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13 August 2009

Dear Judith,

Annual review of the Skills and Employment Strategy for London

Thank you for inviting the Committee to respond to the Board's consultation on the annual review of the Skills and Employment Strategy for London. Given the drastic changes to London's labour market in the past year, we believe that now is the right time to consider how providers of skills and employment training are responding, and the role of these providers in helping to ensure Londoners' long-term prosperity.

As you know, the Committee is currently conducting an investigation into this topic, focusing mainly on skills provision for unemployed Londoners, with a final report due to be published in October. In this response we will outline our views on the key consultation questions the Board has posed.

We are particularly concerned that, although you rightly have identified long-term worklessness as London's main challenge in this area, insufficient attention has been paid to how the labour market has been affected by the recession. The problems London is currently experiencing are likely to continue for much of the period of the strategy, and without the right response may well have an impact on London's long-term prosperity. We believe the Board needs to undertake additional work to learn more, specifically by speaking directly to Londoners and service providers experiencing the effects of the recession.

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?

The strategy published by the Board in 2008 made clear that your priority was to tackle the long-term issue of worklessness, focusing on the many Londoners without basic skills including the 600,000 adults in the capital without any qualifications, and to reduce the gaps in outcomes between different parts of London. We support this emphasis and agree it should remain the key priority for the Board. The Board is also right to maintain as a priority the integration of skills and employment services to ensure a coherent offer for individuals and for employers.

However, we note that the review of the strategy you have undertaken has so far done little more than reiterate these priorities. This process is an opportunity to consider whether services need to change – without assuming that they do – to tackle the emerging problems in the labour market. There is only limited evidence of this in the consultation paper.

Do you agree that in the changed economic 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?

In the Board's submission to the Committee's investigation, you have set out your goal of a single commissioning organisation for employment and skills in London, and the Committee welcomes further discussion on this topic. Devolution of further powers to London from central government may be desirable, although in the first instance it is necessary for the Board to prove it can respond to the upheaval caused by the disbanding of the Learning and Skills Council and the changing investment practices of the London Development Agency. New relationships with the boroughs, the Skills Funding Agency and the Young People's Learning Agency must be established. Furthermore, while the overlap of functions between the London Development Agency and other organisations may be a subject to address, this should only happen once the Board has a clear picture of who does what in employment and skills, and the respective roles of all relevant agencies.

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?

The Committee agrees that increasing the impact of the strategy at the sub-regional and local level would be beneficial. For instance, there may be particular issues around Boroughs' commissioning capacity following the transfer of functions from the Learning and Skills Council, which the Board should seek to address. Furthermore, as noted in response to the next question, the impact of the current recession has been geographically varied. Employment and skills services in particular localities may be dealing with certain types of people they are less familiar with, or experiencing higher caseloads in areas that in the past had relatively low demand. This may mean more work is needed to ensure commissioners and providers in particular can respond effectively.

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?

The Committee agrees with the Board that we need a balanced approach to the current economic situation, with action to help the newly unemployed alongside support for the long-term unemployed and economically inactive. We also welcome the actions your delivery partners have so far taken, including the Learning and Skills Council's new Response to Redundancy programme; the Joint Action Plan produced by Jobcentre Plus, the London Development Agency and the London Learning and Skills Council outlining the rapid response offer for employees at risk of redundancy; and the increase in funding for the Skills for Jobs programme. Regarding the latter, however, we note

that the £6 million Skills for Jobs funding increase for 2009/10 does not match the £10 million pledged by the Mayor in his Economic Recovery Action Plan.

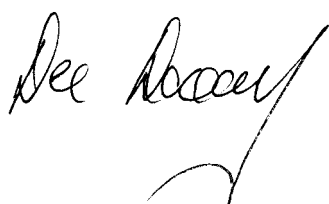
We agree that the achievement of a single employer and individual offer outlined in the Strategy is a high priority, but the Board does not appear to be giving sufficient attention another key priority: responding to the recession. Although the consultation paper recognises the increase in unemployment during the recession, there is little discussion of this as an issue to be addressed through the Skills and Employment Strategy. This is a medium-term strategy covering the period up to 2014, and the impact of the recession on the labour market is expected to be felt for much of this period.

Findings from the Committee's own research suggest the impact of the recession has been wide-ranging and complex, with the effect varied across age and occupation groups and different parts of London. Geographically, unemployment has risen sharply in outer London but remains higher in inner London boroughs, although the geographical area worst hit is East London. Furthermore, those previously employed in professional or managerial occupations have seen the fastest rise in the claimant count of any occupational group: this brings new people into contact with skills and employment services and it is important they receive appropriate support, although this provision should not come at the expense of the Board's main target groups.

Addressing the impact of the recession has to begin with clear analysis of what is currently happening to London's labour market. The London Skills and Employment Board is the most appropriate body to lead and distribute this work, although it is not clear from the consultation paper how the Board is obtaining such analysis.

This response represents the Committee's initial comments on the points raised in your consultation paper. We propose to make a more comprehensive comment on the work of the Board and the strategy in our forthcoming report in October.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Dee Doocey', with a large, stylized flourish at the end.

Dee Doocey AM

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