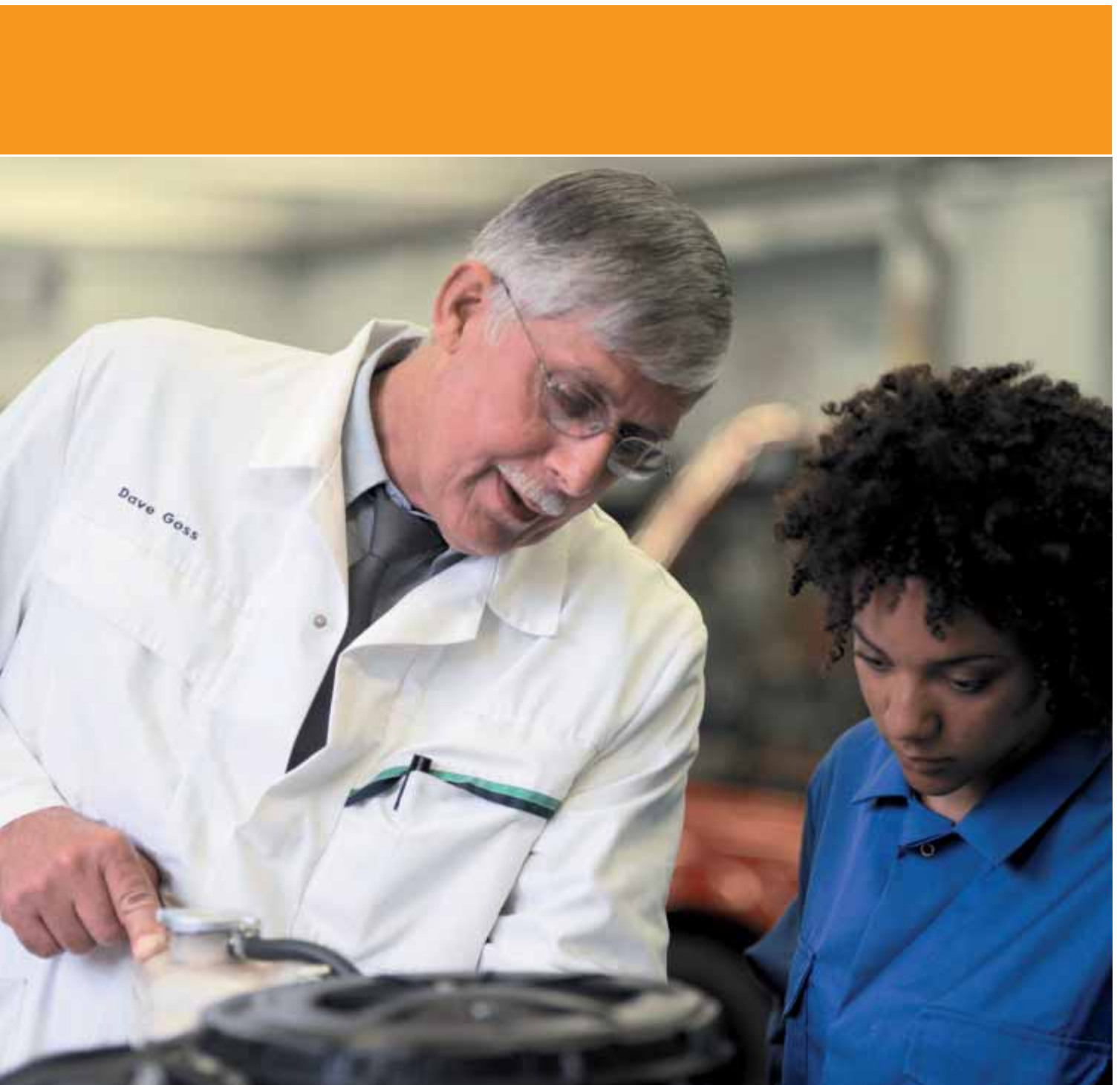


London Olympic Games and Paralympic Games:

The employment and skills legacy

March 2007



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CHAIR'S FOREWORD

One of the main reasons London won the competition to host the 2012 Olympic Games was the stress London's bid put on 'legacy'. This is also the main reason why most Londoners supported the bid.

An important part of that legacy is economic regeneration to provide lasting skills and employment opportunities in the five host boroughs around the Olympic park. These boroughs include some of London's poorest and most disadvantaged people. A quarter of the working population in this area has no qualifications, and many have never had a job.

These people have been promised thousands of new jobs and training opportunities and it matters that we honour this promise. We must therefore ask how many of the thousands of new jobs being created will go to local people.

The last thing we need is another Docklands, where many of the newly created jobs did not benefit local people. Instead, one group of residents was simply replaced with another.

We need to get this right from the very start, otherwise we risk losing the truly life-changing potential of the Games for local people. That would be an unforgivable betrayal of these people, in an area of London that has been characterised by deprivation for generations.

In many ways, the Committee is encouraged that work has been started early on the skills and employment legacy. However, there are some very real threats that could jeopardise the promised legacy, and these must be addressed urgently. These dangers – and our recommendations for tackling each one – are spelt out in this report.

We can learn from past mistakes, but we must act now.

Dee Doocey AM

Chair of the Economic Development, Culture, Sport and Tourism Committee

INTRODUCTION

On 6 July 2005, a promise was made to the people of London's poorest and most disadvantaged area: that London's successful bid to host the 2012 Olympic Games and Paralympic Games would set in motion a life-changing programme of economic regeneration.

Under this promise, the people of the Lower Lea Valley would benefit from not only much-needed jobs, but vastly improved skills and training opportunities which would help them break the cycle of deprivation that has characterised the area for generations.

This is no easy matter. It is in providing a sustainable employment legacy for local people that previous large-scale development, notably the Docklands¹, failed. We cannot afford to fail again.

This report is the first chapter of the Committee's ongoing work to ensure that lessons are learned from the past and the promised legacy is delivered. In it, we examine the barriers standing between local people and the jobs and training the Games will bring to their boroughs. We then analyse the key components of the plans now being put in place to maximise the employment and skills legacy, with a particular focus on the contribution being made by the London Development Agency. Finally, we assess whether or not these plans are likely to bring about the promised benefits.

The targets that the proposals have been designed to meet are, quite rightly, ambitious ones. At the moment, however, we are concerned that local people will not benefit from the opportunities that public money is being used to create.

The main risks we have identified are:

- Duplication of existing activity, resulting in resources being wasted and a lack of strategic focus
- Lack of clarity over funding, which could mean resources are taken away from programmes that are already working well
- Ineffectual communication, preventing people from finding out about the opportunities on offer
- Lack of focus in initiatives such as the Pre-Volunteer Programme, which risks resources being spread too thinly to achieve a real impact

The good news is that there is still time to address these risks. We are keen to continue our dialogue with the London Development Agency and others to help ensure this happens. The recommendations arising from our report include the following:

- More unemployed people from the host boroughs should be given the opportunity to join the Pre-Volunteer Programme and, from there, to make the link to sustainable employment
- High quality English language tuition, for example through a dedicated Language Academy, should be provided to equip people in the host boroughs with the skills they will need in the workplace

¹ The London Learning and Skills Plan, Learning and Skills Council, March 2006, written submission

- Games-related construction training programmes should focus on site readiness as well as technical skills to improve the employability of local candidates
- The Mayor, as chair of the London Skills and Employment Board, should publish an annual report on the impact of all Games-related employment and skills activity on actual levels of worklessness in London, and in particular the host boroughs of Greenwich, Hackney, Newham, Tower Hamlets and Waltham Forest

As part of that dialogue, quarterly written updates should be given by the London Development Agency to the Economic Development, Culture, Sport and Tourism Committee on what is being achieved, how it is being done, and how much money is being spent. In particular, we want to see processes and procedures in place to ensure that opportunities are being communicated to London's hard to reach communities.

The London 2012 Games will bring the world's sporting elite to our city. But, by the time the last medal has been handed out and the closing ceremony draws to an end, it should also have brought something much more important: a transformation in the life chances of London's most deprived communities. If this does not happen we will have failed in one of the key aims of bringing the Games to London.

We hope that our work will help ensure that the promise is delivered.

PART ONE – THE CHALLENGE

Canning Town Job Centre Plus, 10am

The office has been open an hour, and is already doing a brisk trade.

Though the centre sits in the shadow of Canary Wharf, the boozy lunches and five figure bonuses of the city are a world away. This is the preserve of the minimum wage agency contract, the compulsory criminal record check, evenings and weekend work required. Most of the jobs on offer are for cleaners, security guards, and carers rather than brokers and financial analysts.

Top dollar is for a “fantastic” position in Canary Wharf, promising £45,000 a year. The catch is that it is only the company that is based in Canary Wharf – whoever gets the job will be sitting at home cold-calling on commission.

Also advertised at the job centre this week: three hours a week cleaning offices in Charlton, would ideally suit local person; meter reader in Fulham, split shifts required; trainee pest control technician, Bow, includes company van.

The centre at the top of Freemason Road is the first port of call for those looking for work in Canning Town, one of the most deprived communities in Newham. According to figures from the borough², Canning Town is not only the most income-deprived community in Newham (average household income £25,171 compared to £37,073³ for Greater London), but has persistent problems with unemployment. Almost one in ten people in Canning Town has never worked, and 2.3% are long term unemployed. Canning Town has the highest percentage of people claiming income support in the borough, with almost one in four residents claiming the payment in some areas. It has the distinction of the highest proportion of residents in local authority housing in the borough (over half), and the highest number of lone parent households with dependent children (almost one in six, more than twice the London average).

The barriers faced by people in Canning Town reflect those of deprived communities across Newham, as well as in the other boroughs hosting the Games (Greenwich, Hackney, Tower Hamlets and Waltham Forest), and beyond.

Basic challenges

Lack of skills

The population lacks the skills needed to compete in London’s competitive job market. According to government figures⁴, a third of Newham residents have no qualifications whatsoever. The shortage of basic English language skills is a particular problem in a borough home to a large number of economic migrants and refugees. It is especially urgent given plans to restrict access to free language courses, outlined later in this report.

² Focus on Newham: Local People and Local Conditions, Newham Council, 2006

³ PayCheck 2005, an analysis of household income data for London, 2005

⁴The Dynamics of Local Economies of Deprived Neighbourhoods, Neighbourhood Renewal Unit, Department for Communities and Local Government, June 2006

Culture of worklessness

There is an embedded culture of worklessness within the community. For many people, low expectations and lack of ambition mean they are not motivated to look for work. Newham has the highest rate of economic inactivity in England, and, across the borough, over a fifth of people who are currently unemployed have never worked – again, the highest rate in England⁵. The most commonly cited reason for this is the need to care for the home and family. This phenomenon is particularly pronounced in wards with a high Asian population, which reflects cultural traditions relating to the role of women in Asian families as well as language barriers⁶.

The flipside of that is a heavy dependence on benefits. In Newham, almost 17% of people aged from 16 to 74 claim income support, compared to just over 9% in England as a whole⁷. In some wards, claimant rates reach a quarter of the working age population.

Family commitments

Another important barrier is family circumstances. The proportion of lone parent households with dependent children is higher in Newham than anywhere else in England⁸, and the availability and affordability of childcare is a major barrier to employment. One of the main reasons for economic inactivity is the need to stay at home to look after the home and family. Again, this is particularly prevalent in areas such as Green Street East Ward, which has a high Asian population⁹.

Affordable housing

Lack of affordable housing in the areas in which new jobs are being created is another barrier which was highlighted in informal evidence taken by the Committee¹⁰. We heard that the inability of workers to buy locally was one of the most important factors that prevented people from taking up jobs they might be qualified to do.

⁵ The Dynamics of Local Economies of Deprived Neighbourhoods, Neighbourhood Renewal Unit, Department for Communities and Local Government, June 2006

⁶ Ibid

⁷ Ibid

⁸ Ibid

⁹ Ibid

¹⁰ Note of informal Economic Development, Culture, Sport and Tourism Committee meeting, 10 October 2006. Minutes and transcripts of Economic Development, Culture, Sport and Tourism Committee meetings are available at www.london.gov.uk/assembly/edcst/ or on request from London Assembly Secretariat

The challenge of creating jobs

It is against this challenging backdrop that an employment legacy from the Games is to be created. And yet the targets set by the London Employment and Skills Taskforce and the London Development Agency for job creation and reducing worklessness are ambitious:

- up to 12,000 new jobs in the Olympic Park;
- up to 50,000 in the Lower Lea Valley as a whole; and
- a reduction of 70,000 in the number of workless people in London, of which 55,000 will be as a result of increased job opportunities and 15,000 will result from changes in recruitment practices.

The nature of the event means a significant number of short-term jobs will also be created in the immediate run-up to the Games. These are estimated to include:

- 60,000 person years in construction, with a peak of 9,300 person years in 2010¹¹
- 30,000 jobs in staging the Games, including 3,000 staff employed by the London Organising Committee for the Olympic Games and Paralympic Games (LOCOG) and 27,000 temporary staff contracted by LOCOG
- 6,700 jobs in showcasing London, for example in retail, hotels, restaurants, transport and entertainment

Historical evidence

There are indications that the London Development Agency is being over optimistic in its estimate of likely job creation.

The estimated number of short-term jobs is similar to the number created in the run up to the 2000 Sydney Games, which is thought to have generated between 90,000 and 105,000 jobs specific to the event itself. However, the evidence on the number of sustainable jobs remaining post-Games is inconclusive. A report from the Institute for Public Policy Research thinktank (ippr) published at the end of 2006¹² suggests the Sydney Games jump-started longer-term jobs growth in the conference and events sector, but concludes “these opportunities appear few”. The ippr concluded that the number of London 2012 jobs was likely to be “relatively small”, and warned against “stoking excessive expectations” by overestimating the boost to employment the Games would bring.

There are indications that the London Development Agency is being over optimistic in its estimate of likely job creation.

¹¹ A person year is the equivalent of one person employed for a full year, as opposed to a job, which may last for any period of time (in the case of the Games, many jobs are likely to be short-term). The distinction is particularly important in the construction industry as workers are not necessarily employed in the same job year-round.

¹² Tracy Kornblatt, ‘Setting the Bar: preparing for London’s Olympic legacy’, Centre for Cities, ippr, December 2006

This analysis is supported by one critical assessment¹³ published two years after the Sydney Games:

Except in the construction industry, a high proportion of Olympic-related employment was temporary, low-skilled service work, volunteers accounted for about half the Olympic labour force, and there was evidence that the much-touted boost to employment was not always new job creation, but largely job-churning.

The historical evidence should not in itself be a reason for us to lower our sights. However, it should alert London to the challenges that lie ahead.

Access to jobs by local people

What kind of jobs will be created, and will they be accessible to local people?

The London Development Agency was unable to give us a breakdown of the likely nature of any long-term jobs created within the Park. It is able only to cite likely areas of job creation in the broader region of the Lower Lea Valley: business, financial services, retail, construction/ongoing maintenance, hospitality, leisure, tourism, logistics and health.

Until we have a proper understanding of what jobs will be created in the local area, it is difficult to see how the London Development Agency will be able to target its resources effectively to make sure training provision is tailored to meet local need.

Nevertheless, the London Development Agency is confident that the jobs that are created will be accessible to local people, telling us:

On construction, if there were the skills relevant to the construction programme available in people in the borough, I do not see any reason why they could not access those jobs.¹⁴

Unfortunately, there are in fact a number of reasons why local people might not get these jobs. One is competition from elsewhere in London. As economist Martin Crookson warns in *After the Gold Rush*:

London's labour market is a large and fluid one, and there is no reason why jobs in an area should particularly be filled by existing residents of that area.¹⁵

That phenomenon is reinforced by certain employment practices, such as a tendency to advertise jobs in wealthier neighbouring areas instead of the paper that serves the estates in which the vacancies might exist.

¹³ Helen Jefferson Lenskyi, *The Best Olympics Ever? Social Impacts of Sydney 2000, 2002*, pp130-131

¹⁴ Transcript of Economic Development, Culture, Sport and Tourism Committee meeting, 7 November 2006

¹⁵ ippr and Demos, *After the Gold Rush: a sustainable Olympics for London*, 2004, pp61-62

Another is competition from workers from outside the UK, and in particular highly skilled labour from Eastern Europe. We heard evidence in our informal session¹⁶ that construction wage inflation is being kept to zero in this country as a result of the large number of workers from overseas. The impact of these workers on the domestic market is such that when they return to Eastern Europe in ten or fifteen years' time, the UK construction industry will effectively have skipped a generation and be left with an ageing workforce.

However, the biggest problems facing the London Development Agency and others in getting local people into jobs is firstly that the skills needed may not exist among the local population, and secondly identifying and connecting with the people who need the jobs most.

The challenge of improving skills

“ Previous regeneration projects, like Docklands, have failed to deliver enough benefits to local communities. We now need to ensure that regeneration is sustainable, by providing more skills for local people. ”

Learning and Skills Council¹⁷

The target for skills improvement is again ambitious – 100,000 training places, of which a quarter are expected to be taken up by residents of the five host boroughs.

These 25,000 places are very badly needed. Of the 720,000 people of working age resident in the host boroughs, a quarter (around 180,000) have no qualifications at all¹⁸. Unsurprisingly, unemployment rates are particularly high among people with no qualifications – over 60% in all the host boroughs, and over 70% in Tower Hamlets. These residents are likely to be furthest from the job market, and will need to spend time in education, training or mentoring to bring any prospect of a job into their reach.

The London Development Agency told us the training provided would be a combination of basic construction skills and skills for life, including English language training.

We very much welcome this commitment to basic skills tuition. Around half of London's workforce does not have basic numeracy, while a quarter lacks basic literacy¹⁹ – a phenomenon that is especially worrying given that by 2010 almost half of London's jobs will require skills of degree level or beyond.

¹⁶ Note of informal Economic Development, Culture, Sport and Tourism Committee meeting, 10 October 2006

¹⁷ The London Learning and Skills Plan, Learning and Skills Council, March 2006, written submission

¹⁸ Employment and skills for the 2012 Games: research and evidence, Learning and Skills Council and London Development Agency, May 2006

¹⁹ The London Learning and Skills Plan, Learning and Skills Council, March 2006, written submission

Critical to securing a skills legacy will be the provision of the skills needed for the growth job areas – construction, catering, tourism, hospitality and so on. However, there are two key areas we believe need particular attention: construction skills and English language tuition.

Construction training

The need for a higher level of qualification in building and related trades is unquestionable, to equip workers not only for construction but ongoing repairs and maintenance work. According to research by the Learning and Skills Council and London Development Agency²⁰, although there are some entry level opportunities for people with no or low qualifications, it is workers with trade apprenticeships and appropriate construction qualifications who will most benefit from the Games-related construction work. In our recent report on apprenticeships²¹, we found that the Games will fuel demand for more skilled workers, and particularly those with specific skills such as construction, leisure and hospitality, and management.

However, the need is not just for technical training but the kind of experience that equips candidates for work in the real world. We heard in our informal session²² that many potential recruits to the construction industry do not have the site experience, knowledge of health and safety or understanding of what life is like on a construction site to be considered 'site-ready' by employers. Largely, this is because this kind of experience is not included in construction courses. There is no strategy for, or investment in, the schools and community outreach needed to address this. Many people from the host boroughs are considered by potential employers to be unemployable precisely because of this lack of skills.

Games-related construction training programmes must focus on site readiness as well as technical skills to improve the employability of local candidates, through, for example, increased numbers of work placements. It will be the responsibility of the London Development Agency, Learning and Skills Council, boroughs and Construction Skills, as the bodies responsible for devising and commissioning the training, to ensure this happens. Without this basic exposure to work experience, even those local candidates who possess all the necessary technical skills will find it impossible to compete for jobs.

Recommendation:

That Games-related construction training programmes should focus on site readiness as well as technical skills to improve the employability of local candidates, through, for example, increased numbers of work placements. The London Development Agency should report to the Committee in one year on progress made.

²⁰ Employment and skills for the 2012 Games: research and evidence, Learning and Skills Council and London Development Agency, May 2006

²¹ You're Hired: apprenticeships in London, London Assembly Economic Development, Culture, Sport and Tourism Committee, June 2006

²² Note of informal Economic Development, Culture, Sport and Tourism Committee meeting, 10 October 2006

English language training

English language training is another critical piece of the jigsaw. Without proficiency in English, it will be impossible for people living in deprived communities in London to take advantage of emerging employment and skills opportunities. Indeed, according to the Government, 15 per cent of unemployed ethnic minorities themselves cite language difficulties as a barrier to work²³.

English for Speakers of Other Languages courses are in huge demand in the capital. A recent survey by the Evening Standard²⁴ found almost 9,000 people on the waiting lists for places at 12 colleges in the capital. However, from next year, access to free language courses will be severely limited because funding is being cut by the Government, with only the unemployed and people receiving income-based benefits entitled to have their fees waived. Unions point out that while free training will be available for those in receipt of means tested or income related benefits, in reality very few people with English language needs access these benefits even if they are eligible. As a result, a significant proportion of workers with English language needs will have to fund their own courses²⁵.

Against this backdrop, there is specific provision for English language training on the back of the Games. Some tuition will be delivered as part of the “key life skills” package to be included in the Pre-Volunteer Programme, construction training and other sector and theme-based training programmes. The London Development Agency was unable to tell us how much funding would be devoted to English language training.

The unavailability of English language training was highlighted in our informal session²⁶ as an issue of real concern. We are not convinced that the existing plans tackle the very real need for English language tuition among deprived communities in the host boroughs.

The Games provide a once in a lifetime opportunity for a more ambitious solution. We would like to see a language facility established in one of the host boroughs which would continue to provide essential English language training beyond 2012. This could take the form of a specialist language academy, or a virtual network of smaller facilities. Funding could come from the Learning and Skills Council London, London Development Agency, boroughs through s106 agreements or Neighbourhood Renewal Funding or the London Organising Committee for the Olympic Games and Paralympic Games through Games sponsors. Tuition would be specifically tailored to the needs of local employers and designed to complement vocational training programmes.

²³ Jim Murphy, Minister for Employment and Welfare Reform, speaking at the Work Foundation, 12 February 2007

²⁴ Evening Standard, 6 December 2006

²⁵ English as a Second Language briefing, Trades Unions Congress, November 2006

²⁶ Note of informal Economic Development, Culture, Sport and Tourism Committee meeting, 10 October 2006

As well as providing an essential skill for people involved in Games-related training programmes, such a facility would constitute a real legacy for those working in the construction, hospitality and retail sectors long after the Games have gone. Given over 300 languages are spoken in London, the school could also be a means of recruiting native speakers to welcome visitors in their own tongue and carry out essential translation work for the Games.

Recommendation:

That high quality English language tuition, for example through a dedicated Language Academy, should be provided to equip people in the host boroughs with the skills they will need in the workplace. We urge the London Development Agency to discuss with its partners how such a facility could be incorporated into plans for Games-related training, and to report back in one year on the outcome.

PART TWO: THE SOLUTION

“The legacy will fail unless the regeneration is targeted at those most disadvantaged communities in the five Boroughs”

Gary Hewett, Community Action Team, Newham

The challenges outlined above are being tackled with varying degrees of success with a multitude of initiatives: New Deal for Communities programmes for young people, the brokerage service provided by Jobcentre Plus, as well as the activities of the London Development Agency, the Learning and Skills Council and of course the London boroughs.

However, overlying this cluttered landscape are two key documents: the Local Employment and Training Framework (LETF) and the London Employment and Skills Taskforce Action Plan (LEST). The purpose of these documents is to bring focus to existing activity – and use the magical “Olympics dust” to achieve greater success.

In this section we give a brief description of each document, before examining in more detail two of the flagship initiatives to flow from them: the Pre-Volunteer Programme and the Employer Accord.

Local Employment and Training Framework

This is a three year programme which applies to the five host boroughs (Newham, Tower Hamlets, Hackney, Greenwich and Waltham Forest). The London Development Agency has committed to contributing £10m to the framework to December 2009. It consists of a local labour and business scheme to link job opportunities in the Olympic Park with local residents, a training programme in construction and other sectors to prepare people for suitable opportunities, a schools and young people programme and support for delivery of Local Area Agreements²⁷. The first review of the framework is scheduled for June 2008.

Further details of the framework are attached at Annex A.

²⁷ A Local Area Agreement is a voluntary, three year agreement between central government, a local authority and its partners. Its purpose is to deliver national outcomes in a way that reflects local priorities.

London Employment and Skills Taskforce Action Plan

This plan, which is ultimately owned by the Mayor, is designed to tackle worklessness in all London boroughs from now until 2012. It was drawn up by a taskforce of around 20 public and private organisations. Most activities are to be met from existing budgets, including around £7m annually from the London Development Agency. It includes 23 distinct initiatives under the headings of employer leadership, linking people, work and training and engagement and communication. Among the key programmes are the Employer Accord and Pre-Volunteer Programme, both described in detail below.

Further details of the action plan are attached at Annex B.

Pre-Volunteer Programme

The aim of the Pre-Volunteer Programme is to help workless people from deprived communities secure some of the coveted²⁸ volunteer places at the Games, as well as to equip them for employment and further training opportunities.

Across London, the programme will support between 15,000 and 20,000 people over the next five years. The aim is that 7,000 of the 70,000 Games-time volunteers will have come through the programme. As well as being offered an interview for a volunteer post at the 2012 Games, all graduates of the Pre-Volunteer Programme will be offered an interview or placement with a company linked with the Employer Accord (see below).

Nine out of ten volunteers at the Games could be well-educated professional people from middle class communities around the UK and beyond. If that happens, the Games will have cheated people in the deprived local communities who are most in need of employment opportunities.

We believe the Pre-Volunteer Programme could play an important part of securing a lasting employment legacy. However, for the benefits of the programme to be maximised, two areas need to be addressed.

The first is the relatively low number of volunteers in 2012 who will have come through the programme. The London Development Agency told us that 7,000 – one in ten of the total – is a “challenging figure”²⁹ because of historic drop-out rates. Our concern is that even if this figure is achieved, nine out of ten volunteers at the Games could be well-educated professional people from middle class communities around the UK and beyond. If that happens, the Games will have cheated people in the deprived local communities who are most in need of employment opportunities.

²⁸ In October 2006, London 2012 announced that 100,000 people had so far signed up for the 70,000 volunteer places available

²⁹ Transcript of Economic Development, Culture, Sport and Tourism Committee meeting, 7 November 2006

If, on the other hand, people who complete the Pre-Volunteer Programme had a good chance of becoming a volunteer at the Games, the whole package would be much more inspiring and far likelier to lead to a lasting legacy. For that reason, we believe that the number of volunteers to come through the pre-volunteer programme should be increased to a minimum of 10,000.

We support the call of London Councils³⁰ to see a higher percentage of volunteer places available for residents of the host boroughs and Londoners more generally. We also agree with its request for the demographics of the volunteer workforce to match the local, rather than national, demographic.

The second potential weakness is lack of geographic focus. It is imperative that resources are targeted at the areas in which they will have greatest impact. Otherwise, there is a risk that the programme, and the resources attached to it, will be spread too thinly to achieve a satisfactory result. For example, 15,000 placements spread across London would equate to fewer than 500 in each borough – not enough to build up any kind of critical mass for change. Although we agree that the programme should be run across the city, we believe a reasonable proportion, say half, the placements should be reserved for people living in the host boroughs. Equally, if 10,000 Games time volunteers are to come through the programme, we could realistically aim to have, say, 3,000 of these people coming from the host boroughs.

Recommendations: That 10,000 of the 70,000 volunteers at the 2012 Games should be graduates of the Pre-Volunteer Programme, and of these, 3,000 should be from the host boroughs.

That half of the placements on the Pre-Volunteer Programme should be reserved for people living in the host boroughs.

As the lead body for the Pre-Volunteer Programme, the London Development Agency should consider putting these amendments forward as new targets under the Local Employment and Skills Taskforce Action Plan.

London Employer Accord

The Employer Accord is a voluntary deal between employers and the public sector under which employers create opportunities and support skills acquisition in the workplace, and in return are supplied with “job ready” candidates, for example through the Pre-Volunteer Programme or brokerage services, reducing their hiring costs.

We heard from the London Development Agency³¹ that six employers, including BT, Greenwich Leisure Ltd and Westfield, signed up to the Accord in its first two weeks. As this report went to print, nine companies had joined the Accord.

Employers that sign up are given the option of participating at different levels, from registering vacancies on a central portal to committing to interview a certain number of

³⁰ London Councils, written submission

³¹ Transcript of Economic Development, Culture, Sport and Tourism Committee meeting, 7 November 2006

“job-ready” candidates. We were surprised that employers are not given the option of providing a certain number of jobs for qualified candidates, instead of just offering interviews.

This concern is shared by the North London Strategic Alliance – a group of public, private and voluntary organisations working in Barnet, Enfield, Haringey and Waltham Forest – which says:

The ambition can be raised by providing some guaranteed jobs, not just interviews.³²

As the alliance says, it is essential for the success of the accord that the public sector delivers on its commitment to provide ‘job-ready’ candidates.

We also believe there is a great opportunity for employers to offer paid work placements to suitable candidates. This would be more attractive to jobseekers as they are being given a fair reward for their work, while not tying the employer to offer a longer term contract if the placement is unsuccessful.

We also share the concern of the London Chamber of Commerce and Industry that the menu of options available to employers must be sufficiently flexible to allow organisations of all sizes to participate:

Employer engagement through the [action plan] is a useful initiative but only if it offers a level playing field for small and micro-businesses to work alongside big businesses and corporate sponsors. How then can we ensure that the proposed Employer Accord offers this level opportunity to allow all businesses to be included?³³

Equally, London Councils argues that the options must be relevant to local businesses within individual boroughs and enable some businesses to build upon activities they are already doing.

The link between the Pre-Volunteer Programme and the Employer Accord is a crucial one. For that reason, we believe that one of the indicators against which the success of the Accord is measured should be the number of Pre-Volunteer Programme graduates who gain employment through it.

³² North London Strategic Alliance, written submission

³³ London Chamber of Commerce and Industry, written submission

PART THREE: WILL IT WORK?

In this section, we assess how effective these proposals are likely to be in meeting the very substantial challenges set out above. We identify four key issues – duplication, funding, communication and status – which we believe need greater attention. At this early stage, much of the detail of planned activity is still to be determined, and there is quite rightly a degree of flexibility to allow programmes to be adjusted to reflect what is working on the ground. However, we believe that these issues are fundamental to securing a sustainable legacy, and so should be addressed now.

Risk of duplication

The London Employment and Skills Taskforce itself identifies no fewer than 21 existing initiatives in this field, ranging from New Deal to local employer-driven programmes, and from European Social Fund investment to borough level brokerage. It is unsurprising, then, that the danger of duplication was one of the main fears expressed in the course of our inquiry.

Replication of activity is a real risk in a project of this scale and complexity, particularly when so many players are involved. Indeed, this was the case even before Games-related work began. According to government research³⁴ published in summer 2006, people involved in the delivery of regeneration policies in Newham were concerned about the confusing number of small scale, often overlapping policy initiatives already in place, with resources being spread too thinly to achieve critical mass. Overlaying a new set of Games-related work could considerably exacerbate that duplication and fragmentation.

The business sector is especially concerned. The London Chamber of Commerce and Industry described the field as already “awash with strategies”. It argues that there are “misalignments and constraints associated with overlapping geography, funding and other initiatives such as the Local Enterprise Growth Initiative and Local Area Agreements already in place”³⁵.

Tomorrow’s People, a charitable trust which supports the long-term unemployed into work, adds:

*We are concerned that plans to introduce additional high-level layers of infrastructure and ‘entry requirements’ might squeeze out existing initiatives that are working well and may in fact lead to more confusion.*³⁶

³⁴ The Dynamics of Local Economics and Deprived Neighbourhoods, Neighbourhood Renewal Unit, Department for Communities and Local Government, June 2006

³⁵ London Chamber of Commerce and Industry, written submission

³⁶ Tomorrow’s People, written submission

Given the amount of activity underway, job brokerage is one area in which conflict appears likely. It is essential that the new arrangements add to, rather than detract from, existing job brokerage schemes in the boroughs. London Councils has expressed willingness to delivering a model that will link up the various schemes:

Getting the buy-in from boroughs and local agencies is essential if this project is to work effectively and efficiently across London and is not duplicative of local and sub-regional job brokerage schemes. There will be vacancies that cannot be filled in the five boroughs and there needs to be a formal process to identify how these are offered beyond the five boroughs working with the London Development Agency and Jobcentre Plus.³⁷

We believe this is an offer the London Development Agency should consider taking up.

The Games-specific work now underway must bring coherence to the vast range of initiatives that already exist by underpinning them with a common set of objectives against which progress can be monitored. Without that strategic focus, there is a real risk that the new programmes will simply add to the complexity and fragmentation of what is already a very muddled array of activity.

We believe this focus would best be achieved by a regular overview of the impact of all Games-related activity by the Mayor as Chair of the London Skills and Employment Board. One possibility is that the Mayor reports annually to the London Assembly on the impact of all Games-related employment and skills activity on levels of worklessness in London, and in particular the host boroughs.

Recommendation: That the Mayor, as chair of the London Skills and Employment Board, should publish an annual report on the impact of all Games-related employment and skills activity on levels of worklessness in London and in particular the host boroughs of Greenwich, Hackney, Newham, Tower Hamlets and Waltham Forest.

Funding of proposals

Greater transparency is needed over how the two overarching programmes are to be funded.

At the moment, it is not clear at this stage where the money is coming from. What is clear is that very little of the funding is new.

³⁷ London Councils, written submission

The majority of the funding for the Local Employment and Training Framework has been redirected from existing London Development Agency programmes. The agency told us:

It is certainly true that we have extracted the money to deliver this from what is a Lower Lea Valley area programme within the LDA's budget. We have supplemented it slightly to reflect the fact that this is such a major project and is so important to that part of the world, so it has been increased and slightly more money has been driven into that...we are using the catalyst of the Games to extract more benefit for our money.³⁸

As for the London Employment and Skills Taskforce Action Plan, "most of the activities are expected to be met from within existing budgets"³⁹. Of 23 separate measures set out in the plan, only three – the Pre-Volunteer Programme, supporting people into work with Employer Accord members and the development of a London Leisure Academy (a centre of excellence for the sports industry) – "may require additional resources". The remainder will be self-financing or rely on the resources of the Mayor, London Development Agency, Olympic Delivery Authority or others.

It is difficult to get an accurate picture of work underway without knowing where the money has come from and which, if any, programmes will be cut or scaled down as a result. Further down the line, it will be impossible to determine which outcomes have been achieved as a result of Games-related work and which would have been achieved anyway. And, in the meantime, because resources are being drawn away from existing programmes to fund these two new strategies, there is a risk that valuable work already happening on the ground will be sacrificed. Tomorrow's People said it was "concerned that [the London Employment and Skills Taskforce Action Plan] could lead to changes to current funding schemes that adversely affect programmes that are working well"⁴⁰.

Because resources are being drawn away from existing programmes to fund these two new strategies, there is a risk that valuable work already happening on the ground will be sacrificed.

We believe the London Development Agency should clarify how much of the funding going in to securing the employment and skills legacy is new, and which if any programmes have been displaced by the redirection of existing cash.

Recommendation: That the London Development Agency should provide written updates on a quarterly basis to the Economic Development, Culture, Sport and Tourism Committee on what is being achieved, how it is being done, and how much money is being spent.

³⁸ Transcript of Economic Development, Culture, Sport and Tourism Committee meeting, 7 November 2006

³⁹ An Action Plan to Maximise the Employment and Skills Benefits of the Olympic Games and Paralympic Games in London, London Employment and Skills Taskforce for 2012, p3

⁴⁰ Tomorrow's People, written submission

Effective communication

The most important single element of securing a sustainable employment legacy is making sure the people who have most to gain are fully involved from the outset. Unless people in London's most deprived communities are informed of and have the chance to shape the opportunities arising from the Games, there is a risk that a great deal of money will have been spent with very little to show for it in the areas that matter most.

As Gary Hewett of the Community Action Team in Newham put it:

*The legacy will fail unless the regeneration is targeted at those most disadvantaged communities in the five Boroughs. If they do not receive the maximum benefits from the Olympics, before, during and after, the legacy will have failed.*⁴¹

Tower Hamlets Council stressed the importance of recognizing the "real and abiding" barriers facing members of Black, Asian and Minority Ethnic communities. A senior officer told us:

*Programmes need to be consistent with the aspirations of the local communities and to ensure the Olympic opportunities are fully captured locally.*⁴²

The London Development Agency's outreach strategy is to draw on the expertise of organisations who are already working with disadvantaged groups:

*We do not profess to understand the intricacies of groups that are excluded from the labour market in every part of the five boroughs, but we do need to work with the intermediaries who work with those groups and give them an opportunity to secure funding from our resources that will enable them to go out and actually talk, not only to businesses, but also, quite clearly, obviously, to...particular excluded groups.*⁴³

We strongly support the involvement of people working directly with disadvantaged groups as an alternative to the traditional 'top down' approach. However, care is needed to ensure the right intermediaries are chosen. By definition, the people we want to reach will be those furthest from the labour market and hardest to reach through conventional methods. They will be beyond the reach of 'usual suspect' community groups. The London Development Agency will need to be truly imaginative in its approach if it is to come close to genuine outreach. It will also need to allow adequate time to build effective relationships with the communities it seeks to reach, and to give people the opportunity to be fully involved. For this reason, it is also essential that this work begins without delay.

⁴¹ Transcript of Economic Development, Culture, Sport and Tourism Committee meeting, 7 November 2006

⁴² Tim Williams, Head of Service Olympic and Paralympic Games, Tower Hamlets Council

⁴³ Transcript of Economic Development, Culture, Sport and Tourism Committee meeting, 7 November 2006

Recommendation: That the London Development Agency should provide to the Economic Development, Culture, Sport and Tourism Committee within the next six months details of how it intends to communicate with all communities within the five host boroughs.

Status of proposals

The Local Employment and Training Framework was originally linked to the planning permission for the Games, which gave it statutory weight. However, the framework ceased to be part of the statutory planning process when the revised planning application for Olympic Park was submitted by the Olympic Delivery Authority in February 2007.

The diminished status of the framework has led to demands for greater certainty. A lead officer at Tower Hamlets Council said:

*The borough is concerned that the commitment is fully implemented despite not being part of the subsequent planning permission.*⁴⁴

The London Development Agency said there “may well be an opportunity” to relink it to the planning process subsequently. Given the importance of the framework, we would welcome the reassurance of seeing it re-established on a statutory basis, and urge the London Development Agency to ensure this happens as soon as possible.

Recommendation: That the Local Employment and Training Framework should be re-established on a statutory basis within the next 12 months.

⁴⁴ Tim Williams, Head of Service Olympic and Paralympic Games, Tower Hamlets Council

CONCLUSION

The purpose of this report is to ensure that the benefits for which the Games have been a catalyst are embedded in the long-term regeneration of the area.

It is impossible to overstate the scale of the opportunity and the potential it has to change the lives not only of the people living in the host boroughs now, but the lives of their children and grandchildren.

Tim Williams, Head of Service Olympic and Paralympic Games at Tower Hamlets Council, said:

*The London 2012 Games opportunity is to make a generational shift in worklessness and employment chances...the Olympic and Paralympic Games represent the most significant regeneration catalyst the Borough is likely to see in a lifetime.*⁴⁵

As Tomorrow's People puts it:

*The 2012 Olympic and Paralympic Games offer an unprecedented opportunity to help thousands of unemployed and economically inactive London residents to access the labour market and move into sustainable jobs. The emphasis should be on sustainable employment, achieved by working with both employers and voluntary-sector providers.*⁴⁶

As with any major regeneration project, it is possible that local people who benefit from the newly created employment opportunities move out of the area. That is not necessarily a bad thing. However, as a result, places like Canning Town can become "way stations" in people's lives – a place they live until they are economically free to move elsewhere.

The London Development Agency is aware of this risk, and hopes that the physical upgrading of previously run-down areas will in itself act as an incentive to stay:

*The buzz of the Olympics taking place on their doorstep...we would anticipate that being a great factor; not only people wanting to stay but also to attract people into the area...I think the Olympics creates the perfect opportunity to buck that trend a little bit and to encourage people to stay in inner city areas rather than moving out to the suburbs, once they have achieved their skills and they have sustainable, paid employment.*⁴⁷

So what lessons has the agency learned from the gentrification of Canary Wharf, where one group of residents was simply replaced with another, wealthier, set⁴⁸?

⁴⁵ Tim Williams, Head of Service Olympic and Paralympic Games, Tower Hamlets Council

⁴⁶ Tomorrow's People, written submission

⁴⁷ Transcript of Economic Development, Culture, Sport and Tourism Committee meeting, 7 November 2006

⁴⁸ *Unequal City: London in the Global Arena*, C Hamnett, 2003 points out that 24,000 new housing units built in the area, almost all for owner occupation, with a view to moving the housing tenure from 85% council, 15% private to a 50:50 ratio.

The London Development Agency sees the key to a sustainable legacy as a combination of effective engagement and a “pipeline” of opportunities with local firms, instead of a mass of menial low paid jobs, to create the potential for career progression that will encourage people to stay.

I think there was a lot less community involvement and community engagement in the whole process of development at Canary Wharf. Certainly that was reflected in the way in which the development was brought forward and the uses and jobs that were created there. With the Olympic Park, you have a different mix of employment opportunities, plus a fair amount of community engagement and improvements to the environment where people actually live.⁴⁹

Whether or not we achieve a sustainable employment legacy from the Games will fall to the judgment of future generations. However, it is only by taking action now that this legacy can be assured.

⁴⁹ Transcript of Economic Development, Culture, Sport and Tourism Committee meeting, 7 November 2006

RECOMMENDATIONS IN FULL

- **That Games-related construction training programmes should focus on site readiness as well as technical skills to improve the employability of local candidates, through, for example, increased numbers of work placements. The London Development Agency should report to the Committee in one year on progress made.**
- **That high quality English language tuition, for example through a dedicated Language Academy, should be provided to equip people in the host boroughs with the skills they will need in the workplace. We urge the London Development Agency to discuss with its partners how such a facility could be incorporated into plans for Games-related training, and to report back in one year on the outcome.**
- **That 10,000 of the 70,000 volunteers at the 2012 Games should be graduates of the Pre-Volunteer Programme, and of these, 3,000 should be from the host boroughs. Secondly, that half of the placements on the Pre-Volunteer Programme should be reserved for people living in the host boroughs. As the lead body for the Pre-Volunteer Programme, the London Development Agency should consider putting these amendments forward as new targets under the Local Employment and Skills Taskforce Action Plan.**
- **That the Mayor, as chair of the London Skills and Employment Board, should publish an annual report on the impact of all Games-related employment and skills activity on levels of worklessness in London and in particular the host boroughs of Greenwich, Hackney, Newham, Tower Hamlets and Waltham Forest.**
- **That the London Development Agency should provide written updates on a quarterly basis to the Economic Development, Culture, Sport and Tourism Committee on what is being achieved, how it is being done, and how much money is being spent.**
- **That the London Development Agency should provide to the Economic Development, Culture, Sport and Tourism Committee within the next six months details of how it intends to communicate with all communities within the five host boroughs.**
- **That the Local Employment and Training Framework should be re-established on a statutory basis within the next 12 months.**

ANNEX A: LOCAL EMPLOYMENT AND TRAINING FRAMEWORK

Local Employment and Training Framework

What is it?

A three year programme which applies to the five host boroughs, Newham, Tower Hamlets, Hackney, Greenwich and Waltham Forest.

How will it be funded?

The programme is being funded by the London Development Agency, which has committed to contribute around £10m to the programme up to December 2009. Further funding is expected to support subsequent editions of the Local Employment and Training Framework up to 2015.

What does it involve?

- Local labour and business scheme to link job opportunities in the Olympic Park with local residents (LDA contribution: £3m)
- Training programme in construction and other sectors to prepare people for suitable opportunities (LDA contribution: £5.6m)
- Schools and young people programme (LDA contribution: £900,000)
- Support for delivery of Local Area Agreements⁵⁰ (LDA contribution: £150,000)

What has happened so far?

The framework was approved in September 2006 by the five borough leaders and mayors. From January 2007, work focused on the local labour and business scheme, some construction training, and some pre-volunteer training, including the launch of pilots in the host boroughs. The cost of this early activity has been around £500,000.

How will results be monitored?

An ongoing appraisal programme has been established under which the LDA is required to report on progress and spend. The first update is scheduled for summer 2007, but information on progress may be released as early as March. The first review of the framework is scheduled for June 2008.

⁵⁰ A Local Area Agreement is a voluntary, three year agreement between central government, a local authority and its partners. Its purpose is to deliver national outcomes in a way that reflects local priorities.

ANNEX B: LONDON EMPLOYMENT AND SKILLS TASKFORCE ACTION PLAN

London Employment and Skills Taskforce Action Plan

The taskforce, chaired by London Development Agency board member Jeremy Long, consists of around 20 public and private organisations. The plan, which is ultimately owned by the Mayor, is designed to tackle worklessness in all London boroughs from now until 2012.

How will it be funded?

Most activities are to be met from existing budgets, including around £7m annually from the London Development Agency. It is up to the body leading on each part of the plan to decide whether resources can be diverted from existing activity, or new resources are required.

What does it involve?

There are 23 distinct initiatives set out in the plan under the headings of employer leadership, linking people, work and training and engagement and communication. Among the key programmes are:

- Employer Accord
- Pre-Volunteer Programme

What has happened so far?

The plan was launched at an event hosted by the Chancellor in October 2006. As this report goes to print, the Employer Accord is up and running with nine businesses signed up, and a Pre-Volunteer Programme pilot has been established.

How will results be monitored?

For each initiative, targets and measurables are set out in the plan. Implementation will be monitored by the Mayor. According to the taskforce, the action plan will be reviewed and updated as the project progresses.

ANNEX C: ECONOMIC DEVELOPMENT, CULTURE, SPORT AND TOURISM COMMITTEE MEMBERS

Dee Doocey, Chair	Liberal Democrat
Bob Blackman, Deputy Chair	Conservative
Tony Arbour	Conservative
Jennette Arnold	Labour
Angie Bray	Conservative
Sally Hamwee	Liberal Democrat
Damian Hockney	One London
Murad Qureshi	Labour

Terms of reference for the investigation:

- To examine plans in place to ensure Londoners benefit from the jobs and skills opportunities arising from the Games
- To analyse barriers that might prevent Londoners getting jobs related to the Games
- To identify ways in which a lasting, and measurable, employment and skills legacy can be created for Londoners as a result of the Games

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ANNEX D: LIST OF THOSE WHO PROVIDED VIEWS AND INFORMATION

The Committee would like to thank representatives of the London Development Agency who attended a public meeting to inform this inquiry:

- Geoff Newton, Director of Olympic Opportunity, London Development Agency
- Tom Travers, Head of Olympic Opportunity, London Development Agency

We are also grateful to the following individuals who attended an informal meeting on the employment and skills legacy of the Games:

- Mark Kass, Action for Employment
- Tim Williams, Tower Hamlets Council
- Jane Noble, Cumberland School
- John Taylor, Building Crafts College and Construction Youth Trust
- Paul Butler, PATH National
- Ian McKay, Federation of Small Businesses

Views and information were also received from the following organisations and individuals:

- Josephine Bacon
- Joyce Batton
- Community Action Team
- Construction Youth Trust
- Learning and Skills Council
- London Chamber of Commerce and Industry Skills and Employment Forum
- London Councils
- London Development Agency
- North London Strategic Alliance
- Tomorrow's People
- UK Skills
- Topcoat Ltd
- Dr Tim Williams, Head of Service Olympic and Paralympic Games, London Borough of Tower Hamlets

ANNEX E: PRINCIPLES OF LONDON ASSEMBLY SCRUTINY

An aim for action

An Assembly scrutiny is not an end in itself. It aims for action to achieve improvement.

Independence

An Assembly scrutiny is conducted with objectivity; nothing should be done that could impair the independence of the process.

Holding the Mayor to account

The Assembly rigorously examines all aspects of the Mayor's strategies.

Inclusiveness

An Assembly scrutiny consults widely, having regard to issues of timeliness and cost.

Constructiveness

The Assembly conducts its scrutinies and investigations in a positive manner, recognising the need to work with stakeholders and the Mayor to achieve improvement.

Value for money

When conducting a scrutiny the Assembly is conscious of the need to spend public money effectively.

ANNEX F: ORDERS AND TRANSLATIONS

How to Order

For further information on this report or to order a copy, please contact Kerry Lorimer, Scrutiny Manager, on 020 7983 6540 or email at kerry.lorimer@london.gov.uk

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