.19 There was no consensus in the survey on the **extent to which capital investment in FE estate and facilities would strengthen FE colleges' delivery of basic skills training** in the future. Three-fifths of respondents believed that investment would improve the delivery of basic skills to some or a large extent, for example, by inspiring learners by having good quality facilities/technologies, enabling greater specialisation (and embedding basic skills provision within this), being able to better integrate practical hands-on learning with basic skills training, and increasing capacity to reach a wider cohort of learners. The remainder (around 40%) of respondents suggested it would make little or no difference. One respondent commented that this was because "student motivation and high quality teaching are much more significant" than high quality accommodation.
- 3.20 Just under half of survey respondents indicated that **capital investment in FE estate and facilities would strengthen the delivery of SBWAs** to a large extent. Reasons given for this included the ability to grow SBWAs into new areas, allow greater specialisation, and enable the co-location of JCP staff on college premises. However, 31% of respondents said capital investment in FE estate and facilities would make little or no difference to the delivery of SBWAs.

Conclusions

3.21 Employability skills cut across all of London's main sectors, and will play an important role in meeting substantial levels of replacement demand over the next decade. Key messages from this section are as follows:

- There were 1.23m learner starts in London in 2013/14, 1.19m non-apprenticeship starts.
- Of all non-apprenticeship starts, 68% (810,000 learners) were at level 2 or below, and the number of these has increased by over 20% in the last three years. The largest increase was at Entry level.
- Around 40% of all learner starts was in Preparation for Life and Work (SSA 14) in 2013/14, equivalent to almost 500,000 learners. The number has increased rapidly over the last three years.
- It is estimated that in the region of 43,000 young learner starts do not have Level 2 in English and maths across the FE colleges.
- It is estimated that the number of learners on SBWAs in FE colleges could be in the region of 4,100 across London as a whole, with a large share of these in SSAs relevant to London's main employment sectors (especially retail).
- Most colleges expect basic skills provision to increase in the next five years, both for young people and adults. The main barriers to the delivery of this are staff capacity and the lack of demand from potential learners.

4. The FE response: higher-level specialisation and employer engagement

- 4.1 In this section, we assess the scale and nature of London's higher-level specialist FE provision and employer engagement, and the extent to which this is aligned with the main employment sectors set out in section 2. Again, this analysis draws on the ILR (Level 3+ provision only) and feedback gathered through our provider survey and sector stakeholder consultations. It is important to note that the following analysis includes A levels. Although they declined as a proportion of all learner achievements over the three-year period, from 35% in 2011/12 to 28% in 2013/14, they do not constitute professional or technical qualifications.

Current patterns and recent trends in provision

Higher-level specialisation

- 4.2 Several sector stakeholders interviewed for the project observed that the large number of FE colleges in London is unsustainable. Facing future government spending cuts to unprotected budgets for young people and adult learners, colleges are likely to accept some degree of consolidation, and will need to rethink their role and their funding. Specialisation enables colleges to be large enough and specialist enough to be sustainable. Colleges should draw on areas of strength in their higher-level provision and plan strategically to develop their specialist offer. It was generally held that FE capital investment should focus on strengthening the alignment of FE-college skills provision at Level 3 and above with employer demand on a regional and sub-regional basis.

Individualised Learner Record (Level 3+)

- 4.3 Learner starts at level 3+ accounted for 13% (equivalent to over 161,100 starts) of all learner starts across all London's providers in 2013/14. **Starts in SSAs that are relevant to London's main employment sectors accounted for three-quarters of all level 3+ starts in 2013/14**, with the highest number of starts in science and maths (17% of all level 3+ starts), arts (12%), health (13%) and business admin and law (15%).

Table 4-1: Level 3+ learner starts across all providers in London, in SSA relevant to London's main sectors only

Relevant SSA	Starts in 2013/14	% of all starts in 2013/14	Absolute change in starts 2011/12-2013/14	% change in starts 2011/12-2013/14
SSA 02 Science and maths	27,040	17%	-280	-1%
SSA 06 ICT	8,470	5%	-660	-7%
SSA 08 Leisure, travel and tourism	6,100	4%	300	5%
SSA 09 Arts, media and publishing	19,440	12%	-2,490	-11%
SSA 01 Health, public services and care	21,720	13%	-3,360	-13%

Relevant SSA	Starts in 2013/14	% of all starts in 2013/14	Absolute change in starts 2011/12-2013/14	% change in starts 2011/12-2013/14
SSA 04 Engineering and manufacturing technologies	5,220	3%	-820	-14%
SSA 05 Construction, planning and the built environment	4,780	3%	320	7%
SSA 07 Retail and commercial enterprise	5,330	3%	-290	-5%
SSA 15 Business admin and law	24,030	15%	-2,470	-9%

Source: SQW analysis of ILR data

4.4 Table 4-2 below shows the top five colleges with concentrated provision in particular SSAs that are relevant to London's main employment sectors, firstly in terms of the number of Level 3+ achievements in 2013/14, and secondly in relation to the relative importance of the SSA for each college²⁴.

Table 4-2: Top five colleges for Level 3+ achievements in 2013/14 in SSAs that are relevant to London's main sectors only

Relevant SSA	Absolute importance - rank (1=highest volume of level 3+ achievements in 2013/14)	Relative importance - rank (1=SSA accounts for highest % of level 3+ achievements in 2013/14 at each respective college)
SSA 02 Science and maths	<ol style="list-style-type: none"> 1. City and Islington College (1380) 2. Richmond upon Thames College (870) 3. Uxbridge College (670) 4. Ealing, Hammersmith & West London College (660) 5. Barnet & Southgate College (470) 	<ol style="list-style-type: none"> 1. Stanmore College (27%) 2. Tower Hamlets College (27%) 3. Harrow College (21%) 4. City and Islington College (20%) 5. Ealing, Hammersmith and West London College (20%)
SSA 06 ICT	<ol style="list-style-type: none"> 1. Uxbridge College (400) 2. Barnet & Southgate College (260) 3. City and Islington College (210) 4. College of North West London (210) 5. Barking and Dagenham College (200) 	<ol style="list-style-type: none"> 1. Working Men's College (33%) 2. College of Haringey, Enfield and North East London (5%) 3. College of North West London (13%) 4. Uxbridge College (11%) 5. Barnet and Dagenham (10%)
SSA 08 Leisure, travel and tourism	<ol style="list-style-type: none"> =1. Richmond upon Thames College (270) =1. Uxbridge College (270) 3. Barking and Dagenham College (190) 4. City of Westminster College (170) 5. Barnet & Southgate College (160) 	<ol style="list-style-type: none"> 1. Greenwich Community College (10%) 2. Waltham Forest College (10%) 3. Barking and Dagenham College (10%) 4. Uxbridge College (8%) 5. College of Haringey, Enfield and North East London (8%)
SSA 09 Arts, media and publishing	<ol style="list-style-type: none"> 1. City and Islington College (1440) 2. Richmond upon Thames College (1200) =3. Kingston College (570) =3. Westminster Kingsway College (570) 	<ol style="list-style-type: none"> 1. Kensington and Chelsea College (36%) 2. Working men's College Corporation (28%) 3. West Thames College (26%) 4. Richmond Upon Thames College (24%)

²⁴ i.e. the number of achievements in a SSA as a proportion of all achievements at that college in 2013/14

Relevant SSA	Absolute importance - rank (1=highest volume of level 3+ achievements in 2013/14)	Relative importance - rank (1=SSA accounts for highest % of level 3+ achievements in 2013/14 at each respective college)
	5. Havering College of Further and Higher Education (560)	5. Morley College (22%)
SSA 01 Health, public services and care	1. City and Islington College (700) 2. Havering College of Further and Higher Education (630) 3. Westminster Kingsway College (630) 4. South Thames College (590) 5. Newham College of Further Education (540)	1. Morley College (72%) 2. Bexley College (48%) 3. Richmond Adult Community College (40%) 4. Lambeth College (38%) 5. Waltham Forest College (27%)
SSA 04 Engineering and manufacturing technologies	1. Uxbridge College (320) 2. College of North West London (280) 3. Kingston College (260) 4. Havering College of Further and Higher Education (250) 5. City of Westminster College (170)	1. College of North West London (18%) 2. Carshalton College (15%) 3. Kingston College (10%) 4. Havering College (9%) 5. Uxbridge College (9%)
SSA 05 Construction, planning and the built environment	1. College of North West London (500) 2. Havering College of Further and Higher Education (240) 3. Barking and Dagenham College (230) 4. City of Westminster College (190) 5. Barnet and Southgate College (180)	1. College of North West London (31%) 2. Bexley College (14%) 3. Barking and Dagenham College (12%) 4. Lambeth College (11%) 5. Havering College (9%)
SSA 07 Retail and commercial enterprise	1. City of Westminster College (450) 2. Barnet & Southgate College (190) 3. Kingston College (170) 4. West Thames College (170) 5. Redbridge College (140)	1. Redbridge College (15%) 2. Carshalton College (14%) 3. West Thames College (12%) 4. Westminster Kingsway College (11%) 5. Waltham Forest College (11%)
SSA 15 Business admin and law	1. Westminster Kingsway College (820) 2. Barnet and Southgate College (630) 3. Uxbridge College (560) 4. Ealing, Hammersmith and West London College (550) 5. Bromley College of Further and Higher Education (520)	1. Waltham Forest College (28%) 2. Richmond Adult Community College (22%) 3. Bromley College (21%) 4. Westminster Kingsway College (20%) 5. Lewisham Southwark College (19%)

Source: SQW analysis of ILR data

- 4.5 The FE colleges accounted for the majority (56%) of Level 3+ starts in London in 2013/14, whilst Private Sector Public Funded (PSPF) providers only represented 5% of the total. The **four most popular SSAs starts at Level 3+ in FE colleges** are all relevant to London's main employment sectors: health, public services and care (SSA 01); science and mathematics (SSA 02); arts, media and publishing (SSA 09); and business, administration and law (SSA 15). The **three most popular SSAs starts at Level 3+ at PSPF providers** are also all relevant to London's main sectors: health, public services and care (SSA 01); retail and commercial enterprise (SSA07); and business, administration and law (SSA 15).

- 4.6 However, **the number of Level 3+ learner starts at the FE colleges in subjects relevant to London's main sectors (in aggregate) has fallen** by around 25,100 over the three years from 2011/12 (with large-scale decreases in ICT, health and business administration and law SSAs). At the same time, **the number starting these subjects at PSPF providers has risen** by 25,500 (with large increases in ICT, arts, health, retail/commercial enterprise, business administration and law SSAs), as illustrated in Table 4-3 below.

Table 4-3: All learner starts in 2013/14 at Level 3+ in SSAs relevant to London's main sectors and change from 2011/12 to 2013/14

Relevant SSA	37 FE colleges			PSPF providers		
	Number of starts in 2013/14	Absolute change	% change	Number of starts in 2013/14	Absolute change	% change
SSA 02 Science and maths	24,980	1,850	8%	160	140	700%
SSA 06 ICT	25,230	-8,670	-26%	16,520	10,770	187%
SSA 08 Leisure, travel and tourism	18,210	-3,800	-17%	2,770	-560	-17%
SSA 09 Arts, media and publishing	82,340	3,180	4%	4,740	3,580	309%
SSA 01 Health, public services and care	43,230	-8,640	-17%	17,150	2,710	19%
SSA 04 Engineering and manufacturing technologies	19,240	-1,620	-8%	6,430	-60	-1%
SSA 05 Construction, planning and the built environment	18,750	1,600	9%	4,480	600	15%
SSA 07 Retail and commercial enterprise	31,290	-750	-2%	17,780	4,830	37%
SSA 15 Business admin and law	38,860	-8,210	-17%	21,760	3,490	19%

Source: SQW analysis of ILR data

- 4.7 Sector stakeholders observed there are different degrees of specialisation. Westminster Kingsway College, for example, is recognised as a centre of excellence for catering, but other colleges also offer catering courses with different qualifications and levels for a different market, not necessarily five star hotels in central London. They argued there is much more to understanding college specialisation than the number of learner enrolments. Sub-regional clusters of boroughs, colleges and private providers were thought to provide a more sustainable basis for greater specialisation and collaboration than individual colleges competing against each other.

Bespoke training to meet employers' needs

- 4.8 Good specialist provision requires good engagement with end-user employers, working together in partnership to create the skills pipeline for jobs in particular employment sectors, and involving employers in course design and (where appropriate) delivery and quality assurance.

4.9 All of the 24 colleges responding to our survey offer bespoke training for employers, and 19 of these provided details²⁵. For these, we found that **80 bespoke training schemes for employers were being delivered, with almost 6,400 learners taking part in these courses**. Havering College accounts for 36% of these learners (most are on a bespoke scheme for Crossrail). These schemes are funded in a variety of ways: schemes at four colleges were fully funded by the SFA; seven schemes were funded by at least 50% from the SFA; and **eight schemes were fully funded by the employer**. Only one scheme had any employee funding. If we scale up the results of the survey to all 37 FE colleges, we estimate that the number of learners on bespoke training schemes for employers could be in the region of 12,400 across London as a whole²⁶.

Table 4-4: Top 10 colleges with employer training schemes (2014/15)

College	Number of bespoke training for employer schemes	% of bespoke training schemes	Number of learners receiving training	% of learners receiving training
Havering College of Further and Higher Education	4	5%	2305	36%
Capel Manor College	5	6%	882	14%
Westminster Kingsway College	5	6%	714	11%
College of Haringey, Enfield and North East London	5	6%	510	8%
City Literary Institute	5	6%	325	5%
Uxbridge College	5	6%	318	5%
Bromley College of Further and Higher Education	5	6%	170	3%
City and Islington College	3	4%	157	2%
Harrow College	5	6%	150	2%
West Thames College	4	5%	136	2%

Source: SQW survey

4.10 **The largest volume of bespoke employer training is currently delivered in SSAs which are relevant to London's main sectors** (see Table 4-5):

- Health, public services and care (SSA 01, delivered at 15 colleges)
- Engineering and manufacturing technologies (SSA 04, delivered at 10 colleges)
- Business administration and law (SSA 15, delivered at 9 colleges)
- Construction, planning and the built environment (SSA 05, delivered at 7 colleges)
- Retail and commercial enterprise (SSA 07, delivered at 7 colleges).

²⁵ Barnet and Southgate College, Ealing, Hammersmith and West London College, Hackney Community College, Morley College and Orchard Hill College declined to provide details.

²⁶ All of our sample offered bespoke training for employers. Of these, 19 provided data of the number of learners – 6,379 in total, or 336 per college. If we assume all 37 FE colleges have an average of 336 learners per college, this gives a total scaled up estimate of c.12,400.

- 4.11 The number of training courses related to Preparation for Life and Work (SSA 14, 27%) is also relatively high, though not directly relevant to London's main employment sectors.

Table 4-5: Largest volumes of bespoke employer training by SSA in 2014/15

Relevant SSA	Number of colleges	% of colleges
SSA 02 Science and maths	1	5%
SSA 06 ICT	4	18%
SSA 08 Leisure, travel and tourism	1	5%
SSA 09 Arts, media and publishing	2	9%
SSA 01 Health, public services and care	15	68%
SSA 04 Engineering and manufacturing technologies	10	45%
SSA 05 Construction, planning and the built environment	7	32%
SSA 07 Retail and commercial enterprise	7	32%
SSA 15 Business admin and law	9	41%

Source: SQW survey

- 4.12 Sector stakeholders observed that responding to the needs for SMEs is a challenge for colleges. They need some form of organisation to ensure tailored learning is on sufficient scale to be viable. Tech City UK was cited as a recent example of micro-business organisation within the digital sector, in which small businesses predominate. Working in partnership with professional bodies is another way to reach lots of small employers. Colleges cannot run tailored courses on enterprise and business skills for individual microbusinesses: it is too niche to be commercially viable. What is needed are generic business courses for start-up and micro businesses.

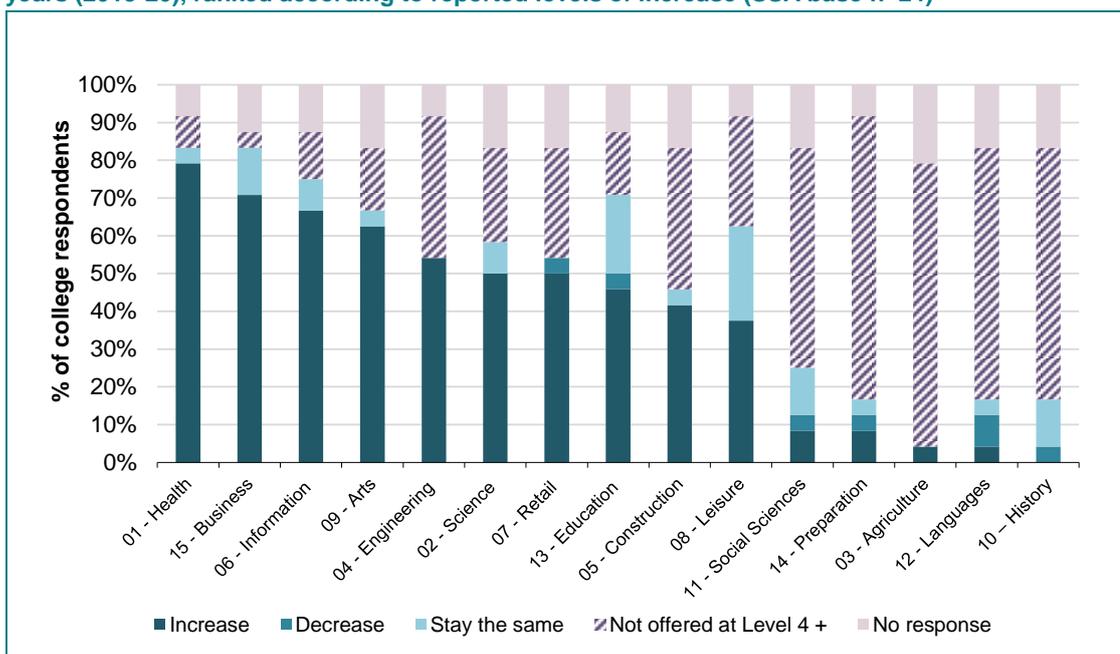
Future anticipated changes

- 4.13 In the paragraphs that follow, we set out colleges' plans for sector specialisation and bespoke training for employers.

Sector specialisation

- 4.14 Building on the profile of current specialisation, as part of the survey, colleges were asked to reflect on how higher level (Level 4+) provision will change over the next five years (2015-2020). As illustrated in Figure 4-1, a **high proportion of respondents expect to increase their provision in a number of SSAs that are relevant to London's main sectors**, including Health (SSA 01), Business administration and law (SSA 15), ICT (SSA 06), Arts (SSA 09), Engineering and science (SSAs 04 and 02), and Retail (SSA 07). However, a relatively large proportion expect to decrease their provision in SSA 08 Leisure, which is relevant to the tourism sector.

Figure 4-1: Percentage of colleges who identified change in high level provision over the next 5 years (2015-20), ranked according to reported levels of increase (SSA base n=24)



Source: SQW Survey

4.15 As part of the survey, colleges were asked to select five areas of future subject specialisation for higher-level provision. Table 4-6 presents the results for the SSAs most relevant to London's main employment sectors. We can see that **nearly all colleges (95%) recognised Health, public services and care (SSA 01) as a major area of provision at their college within the next five years, followed by Arts (SSA 09, 64%), Engineering (SSA 04, 55%), ICT (SSA 06, 50%) and Business administration and law (SSA 15, 50%)**. However, other SSAs that are important for the growth of London's main sectors were prioritised by fewer colleges. These include Leisure and tourism (SSA 08, 32%) and Retail and commercial enterprise (SSA 07, 23%). It may well be the case that more lower-level provision is anticipated for these sectors.

Table 4-6: Future specialised high level provision by SSA relevant to London's main sectors (2014/15)

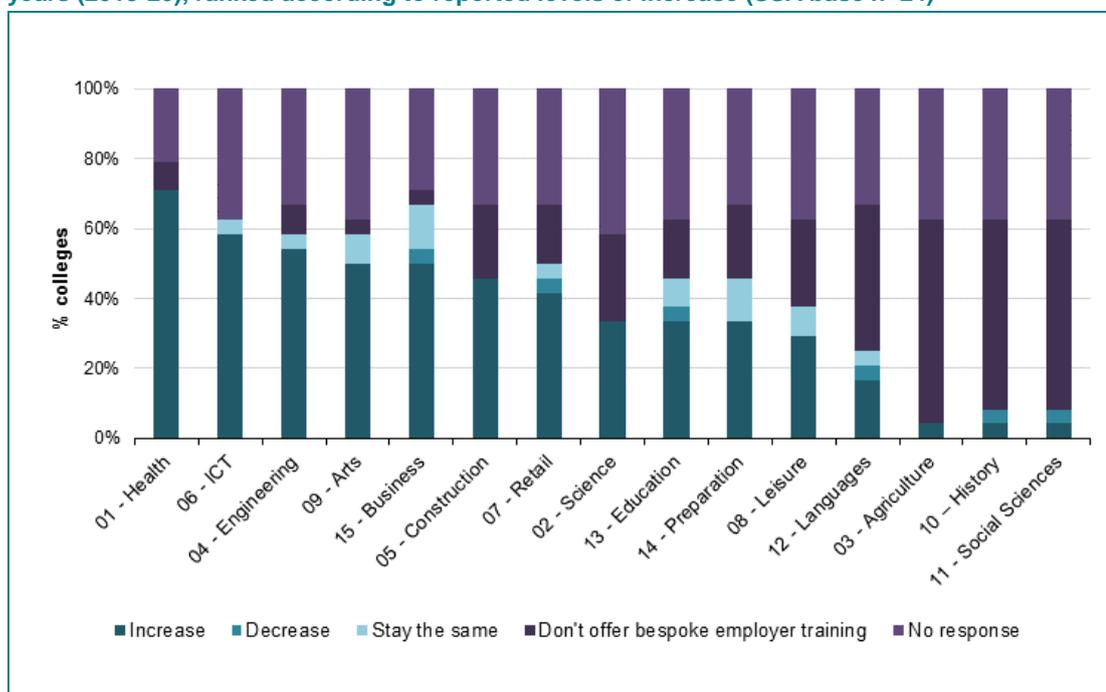
Relevant SSA	Number of colleges	% of all colleges (n=24)
SSA 02 Science and maths	10	45%
SSA 06 ICT	11	50%
SSA 08 Leisure, travel and tourism	7	32%
SSA 09 Arts, media and publishing	14	64%
SSA 01 Health, public services and care	21	95%
SSA 04 Engineering and manufacturing technologies	12	55%
SSA 05 Construction, planning and the built environment	10	45%
SSA 07 Retail and commercial enterprise	5	23%
SSA 15 Business admin and law	11	50%

Source: SQW Survey

Bespoke training for employers

- 4.16 Over the next five years, colleges expect to increase their provision of bespoke employer training (in aggregate) across all SSAs that relate to London's main employment sectors.

Figure 4-2: Percentage of colleges who identified change bespoke provision over the next 5 years (2015-20), ranked according to reported levels of increase (SSA base n=24)



Source: SQW survey

- 4.17 A high proportion of colleges are **planning to specialise in the bespoke employer training they deliver in a number of SSAs that are relevant to London's main sectors**, particularly in Health, ICT, Engineering, Arts, Business administration and law, and Construction, as shown in Table 4-7 below. However, relatively few are planning to specialise in other key SSAs that will play an important role in driving London's growth in future – including Science and maths (23%).

Table 4-7: Areas of future (2015-2020) subject specialisation for bespoke employer training²⁷ (largest values highlighted in blue)

Relevant SSA	Number of colleges	% of colleges
SSA 02 Science and maths	5	23%
SSA 06 ICT	13	59%
SSA 08 Leisure, travel and tourism	5	23%
SSA 09 Arts, media and publishing	9	41%
SSA 01 Health, public services and care	16	73%
SSA 04 Engineering and manufacturing technologies	15	68%
SSA 05 Construction, planning and the built environment	13	59%
SSA 07 Retail and commercial enterprise	10	45%
SSA 15 Business admin and law	17	77%

Source: SQW survey

²⁷ SSAs 10 (History, Philosophy and Theology) and 11 (Social Sciences) have been removed from the table as no college identified them as areas for future specialisation.

Barriers to sector specialisation and delivering provision to meet employer needs

- 4.18 As part of the survey, colleges were asked where the **largest gaps were (by SSA) in their ability to meet the future needs of London's employers**²⁸. Four SSAs relevant to London's main sectors appear to have large gaps in provision, compared to expected future demand:
- 36% of respondents identified **Science and mathematics** (SSA 02) as an area with a large gap compared to future demand
 - 36% of respondents identified **Construction, planning and the built environment** (SSA 05) as an area with a large gap compared to future demand
 - 32% of respondents identified **Information and Communication Technology** (SSA 06) as an area with a large gap compared to future demand
 - 27% of respondents identified **Engineering and manufacturing technologies** (SSA 06) as an area with a large gap compared to future demand.
- 4.19 According to our survey, colleges expect to face different **barriers to higher-level specialisation** in each SSA. Table 4-8 presents barriers colleges cited in SSAs that are most relevant for London's main employment sectors. The most commonly reported barrier was **lack of engagement from employers**, particularly in Arts and Retail SSAs. **Staff capacity issues** were the next most commonly cited barrier, particularly for Science and mathematics. The **unsuitability of FE estates/facilities** was most frequently raised as a barrier for specialisation in Health, Transport and Construction-related SSAs.

²⁸ Colleges were allowed to selected up to five SSAs.

Table 4-8: Main barriers to greater higher level (Level 4+) specialisation in the future, for SSAs relevant to London's main sectors only

Relevant SSA	% of respondents for each SSA							
	FE estate/ facilities are not currently suitable	Lack of engagement from employers	Lack of demand from potential learners	Staff capacity issues	Competition from other providers	Location of the college	Other barriers	Not applicable/No response
SSA 02 Science and maths	4%	13%	8%	29%	0%	0%	4%	42%
SSA 06 ICT	4%	13%	8%	17%	4%	0%	8%	46%
SSA 08 Leisure, travel and tourism	4%	8%	8%	4%	8%	0%	4%	63%
SSA 09 Arts, media and publishing	8%	33%	4%	8%	4%	0%	8%	33%
SSA 01 Health, public services and care	13%	21%	8%	4%	21%	0%	8%	25%
SSA 04 Engineering and manufacturing technologies	17%	8%	8%	21%	0%	4%	4%	38%
SSA 05 Construction, planning and the built environment	21%	8%	8%	17%	0%	0%	0%	46%
SSA 07 Retail and commercial enterprise	4%	25%	4%	0%	0%	0%	4%	63%
SSA 15 Business admin and law	0%	21%	13%	8%	25%	0%	4%	29%

Source: SQW survey

- 4.20 Overall, the colleges reported that a **lack of employer engagement is the main barrier to providing bespoke training for employers**, particularly for Health (SSA 01) and Arts (SSA 09). Staff capacity issues were the next most commonly cited barrier, especially for Science and maths (SSA 02) and ICT (SSA 06). None of the colleges reported that their FE estate/ facilities are currently unsuitable.
- 4.21 There were mixed views amongst college survey respondents regarding whether **Advanced Learner Loans** would strengthen specialisation: 55% of respondents thought they would make a difference, 36% thought they would make little or no difference to specialisation. Linked to this, just over a third (38%) of colleges felt that Advanced Learner Loans would make little or no difference to specialisation in bespoke employer training, with a further third unsure of what the effect would be.
- 4.22 Several stakeholders thought the current FE college **funding model** was a significant barrier to developing higher-level specialisation and bespoke employer training. Funding is based on the number of training places delivered rather than learner outcomes, such as further learning and employment. Colleges are driven by demand, and at the moment, most demand comes from learners. Under current funding arrangements they are unable to take the commercial risk of developing new types of provision, and need to be persuaded they won't go out of business in the transition to an outcomes-driven funding model.

- 4.23 Colleges need **the right staff** who are credible with employers/enterprises to run responsive courses. Several stakeholders thought it was unreasonable to expect colleges to take the risk of recruiting and resourcing the right staff to deliver higher-level specialised provision and bespoke employer training, without a significant **volume of demand** to make the investment viable. College teaching staff may not have sufficient leadership experience to deliver more sophisticated learning and be credible with employers. Some colleges have recognised this, and are partnering with private providers to whom employers may turn rather than colleges to procure training.
- 4.24 Finally, several stakeholders commented that **qualifications** take too long to develop, and so can never be fully responsive to immediate labour market needs. Industry-relevant qualifications are challenging and time-consuming to develop, and in fast-paced, rapidly changing sectors such as creative and digital media, often qualifications are 'behind the curve'.

Role of FE capital investment in strengthening sector specialisation and employer engagement

- 4.25 There was a clear consensus amongst college survey respondents **that capital investment would have a strong impact on specialisation** (100% of respondents said it would to some or a large extent). This is because, as one college noted, 'ongoing updating of specialist facilities [is necessary] to ensure industry relevance'. Most colleges (86%) felt that capital investment in FE estate and facilities would enable them to strengthen bespoke employer training to some or a large extent.
- 4.26 Stakeholders agreed that capital investment is important. It can create the right environment and facilities to enable business engagement in specialised training. In some cases capital investment is a prerequisite for specialist training. For creative and digital media courses, for example, technical equipment is essential, so not having it is a major barrier for FE colleges' specialisation. As one stakeholder noted: 'capital investment that enables FE colleges to keep pace with developments in industry would make a big difference'.
- 4.27 Investment in industry-standard facilities could enable FE colleges to become more responsive to employers' needs, and help persuade employers colleges will provide the skills they need using technologies learners will find in the workplace. One stakeholder argued FE colleges can only be as responsive as the number of employers that are engaged, and investment in facilities may encourage levels of employer engagement.

Conclusions

4.28 Key messages from this section are as follows:

- There were over 161,000 learner starts at Level 3+ across London in 2013/14, and of these, three-quarters were in SSAs that are relevant to London's main sectors.
- FE colleges accounted for the majority (56%) of Level 3+ starts, and the four most popular SSA starts at level 3+ at FE colleges were all relevant to London's main sectors (health, science and maths, arts and media, and business admin and law).
- PSPF providers only accounted for 5% of Level 3+ starts in 2013/14, but the number of Level 3+ starts in SSAs relevant to London's main employment sectors at PSPF providers increased by 25,500 over the last three years.
- The number of learners on bespoke training schemes for employers is estimated in the region of 12,400 across London as a whole. The largest volume of these training schemes is being delivered in SSAs that are relevant to London's main sectors.
- A high proportion of colleges expect to increase their Level 3+ and bespoke training provision in a number of SSAs that are relevant to London's main sectors, including in health, business admin and law, ICT, arts, engineering and science, and retail.
- Colleges believe the largest gaps in terms of their ability to meet the future needs of London's employers is in science and maths, construction, ICT and engineering and manufacturing technologies.
- Key barriers to future high-level specialisation in provision were lack of engagement from employers and staff issues. Lack of employer engagement was also a major barrier for the provision of bespoke employer training.

4.29 In the table below, we map current provision and expected future supply against London's main sectors in qualitative terms, based on the SSAs that we have identified as being relevant to the main sectors.

Table 4-9: Mapping specialisms and employer engagement supply against demand from London's main sectors²⁹

London main sectors*	Volume of current Level 3+ supply	Volume of current bespoke employer training	Future focus for specialisation?	Planned increase in bespoke employer training?	College concern about ability to meet employer needs?
Scientific and technology activities	High (science and maths) Low (ICT)	Low (science and maths) Mid-level (ICT)	High (engineering, ICT), mid-level (science and maths)	Yes – high (technology), low (science)	Concern (science and maths, ICT, engineering and manufacturing technologies)
Tourism and creative	Low (tourism), mid-level (creative)	Low	High (arts), mid-level (tourism)	Yes – mid-level (creative), low (tourism)	
Wholesale, retail, trade services, distribution, hospitality, food	Low	Mid-level	Mid-level	Yes – mid-level	
Professional, business support, administrative services, finance and insurance	High	High	High	Yes – high	
Health	Mid-level	High	High	Yes – high	
Transport	Low	High	Mid-level	Yes – high	
Construction	Low	Mid-level	Mid-level	Yes – high	Concern

Source: SQW. Note: *aggregate categories drawn from BRES, UK Working Futures and ILR SSA (tier 1)

²⁹ High / mid-level / low is a qualitative categorisation based on the proportion of colleges that are planning, for example, to increase provision in the SSA. 'High' indicates a high proportion of colleges planning to increase provision in a SSA, compared to the proportion of colleges planning to increase provision in other SSAs – i.e. it is a relative statement.

5. The FE response: apprenticeships

- 5.1 In this section, we drill down into the detail on apprenticeships provision, paying particular attention to Higher Apprenticeships (Level 4+), and the extent to which FE colleges' apprenticeship provision is aligned with the main employment sectors set out in section 2. Again, this analysis draws on the ILR data and feedback gathered through our provider survey and stakeholder consultations.

Current patterns and recent trends in provision

- 5.2 As the centre piece of the government's skills policy and the focus for future funding, sector stakeholders recognised colleges are being encouraged to deliver more and more apprenticeships, particularly Higher Apprenticeships. Yet college apprenticeship starts have declined over recent years (though achievements have increased). High-quality apprenticeship provision requires good relationships with employers in sectors where colleges have strength and depth, and also assessors and verifiers to carry out off-site work-based assessments.
- 5.3 With campus-based assets and staff, colleges often sub-contract apprenticeship delivery to private providers with suitably qualified assessors and verifiers. Colleges in London are also being encouraged to deliver more Higher Apprenticeships, but provision in the sector is not yet particularly strong relative to the higher education sector. Private sector providers and higher education institutions are therefore becoming increasingly important partners for FE colleges delivering apprenticeships.

Individualised Learner Record (apprenticeships)

- 5.4 In 2013/14, there were almost 42,000 apprenticeship starts across all providers in London. These were much **more concentrated in a small number of SSAs** compared to all non-apprenticeship learners³⁰, and particularly in three of London's main employment sectors:
- SSA 15 – Business, administration and law (35%)
 - SSA 01 - Health, public services and care (24%)
 - SSA 07 - Retail and commercial enterprise (18%).
- 5.5 However, all three of these SSAs – plus other relevant SSAs, such as Tourism, Construction, Wholesale/retail/hospitality/food – have seen declines in the number of apprenticeship starts over the last three years, as illustrated below.

³⁰ Non-apprenticeship learners are those on education and training, community learning and workplace learning aims.

Table 5-1: Starts by Sector Subject Area for apprentices

Sector Subject Area	Starts in 2013/14	% of all apprenticeship starts (all SSAs)	Absolute change (2011/12-13/14)	% change (2011/12-13/14)
SSA 02 Science and maths	20	0%	10	100%
SSA 06 ICT	1,960	5%	70	4%
SSA 08 Leisure, travel and tourism	1,110	3%	-1,360	-55%
SSA 09 Arts, media and publishing	400	1%	-70	-15%
SSA 01 Health, public services and care	9,950	24%	-820	-8%
SSA 04 Engineering and manufacturing technologies	4,170	10%	-150	-3%
SSA 05 Construction, planning and the built environment	1,070	3%	-650	-38%
SSA 07 Retail and commercial enterprise	7,480	18%	-1,370	-15%
SSA 15 Business admin and law	14,670	35%	-2,870	-16%

Source: SQW analysis of ILR data

- 5.6 The number of **Higher Apprenticeship** starts across London's providers (all SSAs) rose from 300 to 1,200 between 2011/12 and 2013/14. Over the same time, both **Advanced Apprenticeship (Level 3)** and **Intermediate Apprenticeship (Level 2)** starts declined. Despite this, Higher Apprenticeship starts still only accounted for 3% of all starts by 2013/14, with Intermediate Apprenticeship starts accounting for the majority (64%) of all apprenticeships.

Table 5-2: Apprenticeship learners by level

	Number of apprenticeship starts in 2013/14	% of all apprenticeships in 2013/14	Absolute change (2011/12-13/14)	% change (2011/12-13/14)
Higher Apprenticeship	1,200	3%	910	314%
Advanced Apprenticeship	14,030	33%	-3,870	-22%
Intermediate Apprenticeship	26,670	64%	-4,820	-15%
None/ Not App/Unknown	10	0%	-	-
Total	41,910	100%	-7,770	-16%

Source: SQW analysis of ILR data

- 5.7 **Most of London's FE colleges (32 of the 37) had apprenticeship starters between 2011/12 and 2013/14.** According to the latest year of data, Newham College of Further Education had the highest number of apprenticeship starts of any of the FE Colleges: 840

starts, equivalent to 12% of total. Westminster Kingsway College was second with 770 starts, 11% of the total.

Table 5-3: Top five FE Colleges in London by number of apprenticeship starts in 2013/14

	Number Of Starts	Percentage Of All Starts
Newham College Of Further Education	840	12%
Westminster Kingsway College	770	11%
Redbridge College	510	7%
Uxbridge College	480	7%
College Of Haringey, Enfield And North-East London, The	430	6%

Source: SQW analysis of ILR data

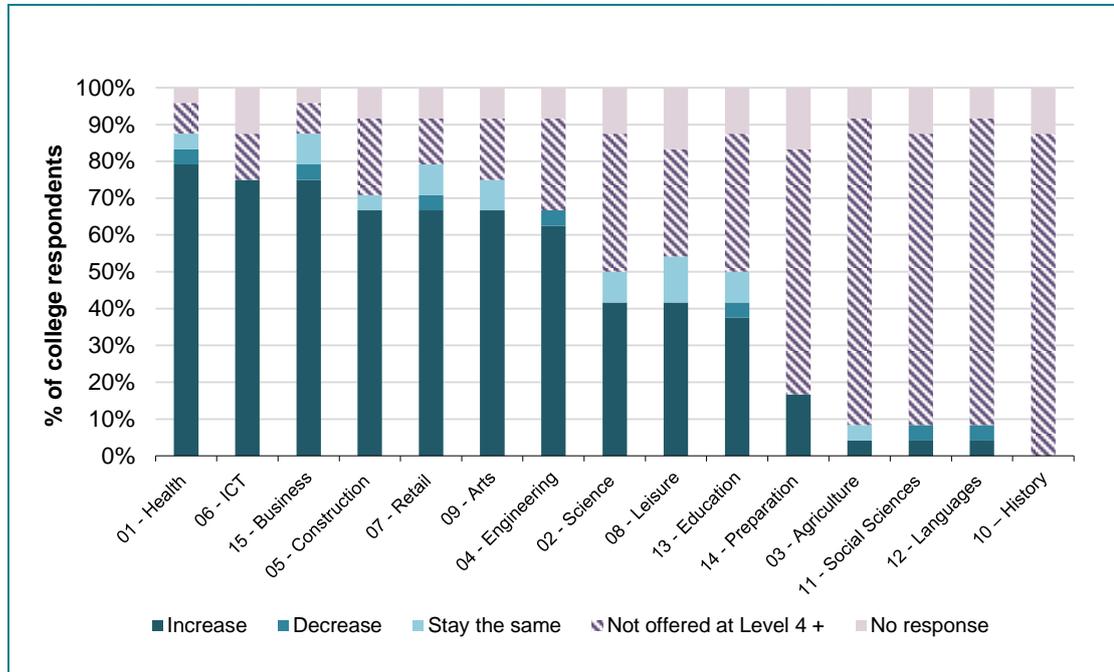
- 5.8 The **majority (67%) of apprenticeships are at PSPF providers**, but both FSPF and FE providers have seen a fall in the number of apprenticeships since 2011/12 (of 14% and 18% respectively). **The majority of apprentice starts at FE colleges are spread between four SSAs, all of which are relevant to London's main sectors:** SSA 01 - Health, Public Services and Care (25%); SSA 15 - Business, Administration and Law (25%); SSA 04 - Engineering and Manufacturing Technologies (18%); and SSA 07 - Retail and Commercial Enterprise (16%). Whilst the ordering is different, these SSAs are also the largest in terms of apprenticeship starts at PSPF providers. However, more starts are concentrated in just three SSAs: SSA 15 - Business, Administration and Law (40%); SSA 01 - Health, Public Services and Care (23%); and SSA 07 - Retail and Commercial Enterprise (19%).
- 5.9 **The split between different levels of apprenticeship provision at PSPF and FE providers is similar** (63% and 68% of starts respectively at Intermediate level). The proportion of learners at each level has remained relatively constant at the private providers. At the FE Colleges, despite an absolute decline in apprenticeships as a whole, the proportion of Intermediate starts has increased over the three years (58% to 68%) and the proportion of Advanced starts has fallen (41% to 31%).

Future anticipated changes

- 5.10 As part of the survey, FE colleges were asked to reflect on how apprenticeship provision will change over the next five years. For each SSA, within which colleges delivered apprenticeships, each college was asked to give an indication of increase, decrease or whether it would stay the same. As illustrated in Figure 5-1, the apprenticeship SSAs that are expected to see increases reflect the current profile of provision. **SSAs with the highest number of colleges planning to increase their apprenticeship provision are as follows – all are relevant to London's main employment sectors:**
- Health, Business Administration and Law, Retail – building on currently high levels of provision
 - ICT, Engineering, Construction, Arts - current provision in these SSAs is relatively low.
- 5.11 However, the number of colleges planning to increase their apprenticeship provision in Science and Leisure is relatively low.

5.12 Colleges suggested that increases in the *volume* of future apprenticeship provision would follow a similar pattern. At least half of colleges stated that the largest volume of future apprenticeships would be in Health, Engineering, Construction, ICT and Business administration and law.

Figure 5-1: Percentage of colleges who identified change in apprenticeship provision over the next 5 years (2015-20), ranked according to reported levels of increase (SSA base n=24)



Source: SQW Survey

Barriers to apprenticeship provision

5.13 As part of the survey, colleges were asked about the main barriers to delivering apprenticeship provision in the future³¹. A **lack of engagement from employers** was a barrier for almost half of respondents (especially in Transport, Construction, Retail and Food-related SSAs), followed by a **lack of demand from potential learners** (especially in Technology/ICT and Transport-related SSAs). Issues associated with the suitability of FE estates/facilities was cited as a barrier by only 16% of respondents across all SSAs, and none of these were in SSAs relevant to London's main employment sectors.

Table 5-4: Main barriers to greater provision in apprenticeships in the future, for SSAs relevant to London's main sectors only

Relevant SSA	% of respondents for each SSA							
	FE estate/ facilities are not currently suitable	Lack of engagement from employers	Lack of demand from potential learners	Staff capacity issues	Competition from other providers	Location of the college	Other barriers	Not applicable/No response
SSA 02 Science and maths	0%	13%	4%	4%	4%	0%	0%	75%

³¹ Aside from current and expected levels of government funding

Relevant SSA	% of respondents for each SSA							
	FE estate/ facilities are not currently suitable	Lack of engagement from employers	Lack of demand from potential learners	Staff capacity issues	Competition from other providers	Location of the college	Other barriers	Not applicable/No response
SSA 06 ICT	0%	13%	17%	4%	8%	0%	0%	58%
SSA 08 Leisure, travel and tourism	0%	0%	0%	0%	4%	0%	0%	96%
SSA 09 Arts, media and publishing	0%	13%	0%	13%	0%	0%	0%	75%
SSA 01 Health, public services and care	0%	13%	8%	21%	0%	0%	0%	58%
SSA 04 Engineering and manufacturing technologies	0%	29%	17%	4%	13%	0%	0%	38%
SSA 05 Construction, planning and the built environment	0%	21%	0%	25%	0%	0%	0%	54%
SSA 07 Retail and commercial enterprise	0%	29%	4%	0%	4%	0%	0%	63%
SSA 15 Business admin and law	0%	0%	0%	0%	4%	0%	0%	96%

Source: SQW analysis of survey results

- 5.14 One of the schemes which has been put in place to tackle barriers to apprenticeship provision are **Advanced Learner Loans**. This funding is applied for on an individual basis by students aged 24 and older to order to help with the costs of a college or training course. Repayment begins once the individual is earning more than £21,000 per year. In our survey, colleges were asked whether these types of loans will impact on the delivery of apprenticeships in the next five years (2015-2020). Just under one-third (30%) believed they would strengthen the provision of apprenticeships to some or a large extent, but 21% thought it would make little/no difference (and 50% did not know/did not respond to the question).
- 5.15 Sector stakeholders observed there are obvious geographical and resource issues to consider where there are **small numbers of apprentices spread thinly** across a number of small employers in different locations. According to some, the need for senior managerial expertise, with capacity and ability to craft viable, bespoke arrangements is important. One stakeholder commented Higher Apprenticeships are expensive to resource and managers with such skills are hard to find in the sector.
- 5.16 Changes to **apprenticeship funding** were thought to be unlikely to change how employers engage with apprenticeships. As with other forms of employer engagement, colleges struggle to involve **SMEs**. It was not thought that changes to funding alone would encourage SME employers to become more involved.

Role of FE capital investment

- 5.17 In addition, colleges were asked about the potential **impact of capital investment in FE estate and facilities on the delivery of apprenticeships** in the future (2015-2020). Most (91%) thought that capital investment would impact on the future delivery of apprenticeships to some/a large extent, even though only 16% cited the suitability of FE estates/facilities as a barrier to apprenticeship provision (see above).

Conclusions

- 5.18 Key messages from this section are as follows:
- Apprenticeships are more concentrated in a smaller number of SSAs compared to non-apprenticeship learners, and particularly in three SSAs that are relevant to London's main sectors (business administration and law, health, and retail).
 - Higher Apprenticeships accounted for only 3% of all apprenticeship starts in 2013/14, but the number has increased rapidly over the last three years.
 - Most of London's FE colleges had apprenticeship starters in 2013/14. A large proportion of these starts were in four SSAs, all of which are relevant to London's main sectors (health, business administration and law, engineering and manufacturing technologies, and retail).
 - The majority of apprenticeship starts (67%) were at PSPF providers, and these were concentrated in business admin and law, health and retail.
 - The SSAs with the highest number of colleges planning to increase provision in future were health, business administration and law, and retail (building on current high levels of provision) and ICT, engineering, construction and arts (growing currently low levels of provision).
 - Key barriers to the delivery of apprenticeships are the lack of engagement from employers and a lack of demand from potential learners.
- 5.19 In the table below, we map current provision and expected future supply against London's main sectors in qualitative terms, based on the SSAs that we have identified as being relevant to the main sectors.

Table 5-5: Mapping apprenticeship supply against demand from London's main sectors³²

London main sectors*	Current provision	Future plans to increase provision
Scientific and technology activities	Low	High (ICT), Low (science and maths)
Tourism and creative	Low	Mid-level (arts), low (leisure)
Wholesale, retail, trade services, distribution, hospitality, food	Mid-level	Mid-level
Professional, business support, administrative services, finance and insurance	High	High
Health	High	High
Transport	Mid-level	Mid-level
Construction	Low	Mid-level

Source: SQW. Note: *aggregate categories drawn from BRES, UK Working Futures and ILR SSA (tier 1)

³² High / mid-level / low is a qualitative categorisation based on the proportion of colleges that are planning, for example, to increase provision in the SSA. 'High' indicates a high proportion of colleges planning to increase provision in a SSA, compared to the proportion of colleges planning to increase provision in other SSAs – i.e. it is a relative statement

6. Conclusions

- 6.1 The LEP Skills and Employment Working Group is concerned with skills acquisition for sustained employment in London, setting priorities for skills training, and improving the efficiency and effectiveness of the existing skills training system. This study was commissioned by the GLA on behalf of the LEP to consider how London's FE colleges are responding to the skills needs of London's main employment sectors. Undertaken over a six-week period in context of the concurrent government consultation *A Dual Mandate for Adult Vocational Education and Training* (BIS, March 2015), the results are intended to inform the work of the LEP's London Skills Enquiry into devolution of skills funding, and the FE Capital Steering Group. Drawing on primary data, secondary data analysis and consultations with sector stakeholders, the study findings illuminate the demand for skills in the main employment sectors, and FE colleges' response with the supply of employability skills, higher-level specialised and bespoke employer training, and apprenticeships.

Demand: London's main employment sectors

- 6.2 To make the analysis more manageable, nine sectors were loosely identified that are likely to have a bearing on future skills demand across London, either through future growth or by creating a large volume of replacement demand. Drawing on recent LEP publications and SQW analysis of ONS and UKCES data (see section 2), four 'high growth' and five 'high volume' sectors were identified and mapped to 'best fit' Tier 1 SSAs:

- High growth sectors
 - Scientific activities (SSA 02 – science and mathematics)
 - Technology (SSA 06 – Information and communications technology)
 - Tourism (SSA 06 – Information and communications technology)
 - Creative (SSA 09 – Arts, media and publishing, including Media and communication)
- High volume sectors
 - Human health and social work (SSA 01 – Health, public services and care)
 - Transport (SSA 04 – Engineering and manufacturing technologies, including Motor vehicle and Transportation operations and maintenance)
 - Construction (SSA 05 – Construction, planning and the built environment)
 - Wholesale and retail trade services, distribution, hospitality, food (SSA 07 - Retail and commercial enterprise, including Retailing and wholesaling, Warehousing and distribution, Hospitality and catering)
 - Professional, business support, administrative services, finance and insurance (SSA 15 – Business, administration and law).

6.3 Taken together, these sectors:

- account for 80% of employment in London (3.64m jobs)
account for the majority (90%, 217,000 jobs) of jobs growth since 2009
- are expected to play an important role in generating employment growth in future, especially scientific and technology activities (together, these will account for 38% of future jobs growth to 2022).
- account for 70% of future replacement demand (equivalent to around 1.4m jobs by 2022).

6.4 In addition, cutting across these sectors, is a need to ensure that London's workforce have the STEM, technical and-higher level skills that firms need, and sufficient employability skills to enable residents to compete for the jobs created. Specifically for 17-18 year olds, there is also a need to improve softer skills (such as life experience, poor attitudes/motivation) and skills/competences in line with what employers need. Enterprise and business skills are also increasing in importance to support by start-up and micro businesses, particularly in the high-growth technology and creative sectors.

The FE response: employability skills

6.5 London's FE colleges play an important role in providing young people and adults with the skills up to Level 2 they need to enter and sustain employment. Colleges have to deal with the many young people who leave school without adequate English and maths skills, and they do essential work stopping these young people becoming NEET and becoming adults working in low-skilled jobs (if they are employed at all). Employability skills cut across all of London's main employment sectors, and will play an important role in meeting substantial levels of replacement demand over the next decade. Key messages (from section 3) are as follows:

- There were 1.23m learner starts in London in 2013/14, 1.19m non-apprenticeship starts.
- Of all non-apprenticeship starts, 68% (c.810,000) were at Level 2 or below, and the number of these has increased by over 20% in the last three years. The largest increase was seen at entry level.
- Around 40% of all learner starts was in Preparation for Life and Work (SSA 14) in 2013/14, equivalent to almost 500,000 learners. The number has increased rapidly over the last three years.
- It is estimated that in the region of 43,000 young learner starts do not have Level 2 in English and Maths across the FE colleges.
- It is estimated that the number of learners on SBWAs in FE colleges could be in the region of 4,100 across London as a whole. A large share of these were in SSAs relevant to London's main sectors (especially Retail).

- Most colleges expect basic skills provision to increase in the next five years, both for young people and adults. The main barriers to the delivery of this are staff capacity and the lack of demand from potential learners.

The FE response: higher-level specialisation and employer engagement

6.6 Facing future government spending cuts to unprotected budgets for young people and adult learners, FE colleges are likely to accept some degree of consolidation, and will need to rethink their role and their funding. Specialisation enables colleges to be large enough and specialist enough to be sustainable. Sector stakeholders argued colleges should draw on areas of strength in their higher-level provision and plan strategically to develop their specialist offer. It was generally held that FE capital investment should focus on strengthening the alignment of FE-college skills provision at Level 3 and above with employer demand on a regional and sub-regional basis. Key messages (from section 4) are as follows:

- There were over 161,000 learner starts at level 3+ across London in 2013/14, and of these, three-quarters were in SSAs that are relevant to London's main sectors.
- FE colleges accounted for the majority (56%) of level 3+ starts, and the four most popular SSA starts at level 3+ at FE colleges were all relevant to London's main sectors (health, science and maths, arts and media, and business admin and law).
- PSPF providers only accounted for 5% of level 3+ starts in 2013/14, but the number of level 3+ starts in SSAs relevant to the main sectors at PSPF providers increased by 25,500 over the last three years.
- The number of learners on bespoke training schemes for employers is estimated in the region of 12,400 across London as a whole. The largest volume of these training schemes is being delivered in SSAs that are relevant to London's main sectors.
- A high proportion of colleges expect to increase their level 3+ and bespoke training provision in a number of SSAs that are relevant to London's main sectors, including in health, business admin and law, ICT, arts, engineering and science, and retail.
- Colleges believe the largest gaps in terms of their ability to meet the future needs of London's employers is in science and maths, construction, ICT and engineering and manufacturing technologies.
- Key barriers to future high-level specialisation in provision were lack of engagement from employers and staff issues. Lack of employer engagement was also a major barrier for the provision of bespoke employer training.

The FE response: apprenticeships

6.7 College apprenticeship starts have declined over recent years (though achievements have increased). High-quality apprenticeship provision requires good relationships with employers in sectors where colleges have strength and depth, and also assessors and verifiers to carry out off-site work-based assessments. With campus-based assets and staff, colleges

often sub-contract apprenticeship delivery to private providers with suitably qualified assessors and verifiers. Colleges in London are also being encouraged to deliver more Higher Apprenticeships, but provision in the sector is not yet particularly strong relative to the higher education sector. Private sector providers and higher education institutions are therefore becoming increasingly important partners for FE colleges delivering apprenticeships. Key messages (from section 5) are as follows:

- Apprenticeships are more concentrated in a smaller number of SSAs compared to non-apprenticeship learners, and particularly in three SSAs that are relevant to London's main sectors (business administration and law, health, and retail).
- Higher Apprenticeships accounted for only 3% of all apprenticeship starts in 2013/14, but the number has increased rapidly over the last three years.
- Most of London's FE colleges had apprenticeship starts in 2013/14. A large proportion of these starts were in four SSAs, all of which are relevant to London's main sectors (health, business administration and law, engineering and manufacturing technologies, and retail).
- The majority of apprenticeship starts (67%) were at PSPF providers, and these were concentrated in business administration and law, health, and retail.
- The SSAs with the highest number of colleges planning to increase provision in future were health, business administration and law, and retail (building on current high levels of provision) and ICT, engineering, construction and arts (growing currently low levels of provision).
- Key barriers to the delivery of apprenticeships are the lack of engagement from employers and a lack of demand from potential learners.

Implications

- 6.8 From the study findings it is possible to associate concentrations of higher-level (Level 3 +) provision for the high growth and high volume employment sectors with particular London FE colleges. Nine heat maps are included (see Annex C) to demonstrate the occurrence of such concentrations at borough level. The following statements relate to total volumes including all vocational and academic attainment at Level 3+.

High growth sectors

- **Scientific activities** (SSA 02 – science and mathematics) - City and Islington College had the largest number of achievements in SSA 02 (1,380) in 2013/14. It also had the largest absolute growth (190). However, it is only the fourth college delivering the highest proportion of achievements in this SSA (20%), while Stanmore College records 27% of its achievements falling in this SSA.
- **Technology** (SSA 06 – Information and communications technology) - The largest number of Level 3+ achievements in this SSA are at Uxbridge College (400). The college with the highest proportion of achievements in this SSA is the Working Men's College Corporation (60 achievements, representing 33% of its total Level 3+

achievements) followed by the College of Haringey, Enfield and North-East London, which had 16% of its achievements in this SSA.

- **Tourism** (SSA 08 – Tourism, Leisure and Travel) - Richmond upon Thames College had the largest number of achievers in this SSA (270) but Greenwich has the highest proportion of achievement (10% of all Level 3+ achievements) in this SSA.
- **Creative** (SSA 09 – Arts, media and publishing, including Media and communication) - City and Islington College had the largest number of achievements in this subject (1,440), but Kensington and Chelsea College has the highest proportion of achievement (36% of all Level 3+ achievements) in this SSA.

High volume sectors

- **Human health and social work** (SSA 01 – Health, public services and care) - City and Islington College had the largest number of achievements (700) but Morley College has the highest proportion of achievement with 130 of its 150 achievements coming in this SSA, (72%), followed by Bexley College (48%).
- **Transport** (SSA 04 – Engineering and manufacturing technologies, including Motor vehicle and Transportation operations and maintenance) - The largest number of achievements in this SSA was at Uxbridge College (320) but the College of North West London has the highest proportion of achievement (18% of all Level 3+ achievements) followed by Carshalton College at (15%) in this SSA.
- **Construction** (SSA 05 – Construction, planning and the built environment) - The College of Northwest London had the highest number of achievers (500) and has the highest proportion of achievement 31% of its overall Level 3+ achievements were in this SSA, followed by Bexley College at 14%.
- **Wholesale and retail trade services, distribution, hospitality, food** (SSA 07 - Retail and commercial enterprise, including Retailing and wholesaling, Warehousing and distribution, Hospitality and catering) - Westminster Kingsway College had the largest number of achievements (450), equivalent to 11% of its total Level 3+ achievements. However, Redbridge College has the highest proportion of achievement with (15% of Level 3+ achievements) in this SSA.
- **Professional, business support, administrative services, finance and insurance** (SSA 15 – Business, administration and law) - Westminster Kingsway College had the largest number of achievements in this SSA (820), equivalent to 20% of its total Level 3+ achievements. However, the 350 achievers in Waltham Forest College in this SSA represent 28% of its overall achievements at L3+.

- 6.9 These results should be treated with caution. They are obtained using a 'best fit' association of very high-level employment sectors with very high-level (Tier 1) SSAs, and lack the granularity required to fully understand the strength of particular colleges' higher-level specialised provision in response to the needs of specific employers. The figures also include A Levels.
- 6.10 Counting learner starts and achievements by college and SSA tells us nothing about the quality of the training provided, the learning environments in which it is delivered, or the strength of a college's reputation for this particular area of provision with employers and learners. Sector stakeholders agreed that the FE Capital Steering Group will not just look at a college's need for a new building based on projected numbers of learners, but will also consider the locality, employment training requirements in that locality, and the performance of the provider.
- 6.11 Moreover, colleges and sector stakeholders were clear that FE colleges' ability to respond to the skills needs of London's main employment sectors is constrained by a range of factors. These include regional labour market information that lacks sufficient sub-regional granularity to inform colleges' strategic planning, a funding model based on numbers of learners rather than learner outcomes, a qualifications system that is slow to respond to changing skills needs, and staff who may not have the requisite skills and expertise. Thus investment in industry-standard estate and facilities, important though colleges regard this to be, can only go so far in delivering the higher-level technical and professional skills London needs for jobs and growth.