

London Assembly

MQT – 24 February 2010

Eighteenth Mayor's Report to the Assembly [Extract]

Response to the recommendations of the London Assembly's Economic Development, Culture, Sport and Tourism Committee set out in the Committee's report, *Time to skill: the Mayor's role in employment and skills in London*:

Recommendation 1

The Mayor should clearly set out in the January 2010 update of his Economic Recovery Action Plan:

- *What actions he expects of the London Development Agency, Jobcentre Plus and the Learning and Skills Council in the short-term to tackle the issues highlighted by the London Skills and Employment Board and the Committee in this report.*
- *What actions he expects from the delivery agencies to address the increased Jobseeker's Allowance caseload in some outer London boroughs.*
- *How he intends to respond to the identified need for short courses targeted at skilled professionals discussed in the revised Skills and Employment Strategy for London.*

Response

The next Economic Recovery Action Plan (ERAP) update will be published at the end of February and will report on the progress of a range of activities initiated in response to the recession. In difficult circumstances, these are beginning to make a real difference both in helping individuals and businesses and the update will demonstrate this. Much of this support has been focused on work-related training and services have been introduced for the newly unemployed. The Joint Action Plan set out how the various delivery agencies will work together with the main client groups, with a particular focus on the newly redundant, to provide an integrated service. I am pleased to report that more than half the contractor workforce on the Olympic Park have a permanent London address, twenty per cent (1,230) from the five host boroughs¹.

Separate to this, Job Centre Plus have increased their staffing capacity to cater for the increase in unemployment, particularly in outer London boroughs which have seen large increases from a low base. I continue to monitor rates of unemployment in outer London to assess whether this increased provision is helping to address this and whether further support may be required.

Looking forward, the revised Strategy includes a number of short-term priorities which I felt were important to ensure that the Board was fully engaged in activity to respond to the impact of recession and support London's recovery. These will seek to build on the good work over the last year to integrate delivery so that it is relentlessly focused on customers' needs and ensures that all are able to access the right support they need.

In line with your analysis, I have identified a particular need to ensure that young people and newly unemployed skilled professionals are catered for. Young people are at

¹ Employment and Skills Update, Olympic Development Authority, January 2010

particular risk due to lower levels of recruitment and the fact that they will be competing with larger numbers of experienced workers for new vacancies. We have already seen worsening youth unemployment and I believe that there is a risk that levels might remain persistently high for some months yet.

I have therefore asked the delivery agencies to ensure that the various schemes for young people are brought together into a single offer that can be easily accessed and understood. I have requested that the Board and I are appraised of whether the levels of support are sufficient to ensure that this issue is being adequately addressed.

I am also promoting work placements, internships and apprenticeships for young people, especially the role that the GLA Group can take. The LDA has a range of activity to support this, including the £ 11.5million funding that I announced in November for pre-Apprenticeship support and support for those who are not in education, employment or training (NEET) or at risk of being NEET.

The Committee correctly identifies the risk that London may lose the skills of those workers who remain out of work for long periods of time. A range of support has already been introduced for unemployed professionals and I have asked the LDA to develop proposals to enhance these so that they are relevant for London.

Recommendation 2

The Mayor should from the next financial year:

- a) Set out an expectation that the London Development Agency, Jobcentre Plus and the Learning and Skills Council commission a specified proportion (set by the Board) of services jointly.*
- b) Ask the Board to monitor reports and information provided by the delivery agencies about the jointly commissioned services, and hold them to account for their performance against a common target for sustained employment outcomes.*
- c) Determine the first priority for joint commissioning to be services that provide skills for people young people at greatest distance from the labour market.*

Response

Joint commissioning is a key aspect of the revised strategy and this is recognised by the delivery agencies. A target for joint commissioning is to be agreed as part of the Joint Investment Plan. It is important to recognise that national agencies will need to secure agreement from their sponsor department in many instances and, because commissioning timetables need to be aligned, this can take some time to implement. We are also still in discussion with Government regarding the adoption of a single outcome based target focused on sustainable employment and progression. This would provide a real spur to greater joint commissioning.

I am determined, however, that such barriers should not prove insurmountable and I am pleased that significant progress is being made in this area, especially in regard to the European Social Fund (ESF) and some joint programmes between the LDA and the Department for Work and Pensions. The Joint Investment Plan will capture this activity and its delivery will be monitored as a matter of course by the Board.

Recommendation 3

The Mayor and the London Skills and Employment Board should agree a process with the London Development Agency and the Learning and Skills Council that ensures that the Board has sufficient information at an early enough stage in the planning process to enable it to influence the allocation of funding for adult skills services.

The Mayor should report back to the Committee by April 2010 stating how he will ensure that he and the Board intend to influence spending in 2010/11.

Response

The London Skills and Employment Board (LSEB) has issued guidance to the Learning and Skills Council (LSC) in relation to its role in directing the London Adult Skills budgets for the last two planning cycles and secure alignment with its strategy. The Committee should note that this still needs to take place within the parameters of national policy, funding allocations and targets. Our challenge is to ensure that regional priorities are adequately recognised within these constraints. Over this period, discussions between the Board, the LSC and the Department for Business Innovation and Skills (BIS) have led to a better understanding of how I would like to see this process develop and this is now factored in to the work of the Board. The Board is well aware of the need for early information to do this effectively and are pressing the LSC and BIS to ensure this is provided in a timely way.

The replacement of the LSC with the Skills Funding Agency (SFA) in April has, however, meant that the Board now has to deal with a new planning and commissioning system. Whilst we can build upon the work done with the LSC to date, this has nonetheless required the Board members to respond to a significantly different operating environment. We are working closely with the LSC, SFA (in its shadow form) and BIS to ensure that the revised LSEB Strategy is able to drive adult skills provision in London. As the SFA will have no regional structure this will clearly present new challenges.

The Committee has asked for an update in April and I will be in a position to report back the results of this activity for 2010-11 and how it will shape future engagement with the SFA regarding budget planning in the future.

The report notes the important role played by the LDA in skills and employment in London and suggests that the LSEB should have more powers in this area. I can reassure the Committee that there is a great deal of alignment between the LDA and LSEB. The LDA's Investment Strategy, upon which the LSEB has commented, draws explicitly on the Skills and Employment Strategy for London. In my position as Mayor and Chair I feel my powers with regard to the LDA and LSEB are adequate to ensure alignment.

I will be happy to report back to the Committee in April on how LDA spend next year is supporting the LSEB strategy.

Recommendation 4

a) The London Development Agency should consult the London Skills and Employment Board about its proposals for adult skills and employment in its forthcoming Investment Strategy.

b) The LDA should demonstrate how it has taken the Board's comments into account and, where it has decided not to follow the Board's advice, provide detailed reasons why.

Response

As mentioned above, the LDA has consulted with the LSEB on its Investment Strategy and will provide comments on the Board's response where it has decided not to follow its advice.

Recommendation 5

To enhance his influence over employment and skills policy the Mayor should appoint or nominate a full-time adviser within his team with lead responsibility for the London Development Agency and the London Skills and Employment Board.

Response

Your report underlines the need for my office to be equipped to advance my priorities for skills and employment. I am happy that this is the case and do not agree that a single adviser is sufficient to do this at this present time. The skills and employment agenda is wide ranging and complex – as your report makes clear. There are not only many agencies and stakeholders in London to work with but also two major government departments and an increasing number of national agencies. It should not therefore come as a surprise that I have had to share this workload across more than one adviser. Clearly it is important that my team work closely together on this and I can assure you this is the case.

As Lord Freud explained to the Committee, I have asked him to provide me with high level advice on the design and commissioning of welfare to work services. I regard this as a key subject area given the particular challenges of London and Lord Freud brings very particular expertise. Of course, it is essential that this ties in to the wider skills and employment agenda and, as set out above, this is done through close working across my team.