



23 July 2009

Dear Stakeholder

London Skills and Employment Board: Annual Review of our Strategy for Employment and Skills

We published our Strategy, *London's Future: The Skills and Employment Strategy for London 2008 – 2013*, almost a year ago and we are now in the process of carrying out our first annual review, by updating our five year Strategy to 2014, and reporting on the progress we have made implementing the Strategy in 2008/09.

As part of this process we are undertaking a more limited consultation than last year to help ensure that our Strategy priorities continue to be appropriate and effective. To do this we would like to invite your comments on the attached document, which sets out how we intend to roll our Strategy forward to 2014. Separately we are undertaking a Stakeholder Survey on the perceived role and effectiveness of the London Skills and Employment Board and it is possible that you may also be contacted to take part in that Survey. If so, we would be grateful for your views.

Please let us have any responses to our document by email to judith.rutherford@lseb.org.uk by 14 August. Alternatively, if you would like to meet to discuss our work in more detail then let us know and we will be in touch to find a convenient time.

Yours sincerely

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Enc: LSEB Strategy Review paper

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MAYOR OF LONDON

Annual Review of the London Skills and Employment Board Strategy

1. Introduction

- 1.1 This report sets out our intentions for updating and rolling forward the London Skills and Employment Board's Strategy '*London's Future: The Skills and Employment Strategy for London*' to 2014. You are invited to comment on this by way of a set of questions at the end of the document.

2. Annual Review

- 2.1 The London Skills and Employment Board, (LSEB), has a statutory duty under the Further Education and Training Act 2007 to develop a Strategy and keep it under review. The updating of the Strategy to 2014 and a separate annual report of progress will form the basis of the Board's accountability to the Secretary of State for Business, Innovation and Skills.

- 2.2 We are proposing that this annual review of the strategy will comprise a suite of documents:

- A short report updating and rolling forward the strategy to 2014;
- An update of the Board's evidence base, the *London Story*;
- The first annual report on progress in implementing the LSEB Strategy in 2008 /09.

We are planning that these documents will be published on the LSEB website at the end of October.

- 2.3 You may recall that the Board's Strategy contained three objectives:

- Work with employers to better support them in providing more job and skills opportunities to Londoners, to the benefit of their businesses and to keep London's economy competitive;
- Support Londoners to improve their skills, job and advancement prospects through integrated employment support and training opportunities;
- Create a fully integrated, customer-focused skills and employment system.

- 2.4 One of the key questions our Board has had to consider is whether a Strategy that was produced at a time of continued predicted growth continues to be relevant for the very changed economic circumstances affecting London. **We have concluded that the Strategy provides a strong direction of travel to address the underlying challenges facing the capital but that we will need to revise our Implementation Plans in order to identify actions for the changed environment and to plan for the recovery.** Below, we share a summary of our thinking to explain how we reached this view.

3. Changed Environment

- 3.1 The LSEB Strategy was published in July 2008 and since then we have witnessed unprecedented economic events on a global scale, which are taking their toll on London and the UK. Currently there are some indications that London is weathering the recession better than other parts of the UK - the downward trend started later than the rest of the UK, but it is too early to say whether these trends will continue and the future remains uncertain.

3.2 In addition to the changes in economic climate, the imminent organisational changes to the employment and skills landscape are providing additional challenges to the implementation of our Strategy. Arguably, the most significant is the dissolution of the Learning and Skills Council from April 2010 and the creation of two new bodies: the Skills Funding Agency, (SFA), which will be the funding body for those aged 19+; the Young Persons Learning Agency, (YPLA), a non-departmental public body which will be the funding agency for Local Authority commissioning plans for 14-19 provision. Within the SFA will be three further national services: the National Apprenticeships Service, the adult advancement and careers service and the National Employer Service.

3.3 Other national and regional initiatives which will impact upon the Board's work are:

- The transfer of Skills to a new Department of Business, Innovation and Skills;
- Plans within DWP to devolve commissioning for some employment services;
- The regional joint Skills and Business Support Brokerage which aims to provide a more coherent gateway to services for small and medium sized businesses;
- Plans to make the adult skills system 'demand-led' through Skills Accounts for individuals and Train to Gain for employers;
- The introduction of Multi-Area Agreements, (MAAs), including the proposed MAA for the five London Olympic Boroughs.

Prior to these changes, the Board regarded the skills and employment organisational landscape as complex, cluttered and confusing. The changes above are likely to provide further issues for both businesses and Londoners in finding the support they need. There will be a General Election by June 2010, likely to result in reductions to public expenditure in almost all areas in order to decrease the burden of public debt. The combination of the economic climate and the changes identified above suggest that there is a significant risk of upheaval in the employment and skills system that is already struggling to address the increase in demand resulting from the recession. **We consider that it will become even more important than indicated in our original Strategy to find ways to improve performance and achieve better value for money by aligning, integrating and co-commissioning employment and skills services. We also wish to consider how to increase the impact of the Strategy by extending it to sub-regional and local level, working with Local Authorities and other partners.**

4. London's Underlying Challenges remain

4.1 The evidence base collated prior to the publication of the Strategy painted a picture of a successful, dynamic city with a strong globally competitive position, critically depending upon the availability of qualified staff. Skills shortages have been at the top/near the top of business concerns over recent years. While the recession means they are softening, the latest CBI/KPMG Business Survey¹ indicated that 38% of respondents reported skills to be a problem. Larger firms appear to be struggling more than smaller firms: 43% and 30% respectively. It will be crucial to continue to invest in skills to build and maintain a productive workforce ready for the upturn.

4.2 However, underlying this picture remains deep inequality and poverty of aspiration. London has the highest levels of worklessness in the UK and significant levels of inequality among the employment rates of disadvantaged groups such as lone parents, those who are disabled and those who come from Black, Asian and Minority Ethnic

¹ CBI/KPMG Business Survey May 2009.

communities. While the London labour market is increasingly demanding higher level skills, large numbers of Londoners do not possess basic skills and over 600,000 have no qualifications at all. The Board considered that London cannot afford to ignore the challenges of the long term unemployed and workless during the recession and needs to take action to avoid further increases in their overall number.

4.3 Throughout these uncertain times in the economy, the London Skills and Employment Board’s goal is to ensure that businesses can obtain the help they need to sustain jobs and that Londoners can access the support and training they need to get and keep jobs now, or as the recession eases. The Board considers that a balanced approach is needed on skills and employment with action to help the short term unemployed affected by the recession, support to help the long term unemployed and economically inactive, and proactive initiatives to prepare for the recovery. **For these reasons, the Board considers that the single employer and individual offer outlined in the Strategy in 2008 should be given an even higher profile going forward.**

5. Setting appropriate targets to 2014

5.1 As outlined in our Strategy last year, the Board continues to place a priority on the need to close the gap in employment rates between London and the UK and the employment rates of London’s disadvantaged groups compared to the UK. As part of the updating of the Strategy, the Board will be considering setting annual targets to 2014. As part of this process the Board will also consider the recent update provided by the UK Commission for Employment and Skills, (UKCES), and the impact of its ambition for 2020 for skills and qualifications:

Table 1: UKCES Current and projected skills position²

Skills Level	Current International Position	Projected International Position at 2020	2020 Ambition
Low	17 th	23 rd	Top 8
Intermediate	18 th	21 st	Top 8
High	12 th	10 th	Top 8

The UKCES report goes on to list the UK as 11th in world productivity levels, 10th in employment and 14th in income inequality. While two thirds of employers provide training, it is unevenly distributed with low skilled employees in lower status occupations receiving measurably less training³. **The Board is minded to consider adopting the UKCES targets for London as part of its target setting and will be interested in receiving views upon this approach.**

6. Priorities for 2009 / 2010

6.1 As indicated above the Board has produced a revised Implementation Plan for 2009/10. The priorities identified are:

- Increase our traction on the employment and skills system including holding the Delivery Agencies to account for the achievement of the LSEB Strategy and Implementation Plan;

² UKCES, ‘Ambition 2020: World Class Skills and Jobs for the UK’, May 2008

³ Ibid

- Set standards for excellence in the integration of employment and skills building on the proposals to tackle the recession to progress the single employer and individual offer;
- Contribute to the debate about the shape of London's future economy by focusing on the employment and skills implications.

6.2 It is intended that the revised Implementation Plans for 2009/10 will replace the previously published plans. In future the Board intends to produce a rolling five year Strategy and a one year Implementation Plan on an annual basis. Revised Implementation Plans will focus on the joint working required to integrate employment and skills, over and above the 'day job', rather on the work of a single Agency. **The Board is interested in receiving views on the priorities identified for implementation in 2009/19.**

7. Progress to date

7.1 In order to provide some context to the issues outlined above, Annex A contains a brief note of the progress made to date by the London Skills and Employment Board.

8. Questions

- 8.1 In the light of this report, we are inviting responses to a number of questions:
- Do you agree that the broad direction and objectives of the LSEB Strategy *London's Future: The Skills and Employment Strategy for London* remain relevant and appropriate in the current economic climate?**
 - Do you agree that the changed economic and organisational climate makes it even more important than indicated in our original Strategy to find ways to improve performance and achieve better value for money by aligning, integrating and co-commissioning employment and skills services?**
 - Do you agree that LSEB should consider how to extend the impact of the Strategy to sub-regional and local level, working with Local Authorities and other partners?**
 - Do you agree that to maintain a balanced approach in tackling short term unemployment, worklessness and prepare for a recovery, that the single employer and individual offer outlined in the Strategy in 2008 should be given a higher profile going forward in the period to 2014?**
 - The Board is minded to consider adopting the UKCES targets for London as part of its target setting framework and will be interested in receiving views upon this approach. How useful do you think this will be as a framework in London?**
 - Do you think that the Board's revised priorities for 2009/10 are appropriate and will contribute to achieving the Strategy's objectives?**

London Skills and Employment Board: Key Facts and Achievements in 2008/09

Key Facts

- The London Skills and Employment Board, (LSEB), was established in 2006. The Board is employer-led and chaired by the Mayor;
- The Board is a statutory and strategic body. It has a duty to produce a strategy for employment and skills in London and keep it under review and to set priorities for adults skills commissioned by the Learning and Skills Council, (LSC) – and from April 2010 for the new Skills Funding Agency;
- The Board is not a funding or commissioning body – it relies on the LSC, Jobcentre Plus, (JCP), the London Development Agency, (LDA), and Sector Skills Councils to deliver upon its Strategy. These organisations together with the Higher Education Funding Council for England are represented at the Board as ex-officio advisers;
- The LSEB is funded by the LDA and LSC. LSEB currently has four staff and a total annual budget of c.£550k. Jobcentre Plus has offered a secondee for 2009/10.

Achievements 2008/09

The Publication of the LSEB's Strategy

- In July 2008 the Board published its Strategy, '*London's Future: The Skills and Employment Strategy for London*', to 2014 and its evidence base for the Strategy, '*The London Story*'. Prior to publication, over 500 stakeholders were consulted on the Strategy, which was widely supported. The documents are available on the LSEB website: www.london.gov.uk/lseb;
- The LSEB set three strategic aims, reported on below.

Objective 1: Supporting London's Employers

- LSEB has provided a regional forum to promote the integration of employment and skills services into a single offer to employers. The priority has been to minimise the impact of the recession upon businesses, including through JCP and LSC's Rapid Response offer. This helps businesses in London which have to make redundancies to consider alternative opportunities for their workforce;
- Responding to the LSEB's Strategy, the LSC has almost doubled Adult Apprenticeships - 11,000 adults began an Apprenticeship so far in 2008/09, (academic year), up on 6,000 in 2007/08;
- Similarly, Train to Gain increased by 60% - 70,000 adults began workplace training so far in 2008/09, up on 44,000 in 2007/08;
- The London Employer Accord, integral to LSEB's Strategy, has led a demand-led recruitment model to support employers and help disadvantaged people to develop their skills and find jobs. This resulted in over 500 jobs gained by March 2009, by working with LSC, JCP and some of London's major employers, including Travelodge and Sainsbury's;
- As part of LSEB's Strategy, JCP is leading a pilot of employment and skills partners in Enfield to coordinate the marketing of publicly funded services to SMEs and streamline account management.

Objective 2: Engaging and Supporting London's People

- LSEB has provided the forum for the LDA, LSC and Jobcentre Plus to work together to produce a Joint Action Plan to combat the recession, which was published in December 2008;
- LSEB has facilitated the integration of employment and skills services into a single offer to individuals, focusing on the need to minimise the impact of the recession. LDA, LSC and JCP jointly developed a new six month offer for those unemployed for more than six months, which was launched successfully in April 2009;
- Responding to the LSEB's Strategy, within the LSC, 33,000 learners have achieved a qualification so far in 2008/09, (academic year), up on 12,000 in 2007/08;
- Within the LSC, over 12,000 Adults began a skills programme in 2008/09, to improve their employability, with over 1000 already in work;
- Members of the LSEB have supported the delivery of the LEST 2012 action plan, focusing on optimising the employment and skills opportunities for the Olympic Games and their legacy. This includes the London Employer Accord; Personal Best, (which offers volunteering as a potential route to employment); bespoke construction training with integrated employment support provision, which has resulted in over 1,200 people from the five host boroughs getting jobs during 2008/09;
- LSEB has provided the forum to ensure that actions on employment and skills arising from the High level Economic Group jointly chaired by the Mayor and the Minister for London are implemented. Recently this has included ensuring that commitments to provide Apprenticeship places in the public sector are reported upon.

Objective 3: Improving the employment and skills system

- The Board secured new flexibilities for the LSC in London for Train to Gain, which were subsequently extended nationwide as part of a range of measures to combat the recession;
- The Board secured funding for a new programme, 'Skills for Jobs' which was designed by the LSC in London;
- The Board undertook a special report on ESOL provision, which resulted in an extension of funding for non-accredited provision by the LDA for 2008/09;
- In January 2009, the Board reviewed the LSC's Plan for 2009/10 in accordance with its statutory duty to do so and confirmed the links of the LSC Plan to LSEB's Strategy;
- In line with LSEB's Strategy, the LDA has undertaken a fundamental redesign of its skills provision to achieve sustained employment and is now taking steps to implement this.