

**Written submissions received for the London Assembly's  
Time to Skill: The Mayor's role in Employment and Skills in  
London**

**November 2009**

## **Learning and Skills Council**

### **Response 1**

1. This paper provides an update on the LSC London Adult Budget for 2009/10. A further verbal update will be provided at the Board meeting. The LSEB Board is requested to note the report.

### **Headline Messages**

2. The London Adult budget is increasing by 4.3% in 2009/10 compared with 2008/09. The budget for 2009/10 currently stands at £650m, compared with a budget of £623m for 2008/09.
3. The 'funding pressures' relating to Employer Responsive provision, which have received media coverage recently, result from an exponential growth in demand from employers for Adult Apprenticeships and Train to Gain in 2008/09. This reflects the success of these programmes, following intensive marketing campaigns, the expansion of the provider base, investment in capacity building, and the introduction of greater flexibilities. It does not mean that funding has been cut, but rather that demand from learners and employers is now exceeding the funding available, even though the funding has increased.

### **London Adult Budget 2009/10**

4. The LSC Grant Letter published in October 2009 proposed a London Adult Budget of £635m for 2009/10, plus £19m for provision outside of London managed by the London LSC, making a total of £654m. In January 2009, the LSEB Board endorsed the LSC's Adult Learning & Skills Plan for 2009/10, including a proposed breakdown of this budget and reflecting the Board's priorities. This is shown in the accompanying table.
5. The budget comprises several dozen different programmes and funding lines (such as Train to Gain, Apprenticeships etc). It is worth noting that, although described many of the programmes are described as 'demand-led', in reality all budgets have ceilings and have to be managed within those limits.
6. Between November 2008 and June 2009, the LSC has conducted discussions with colleges and providers to review performance in the full year 2007/08 and the year 2008/09 to date, as well as looking ahead to proposals for 2009/10. These discussions are now largely concluded, and the current position of the London Adult Budget following allocations to providers is shown in the accompanying table.
7. In 2009/10, the LSC is introducing a 'Single Contract' approach. This means that the LSC in future will hold only one contract with any provider delivering in more than one LSC region, rather than each region issuing a separate contract as is currently the case. Regional budgets have been adjusted to reflect the effect of these changes, and this has resulted in a small reduction in London. The budget therefore currently stands at £650m.
8. It is important to note that this is the budget *at this stage*. As can be seen from the evidence of previous years, the budget can increase if further elements are added. In addition, actual expenditure may be higher or lower than the budget, depending on demand from learners and employers.

9. This continues to represent a good position overall for London, at a time when the policy direction from DBIS (formerly DUIS) nationally has been to reduce funding for programmes which have traditionally represented a relatively large proportion of the London Adult Budget, including non-accredited and Non-NQF provision.

### **Priorities for 2009/10**

10. The growth in demand for Employer Responsive programmes in the past year has been a great success, although this has created funding pressures. The steps being taken to manage these pressures include enforcing maximum contract values for providers, moving funding between providers to reflect performance and demand, reduction of marketing activity, and prioritisation of provision. The LSC London Region has also requested additional funding from the centre, as have other LSC regions, but there is currently no unallocated funding held centrally.
11. In conducting negotiations with providers, and in finalising the apportionment of funding between the programmes, the LSC has been guided by the LSEB Strategy. The key priorities have been to:
  - a. Meet the costs of completing the programme for learners who started in 2008/09 ('carryover');
  - b. Maintain the growth trajectory in Apprenticeship provision;
  - c. Maintain the volume of Train to Gain provision at least at 2008/09 levels; and
  - d. Support a continue increase in Skills for Jobs programmes.
12. The first priority for Employer Responsive funding has been the Apprenticeship programme, and supporting the London Plan for Growth as far as possible. Within the Adult Apprenticeship programme, a national priority has been placed on 19-24 year old Apprenticeships, and this has meant placing a limit on the number of 25+ year old Apprenticeships, which have been the main driver of Apprenticeship growth in 2008/09. No more than 1 in 4 new starts may be 25+.
13. For Train to Gain, we have planned a small increase in funding compared with the 2008/09 allocations. However, the scale of growth in 2008/09 means that a greater proportion of this funding will be required for the larger numbers of learners carrying over from this year to next, and that will leave less funding for new starts. We are currently finalising negotiations with providers to agree the number of starts.
14. The budget for Skills for Jobs programmes (also including the Employability Skills Programme and Personal Best) now stands at £31m. This is less than the £38m we had originally proposed in January this year, but is substantially more than the £19m we expect to spend on Skills for Jobs in 2008/09. The experience has been that, although demand for the programme has grown, it has not increased at the pace expected.
15. Performance will continue to be kept under close review, and funding will be transferred between contracts, and between programmes where necessary, in order to respond to greatest priority and demand, and ensure that the budget is fully utilised.

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## **Response 2**

### **PROPOSAL FOR AN INVESTIGATION INTO EMPLOYMENT AND SKILLS IN LONDON: LSC RESPONSE**

#### **SUMMARY**

1 This paper provides the contribution of the London Region of the Learning and Skills Council (LSC) to the investigation being carried out by the GLA into employment and skills in London. The scrutiny has a particular focus on the work of the London Skills and Employment Board (LSEB), which is chaired by the Mayor and, in particular, what impact its existence is having on how the LSC and other key agencies in London are responding to the recession.

#### **BACKGROUND**

2 London is currently the only region of the UK to have an employer-led board which has statutory power to direct the adult skills strategy of the LSC in London and to seek to influence all national and regional public funding for skills and employment in the capital.

3 London LSC was fully involved in the development of the strategy from the start and continues to play a key role across all three major strands: developing a single employment and skills offer for London's employers; supporting Londoners to improve their skills, job and advancement prospects and developing an employment and skills system capable of delivering these.

4 The LSC is expected to produce an annual plan which shows how it will invest resources. Even before the LSEB Strategy was published, the decision was taken that the London LSC Plan should reflect the draft strategy and the plan for 2009/10 is explicitly linked to the LSEB priorities. Both the plan and the accompanying budget are presented to the Board in draft form each year and are reviewed on a regular basis by the Board as part of its statutory relationship.

5 It is important to note that as well as the LSEB exerting an important influence over what the LSC prioritises in terms of budget, the Board's major concern to see the development of a truly integrated employment and skill system for London has also had a major and increasing influence over the way in which the LSC now works and how it responds to need. Rather than thinking and acting in an insular fashion, the LSC automatically thinks how the agencies together should tackle the problem. An important example of this is how it has responded to the recession.

6 However, it is important to note that the existence of the LSEB has been essential to securing a specific, adult skills budget for London, outlined in the grant letter to the LSC; was vital in enabling London LSC to pioneer the Skills for Jobs

programme through which long-term unemployed Londoners have developed the right skills to get jobs in London and was an important and influential voice in making the Train to Gain programme more employer-responsive through its arguments for certain changes which were then taken up nationally.

## **RESPONSE TO THE RECESSION**

7 While the LSEB strategy was written in a very different economic climate, its three key themes remain critical to London both in helping the city and its people deal with the recession and in supporting the recovery. In particular, the importance set by LSEB on serious and systemic joint working between the LDA, Jobcentre Plus and the LSC has been vital to the way in which the LSC and others have responded to the recession. The very fact that the agencies and LSEB have worked closely together to develop a strategy for London ensured that the London Joint Action Plan for dealing with the recession was developed very quickly and easily. This would not have been the case even a year ago.

### **Joint Action Plan**

8 The LSC led the development of the action plan which outlines how the LSC, Jobcentre Plus and the LDA will work together to support effectively employers and Londoners through the recession. The plan is aligned with the Mayor's Economic Recovery Action Plan and makes reference to it. The Joint Action Plan responds to the first and second objectives of the LSEB strategy through supporting individuals and employers, and is also an excellent example of effective joint working between the three agencies.

9 The Joint Action Plan outlines the joint tailored offer for employers and individuals 'at risk', people who have been made redundant, people furthest from the labour market and new entrants to the labour market.

10 The following shows the progress in implementing the plan in relation to stream-lining the process for individuals and employers:

- Jobcentre Plus, LSC and nextstep (the information, advice and guidance – IAG - service for individuals) have identified a lead person for each Jobcentre Plus district to facilitate informed discussion about trends in claimants, vacancies and provision in each district.
- Jobcentre Plus and the LSC have developed a protocol to govern rapid response to redundancies, tailored to the different groups outlined above. This is used by Jobcentre Plus district managers and LSC district leads in conjunction with nextstep and other partners.
- A more streamlined package with earlier interventions for employers has been developed as a result of discussions between the LDA, Businesslink and ACAS together with Jobcentre Plus and the LSC.
- Work is underway with the Recruitment and Employment Consortium to flesh out the offer to redundant professionals and managers. This work also includes links with the higher education sector.
- The LSC, Jobcentre Plus and the LDA have developed a detailed customer journey for the IES into work trials which identifies which organisation is responsible for what at every stage.

## **LSC Provision to respond to the recession**

11 The LSC has also commissioned provision specifically to support individuals and employers during the recession. Great care has been taken to ensure that this does not replicate what is already available and that it offers a coherent and consistent “spine” of provision which makes sense to both employers and individuals. The following describes the nature of this provision and the joint working that has happened to ensure this is aligned with the existing offer from all agencies.

## **Response to redundancy pre-employment training**

12 On October 21 2008, the Skills Secretary announced a package of support to respond to the recession. As part of this the LSC had £100m nationally and £17m for London between April 2009 and July 2010 to enable providers to respond to redundancies and fill gaps in mainstream LSC funding for individuals under threat or notice of redundancy or who have recently been made redundant.

13 The LSC was keen to align providers with Job centre Districts so eight providers were successful in the competitive process - one for each of the four smaller Jobcentre Plus districts and two providers for South and North & North East districts. Jobcentre Plus colleagues were fully involved in these decisions and are now fully involved in the groups which have developed across London and which bring together the providers, the adult advice service, Jobcentre Plus, the LSC and increasingly Local Authority colleagues.

14 The provision comprises:

- a pre-redundancy offer including CV work, interview skills, job search and vocational interventions, skills for jobs type programmes and re-skilling
- an offer for people who have been made redundant in the last six months including a programme to support people who are a long way from the labour market to develop skills and a re-skilling offer for those who are ready for employment but need new vocational skills.

## **Six month offer**

15 At the Employment Summit on 12 January 2009 the Prime Minister announced a package of four measures aimed at ensuring that individuals unemployed for six months are offered continued and relevant support to get back into work quickly. There are four parts to this offer:

- A recruitment and training subsidy
- A self-employment package
- A new approach to volunteering
- A new training package.

16 The LSC in London was allocated £11.5m between April 2009 and July 2010 to deliver the new training package. The focus is on providing accredited and approved training that leads to full level 2 or 3 qualifications that can be continued in work or around work.

17 The LSC has worked very closely with Jobcentre Plus to ensure this offer is right. The programmes proposed have been assessed by both Jobcentre Plus and the LSC and no programme has been agreed without joint approval. This is resulting in an offer that will be successful in supporting Londoners to develop the skills required to gain the jobs that are available.

18 Contracts have been agreed to date with 24 colleges to deliver provision that is for the most part for 15 hours per week for around 4 weeks. This provision will make a significant impact on individual's skills and enable them to either gain or to move much closer to employment. The provision will be responsive and colleges have indicated that they are able to provide monthly start dates in order to meet need.

19 An eight week full time training offer is also being negotiated as part of the six month offer. This will respond to what Jobcentre Plus has identified as the need in each district.

### **Young Person's Guarantee**

20 The 2009 budget announced a guaranteed offer of a job, work-focussed training, or meaningful activity to all 18-24 year olds before they reach the 12 month stage of their claim to Jobseekers Allowance (JSA).

21 The offer will consist of:

- New Jobs created through the Future Jobs Fund
- Support to take an existing job in a key employment sector
- Work Focussed Training
- A place on a Community Task Force, delivering real help within their local community.

22 The LSC will be leading on the training part of this offer. The first part of the offer that the LSC will commission will be the support to take an existing job in a key employment sector. The LSC will commission 8 week training programmes linked to existing vacancies. It is envisaged that this offer will be in place by the end of October.

### **Integrated Employment & Skills (IES) Trials and roll out of an integrated approach**

23 While the decision to pilot the development of an integrated employment and skills system bringing together Jobcentre Plus, the LSC and the adult advice service predated the onset of the recession, progress has been accelerated because of it. Integrating the employment and skills services available to people seeking work has the objective of improving the likelihood of people getting into a job and staying in it. At its heart, it requires improved partnership working between Jobcentre Plus (JCP), the careers advice services and training providers and improved customer services from each partner.

24 Traditionally Jobcentre Plus focused on helping their customers in receipt of Jobseekers Allowance back into work as quickly as possible, while the LSC concentrated on supporting people to gain qualifications. IES, however, encourages JCP advisers to look more broadly at the employment and skills needs of individuals and to identify the

right route to return to employment and to refer as appropriate while the LSC has had to think about the importance of ensuring that the training on offer will support people to get real jobs in the London economy.

25 The two trials of integrated skills and employment services in London are in Central London and Lambeth, Southwark, Wandsworth Jobcentre Plus districts and started on 16 March.

26 Developing the trials has involved very close working between the LSC and Jobcentre Plus in a way that has not happened previously. What is clear from the first four months is that the level of joint working between the LSC and Jobcentre Plus is much closer and more effective than has happened previously. This very close working at an operational level will be the factor that ensures that the trials are a success.

27 The LSEB programme board responsible for this work has now agreed to roll out this integrated approach across London from September. This includes a commitment to co-locating the IAG service in every Jobcentre. Alternative solutions are being developed for the few Jobcentres where co-location isn't physically possible.

28 In addition to the trials to support people into work there is also a trial to support people who are in work to progress – London is the only region to have an in work trial. The in work trial will be launched in September and will provide additional information and advice for those people who are in employment but who are at risk of not progressing and potentially dropping out of employment. People will be supported to undertake skills development and progress.

29 The trial will provide a stimulus for strategic organisations to work together. The LDA, LSC, JCP, TUC and Sector Skills Councils (SSCs) will experience better co-ordination, alignment and partnership working through a joint focus on skills, employment, key sectors and workforce development. A stimulus will also be provided for organisations at a delivery level to work together bringing better alignment between Business Link, training providers, Train To Gain brokers, Unionlearn and IAG providers. This will facilitate better links between pre and post employment training.

30 The In-work trial will utilise the *Train to Gain programme*, *Apprenticeship* and other *employer based provision* offered by the LSC and LDA in London, as well as offering an additional wrap around IAG service delivered by Employer Responsive (ER) Providers for both employees and the employer.

31 All of this work is regularly reviewed by the LSEB through meetings of its programme boards, meetings with officers and at the Board itself. The involvement of Board members provides an important challenge to the agencies and is seen as a welcome and important additional ingredient unique to London.

### **LSC Mainstream Provision**

32 The LSC in London has around £650,000,000 funding for adult skills in the current year - 2008/09. This report has only been able to give a partial view of the work of the LSC. It does, however, seek to show the increasing importance of the LSEB to the way in which the LSC is operating within London and the positive impact this approach is already having.



33 While the report has concentrated on the example of how the LSC and others are responding to the recession and how this has been influenced by the LSEB, it is important to note that the key objectives of the LSEB Strategy are also influencing the LSC's mainstream work. Two examples of this are the work it is doing with providers to make programmes more intensive and therefore better able to support people to gain the skills required for employment and the support it is providing to colleges to develop stronger links with Jobcentre Plus, employers and job brokerage organisations.

Philippa Langton  
Regional Skills Director  
LSC London Region

**London Skills and Employment Board**

Dear Richard

**Skills provision for unemployed Londoners**

Thank you for your letter of 9 June to the Mayor asking for evidence for your investigation into skills provision for unemployed Londoners. As Vice Chair of the London Skills and Employment Board I am pleased to attach our response, which sets out how the work of the London Learning and Skills Council and the London Development Agency reflects the priorities we set out in our Strategy, *London's Future: The Skills and Employment Strategy for London 2008-2013*, and also how our priorities are being modified in response to the current economic situation. For ease of flow, we have the two questions of LSEB are answered in reverse order.

As you will see from our response, we are in the process of undertaking a review of our Strategy and updating it to 2014 and are currently undertaking limited consultation with partners and stakeholders. This is a statutory requirement and the consultation process will be completed by the end of August. We expect to publish an updated Strategy and first annual report on 2008/09 during October.

I look forward to seeing the conclusions of your investigation. I am copying this letter to Dee Doocey.

Yours sincerely

Harvey McGrath  
Vice Chairman LSEB

cc Dee Doocey

**LSEB Response to the EDCST Committee Scrutiny on Skills for Unemployed Londoners**

**1 Introduction**

- 1.1 The London Skills and Employment Board is pleased to provide a response to the GLA's Scrutiny on Skills.
- 1.2 The Board is a statutory, employer led body, chaired by the Mayor of London with representatives from large employers, small businesses, education and skills specialists, local authorities and unions. It has a formal remit of developing and keeping under review a strategy for employment and skills. Through the Strategy, the Board seeks to influence all national and regional public funding for skills and employment in the capital, and policy at national level. The Board's statutory powers include direction of the LSC's priorities for the adult skills programme.

- 1.3 In 2007, the LSEB published an evidence base – *The London Story* which highlighted several key challenges: the unacceptably high rate of worklessness in the Capital, particularly for disadvantaged groups; large numbers of Londoners without the basic skills needed to survive in the London labour market; the high proportion of London's jobs which need higher level skills; and a skills and employment system which was complex, cluttered and confusing. It was from this evidence base that the LSEB Strategy, *London's Future: The Skills and Employment Strategy for London 2008-2013*, was constructed. The Strategy set out three strategic aims:

- To 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.
- To support Londoners to improve their skills, job and advancement prospects through integrated employment support and training opportunities.
- To create a fully integrated, customer-focused skills and employment system.

It should be noted that for 2009/10 the LSEB has a total budget of £554k jointly funded by the LDA and LSC, which includes the costs of the current Director and three staff. Jobcentre Plus has offered a secondee from the end of July. Below, the Board sets out its response to the particular issues raised by the EDSCT Committee.

## **2 Revising the LSEB priorities in response to the current economic situation**

- 2.1 The LSEB's Strategy was written at a time of continued predicted growth. As the EDSCT Committee recognises, the recent economic changes have had a great impact on the employment and skills landscape. Our analysis showed that we already had to make significant improvements in Londoners' skills and the functioning of the labour market if London was to remain a leading city competing effectively in global markets; the recession must not deflect us from meeting that challenge but does mean that incremental change cannot be sufficient to deliver success. Recession also heightens the risk that long term worklessness and worsening poverty within London's least advantaged communities will become even more entrenched and the future economic and social penalty even greater. The LSEB is alert to the need for a comprehensive response. For brevity, the key economic indicators highlighted by the EDSCT in its briefing are not repeated in this paper.
- 2.2 As a statutory body, the Board has a duty to formulate a Strategy and keep it under review annually. To fulfil this duty, the Board is in the process of consulting on the appropriateness of the Strategy published in July 2008. The Board has conducted its own prior review and concluded that the Strategy provides a strong and appropriate direction of travel to address the issues set out above but agreed in the immediate future the Implementation Plan has to be adapted to recognise the realities of rising unemployment and acute pressure on public finances. Those adaptations are now being identified and the Board is testing its views with stakeholders and partners through written consultation.

Following this process, the Strategy will be updated to 2014 and an annual report for 2008/09 produced. The Board is also in the process of setting annual targets through to 2014.

- 2.3 The Board's view has been informed by a number of factors. The uncertainty around the impact the recession will have on London is central to this thinking. In addition, there are a number of structural changes underway on a national and regional level, the most significant of which nationally are the transfer of skills to a new business facing Department, BIS, the dissolution of the Learning and Skills Council, (LSC) in March 2010 and DWP's plans to devolve some commissioning for employment services. The LSC will be replaced by the Young People's Learning Agency, (YPLA), and the Skills Funding Agency, (SFA). The SFA will include the National Apprenticeship Service, adult advancement careers service and the National Employer Service. Other changes include the introduction of a number of Multi-Area Agreements (MAAs), including one for the five Olympic Boroughs. Prior to these changes, the Board's view was that the employment and skills landscape was complex, cluttered and confusing and as a result of them it is even more important to find ways to improve performance and achieve better value for money by aligning, integrating and co-commissioning employment and skills services to benefit Londoners and businesses. There will also be a General Election by June 2010, likely to result in reductions to public expenditure in almost all areas to decrease the burden of public debt. This potential change of Government and any subsequent changes in policy direction and prioritisation bring additional uncertainty to the employment and skills landscape over the coming year.
- 2.4 As highlighted in the Mayor's Economic Development Strategy proposals, London's global competitiveness depends heavily on the availability of qualified staff and a high quality of life. Even within a recession, evidence shows that skills shortages continue to be reported to be a problem, especially for larger businesses.<sup>1</sup> It will be crucial to invest in skills to build a productive workforce for the future. Equally the Board considers that as London has the highest rate of worklessness in the UK and a significant employment gap for all disadvantaged groups that LSEB should seek to continue to reduce the numbers of long term unemployed and workless – a challenge at a time of rising unemployment. To do this, 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 establishment of a single employer and individual offer outlined in the Strategy in 2008 should be given a higher priority going forward to improve the coordination and quality of services, thus using the restricted funding available to the very best effect, but most importantly to achieve better results for Londoners and businesses.
- 2.5 The LSEB's revised Implementation Plan for 2009/10 focuses on the joint working required across the Delivery Agencies to integrate employment and skills services to improve outcomes and value for money. Although the GLA's scrutiny concentrates on LDA and the LSC and provision for unemployed

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<sup>1</sup> The CBI / KPMG Business Survey May 2009 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.

Londoners, it is important to note that the LSEB's Delivery Agencies include the LSC, LDA and Jobcentre Plus and our remit covers employment and skills in the broadest terms. The Board has set the following priorities for 2009/10:

- 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 and improving engagement and liaison with London's Local Authorities;
- 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 offers;
- Contribute to the debate about the shape of London's future economy by focusing on the employment and skills implications.

2.6 As detailed in section 3 below, the Board has been encouraged by the results of the first year of implementation of the strategy. However, our experience has also led us to the view that we will not be able to properly address the basic fractures in the employment and skills system without more levers and traction upon it. The Board believes that there is an absolute requirement to improve effectiveness by integrating services for customers – both individuals, and employers – across existing organisational and funding boundaries. This has been a consistent theme of the Board and was reflected in the recommendation in the Strategy that there should be a 'single purse' for commissioning employment and skills. Most recently discussed at the Board meeting in July 2009, the clear preference of the Board would be for a single organisation for London commissioning employment and skills. However, recognising that such a step change may not be achievable in the short term the LSEB has made a number of recommendations relevant to the current EDSCT Scrutiny on Skills:

- There should be a single regional Strategy for employment and skills to which all organisations delivering service provision are committed and which encourages joint working and collaboration across organisational boundaries, wherever defined;
- to improve value for money and outcomes for employers and individuals there should be a joint focus on aligning services and co-commissioning and improved pathways of services for individuals;
- approaches to employers and businesses should be streamlined to prevent the current multiple and competing approaches made to them by the public sector;
- Commissioning should occur at appropriate levels – our experience to date has shown that London would benefit from jointly commissioning LSC and LDA skills programmes together with JCP services for those up to 12 months unemployed at regional level. Whereas it may be more appropriate to co-commission employment support and programmes for the long term unemployed and economically inactive at sub-regional level to maximise the potential for integrating services with Local Authorities;
- The Mayor's current statutory influence and direction over adult skills, via the London Skills and Employment Board, should be extended to Jobcentre Plus services and to the commissioning of DWP's employment programmes;

- To ensure the effective integration of employment and skills, the co-operation of the prime providers delivering the Flexible New Deal contracts in London should be sought, particularly given the significant funding stream and additional private and third sector resources these represent.
- LSC, Jobcentre Plus and LDA should be required to report to the Board on their progress in delivering the Boards objectives and targets, and the Board would also seek an agreement with London's Boroughs that they will also provide information on how relevant work within their remit is contributing towards delivering Board objectives and targets
- There should be a new national joint PSA target for sustained jobs with progression (and taking into account that for those furthest from the labour market, progress towards employability will often be the most appropriate target) to harmonise the current competing targets across organisations, which impede the potential for improved services.

The LSEB Board will seek to promote these recommendations with Government during 2009/10. The LSEB has also made a case recently proposing that the strategic functions of the Skills Funding Agency should be combined with those of the London Development Agency in order to streamline services to users.

- 2.7 In readiness for the advent of the Skills Funding Agency, (SFA), the LSEB has also been working with the Department for Business, Innovation and Skills to construct a Memorandum of Understanding between the Board and the SFA to codify the relationship that has developed between the Board and the LSC so that this can be applied to the new Skills Funding Agency.

### **3 How the work of the London LSC and LDA reflects the priorities set out in the LSEB Strategy**

- 3.1 While acknowledging the scope of the work still to be done and the changes above that are needed to increase the Board's traction on the employment and skills system, it is important to note that the Board has been encouraged by the results of the first year of implementation of the Strategy. There are a number of achievements to note both in terms of recession specific and longer term initiatives and real evidence of goodwill in the Delivery Agencies to work together. As a result, the work of the LDA, LSC and Jobcentre Plus has been directly affected by the LSEB's Strategy to date and it is the Board's intention to sustain and increase this impact as the implementation of the Strategy continues. The following paragraphs set out examples to date of how the work of the LDA and LSC specifically has been influenced by the priorities of LSEB's Strategy.

#### ***Impact on the LSC***

- 3.2 In January, The LSEB reviewed the LSC's annual plan for 2009/10 prior to its publication. This was done through a task and finish group and by the full Board in order to influence LSC's planning and priorities. In June the Board reviewed the LSC's allocation of 2009/10 demand-led budgets and the priorities applied to these. The Board reviewed the LSC's capital programme, including the LSC's funding problems and the consequential adverse impact on Colleges in London. As a result the Mayor made representations to the Secretary of State on these issues. The Board regularly reviews LSC's performance against its plan

to identify areas where additional action might be taken or where LSEB can intervene to press for further freedoms and flexibilities.

- 3.3 Over the last year the Board helped to secure unique agreement and funding for a programme designed by the LSC, 'Skills for Jobs', which has a number of strands which focus on different disadvantages faced by individuals. This is a programme aimed at meeting the needs of the London labour market and economy. Provision is typically two to eight weeks part-time. Training must focus on the skills required to achieve a job in the local labour market which must last at least 13 weeks. For example, funding is used in providing training designed to meet the needs of employers with vacancies offered through the Local Employment Partnership, (LEP), initiative developed by Jobcentre Plus. As part of the recession initiatives Skills for Jobs also helps newly redundant individuals who may need the support to move rapidly back into employment.
- 3.4 The LSEB has helped to maximise the LSC's 'Employer Responsive Provision' by arguing the case for additional flexibilities for the Train to Gain programme from September 2008. Subsequently, these flexibilities were extended nation wide as a result of the success in London.
- 3.5 The LSEB has worked with the London Apprenticeship Task Force to establish targets for the public sector to take up Apprenticeship places. The LSEB will be working with the National Apprenticeship Service to report progress on these targets to the higher Level Economic Group jointly chaired by the Mayor and the Minister for London.

### ***Impact on the LDA***

- 3.6 As a result of the LSEB's Strategy and the Leitch Report, the LDA have been working to make significant changes to its skills provision, with funding in future aimed at creating sustainable employment and linked to outcomes. The Board will be reviewing the effectiveness of these changes in due course.
- 3.7 There are a number of initiatives the LSEB has championed which have been delivered by the LDA and the LSC during the first year of Strategy implementation. The first is with regard to transitional funding for English for Speakers of Other Languages, following national policy changes and a review by the LSEB Board in 2007. This resulted in an ESOL transitional fund for one year, funded by £12m from the LSC and £5m from the LDA to support providers in reshaping their ESOL provision following changes to ESOL policy in 2007/08.
- 3.8 As a result of the LSEB's Strategy, the LDA has led the proposal to establish a Skills and Employment Observatory to improve and coordinate labour market information – a significant issue identified during the preparation of the LSEB's Strategy. As a result of further consideration by the LSEB in April 2009, it has been agreed that the Observatory's work programme should include the ability to forecast future skills needs and assess gaps in provision. The Observatory will be aimed primarily at commissioners, including those commissioning 14 – 19 and adult provision.

### ***Influencing the Olympic Legacy***

- 3.9 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. 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.

### ***Integrating Employment and Skills***

- 3.10 One of the key aims of the Board is the integration of employment and skills services and simplifying the landscape for individuals and employers. Redesigning co-commissioning models is an essential part of this aspiration and the Delivery Agencies have been working together towards achieving this. They are in the process of compiling a Joint Investment Plan which will show how they are employing their funding to respond jointly to the Board's Strategy. It will show how they plan to better work together to provide services based on an individual's need and judged by their impact on sustainable employment and progression outcomes.
- 3.11 The Board is also supporting the Integrating Employment and Skills Trials taking place in central London which are an additional example of good joint working between the LSC and JCP. Within London there are two categories of trials underway, into work trials and in work trials. The 'into work trials' are part of the national Integrating Employment and Skills trials taking place in a London context. The 'in work trials' are specific to London and aim to support progression for those already in work.

### ***Tackling the Recession***

- 3.12 In addition to the agencies implementing priorities set out in the LSEB Strategy, there has been a large amount of joint working carried out by the agencies in direct response to the recession. The Rapid Response Offer is a cross agency led initiative which aims to minimise the impact of the recession upon businesses. The service offers a flexible package of support options which can be tailored to meet a business's individual circumstances.
- 3.13 The Rapid Response Offer is one of the initiatives contained within the Joint Action Plan (JAP). The JAP was published earlier this year by the LSC, JCP and the LDA and sets out a joint response detailing "how the services they deliver will collaborate to tackle the economic downturn"
- 3.14 In addition, a new six month offer for those unemployed for more than 6 months was launched by the Prime Minister in April 2009. Those unemployed and claiming Job Seekers Allowance (JSA) for more than 6 months will receive significant extra support from Jobcentre Plus supporting them in improving opportunities for entering work or improving work related skills. They will have



the option to access either skills support, an employer subsidy (which is paid to employers recruiting those who have been unemployed and in receipt of JSA for six months or more), volunteering opportunities or financial and training support to enter self employment. The LSC, Jobcentre Plus and the LDA in London have worked very closely to ensure that all four elements of this offer are both available across London and are appropriate to the needs of London.

***Infrastructure Projects – Skills and Jobs Opportunities***

- 3.15 In April the Board reviewed the opportunities for skills and jobs on two major public infrastructure projects – the Olympics and Cross Rail. The Board plans to review major infrastructure projects in future at an early stage and pass on the lessons learned, which include the need to mandate Apprenticeship places as part of the contractual processes.

## **London Borough of Islington**

Dear Richard Berry

### **Proposal for an Investigation into Employment and Skills in London Report No. 4**

Islington Council is interested in your planned investigation and the resources available to improve skills and increase the employability of residents in London. In Islington lack of skills is a high level issue as so many of our have no or low qualifications. The 2008 ONS annual population survey reported that 18,000 Islington residents (13.2% of the total working age population) had no qualifications at all. Paradoxically Islington is also populated with many people with high level qualifications (level 4 and above).

Islington's Social and Economic Wellbeing (SEW) Partnership (part of the Islington Strategic Partnership) commissions a range of services to reduce worklessness in partnership with Job Centre Plus and the Learning and Skills Council. Areas mentioned in the SEW Partnership's strategic and commissioning frameworks relate to Londonwide discussions.

The priorities are:

- Moving people closer to the labour market – greater conditionality around benefits in partnership with Job Centre Plus, but more support to prepare people for work;
- Emphasis on the development of personal pathways, particularly for those with multiple barriers to work including early interventions to seek to break the inter-generational cycle;
- Learning from mistakes from past recessions i.e. not concentrating only on those who are recently unemployed, but working with people furthest away from the job market so that they can benefit when opportunities arise or become easier to find.

Key activities that are underway, but needing expansion are:

- Apprenticeships, especially funding for the training elements of this programme;
- Vocational training;
- Training delivered in the voluntary and community sector (not over use of large national training providers, as is the case with Job Centre Plus);
- Entry level skills with progression routes;
- ESOL with vocational themes;
- Increased pooling or aligning of funding streams to reduce duplication of effort and the need for smaller organisations to make numerous bids for funding;
- Skills and employment work linked to enterprise support, especially supply chain, business development and business start-up opportunities;
- Furthering work on Employer Accords and developing employer relationships with job brokerages

We would be keen to see more resources available for skills development and support for people to obtain work but this should not be just to deal with effects of the current recession. There is ongoing demand for provision of longer term assistance to people

who may be furthest away from the job market and who experience multiple barriers to sustainable employment.

Additional concerns we have around skills provision and employment support in London are:

- The reduction in LDA commissioning and funding for these activities;
- That the Integrated Employment Service (JCP and LSC) is not yet fully operational and access to this is only possible through the JCP claimant route;
- Whether the identified demand for people with level 4 skills and above (especially in the City) will be met and the route(s) through which this will be delivered;
- Whether the need for employability and soft skills (communication, team building, labour market awareness, confidence and presentation etc.) required for work will be addressed;
- Whether Flexible New Deal will influence/affect skills development;
- The need for clear personal pathways and progression routes;
- The shortage of affordable childcare;
- Lack of Adult and Community Learning representation on the LSEB

We hope the above is helpful. If you have any queries or need further background to what we are doing locally or our concerns please get in touch with Joanna Eve, Regeneration and Community Partnerships Officer, 7 Newington Barrow Way, London N7 7EP e mail: [joanna.eve@islington.gov.uk](mailto:joanna.eve@islington.gov.uk)

Yours sincerely,

Cllr Lucy Watt

**Age Concern**

Evidence was received from the Age Concern in the form of their London's 2008 report "A Wealth of Experience"; on issues affecting people aged 50+ in the labour market in London. If you wish to view an electronic copy of this document please contact Richard Berry, Scrutiny Manager at [Richard.Berry@london.gov.uk](mailto:Richard.Berry@london.gov.uk)

**Nick Wilson**

**Partner, Open Agenda, and Associate, JH Consulting**

## **1. Introduction**

1.1 This submission focuses on how to boost employment opportunities for young adults with learning difficulties and/or disabilities. It is based on work undertaken to support the Learning and Skills Council in implementing the *Learning for Living and Working in London* strategy, the first goal of which is “to expand employment opportunities and improve progression routes into employment of different kinds”.

1.2 As part of the London work, twenty-two effective models of provision were examined. These offer realistic benchmarks for partners seeking to create pathways to sustainable employment for disabled young adults. These are written up in the report on this work at <http://www.carnewilson.org.uk/pdfs/llwlemp.pdf>.

## **2. The nature of the challenge**

2.1 At the time of writing the *Learning for Living and Working in London* strategy (January 2008) there were 44,500 secondary school students with learning difficulties and/or disabilities whose requirements would need to be addressed in the post-16 skills and employment system. Only one in two of the disabled working age population were economically active, compared to four in five of non-disabled Londoners, and those in work were more likely to work part-time (28%) than non-disabled workers (19%). The number of people with severe learning difficulties was predicted to increase, primarily because of increased life expectancy, especially among people with Down’s syndrome; the growing numbers of children and young people with complex and multiple disabilities who now survive into childhood; a sharp rise in the numbers of school age children with autistic spectrum disorders, some of whom will have learning disabilities; and greater prevalence among some minority ethnic populations of South Asian origin.

2.2 Many people had been falling through a void between eligibility for DWP/Jobcentre Plus services and eligibility for Local Authority day services. People with moderate to severe learning difficulties often had a gap of several months between leaving college and being placed with a supported employment agency by when, because of their learning difficulties, much of their learning experience has been forgotten. This was a poor reward for students’ and tutors’ efforts and a poor response to expectations which may have been raised during the period of formal learning. It was also a poor use of taxpayer’s money as the benefits of the learning experience were being largely dissipated.

## **3. Raising expectations**

3.1 The first barrier to employability is the low expectations which parents, carers and professionals often have about what can be expected of many people with learning difficulties and/or disabilities in terms of open, paid employment. The experience of North Lanarkshire shows that a very high proportion of people eligible for that Local Authority’s day services have been able – with the right support – to obtain open, paid employment and that 90% of these are working 16 hours plus a week.

3.2 Arguments for embracing such ambitious expectations include the following:

- That people with learning difficulties and/or disabilities should not be excluded from opportunities which other people have to earn money, to feel fulfilled and to benefit from social networks.

- That short periods of employment each week are not the best way to meet the needs of people with learning difficulties, in particular. What they actually require, to reflect their learning needs, are opportunities for sustained employment spread throughout the week.
- That 16 hour plus paid employment opens the door to a range of Department for Work and Pensions support and tax credits.
- That North Lanarkshire and others are demonstrating that 16 hours plus employment is a reasonable ambition for many people who have 'critical and substantial needs' to a degree that makes them eligible for Local Authority day service support.

3.3 So, the first challenge is to ensure that all professionals working with young people with learning difficulties and/or disabilities, and their parents or carers, are aware of what is possible and themselves have high, though realistic expectations of the young people they are supporting. This process of raising expectations should start as early as possible: at school – indeed at *primary* school.

#### **4. Resources for job coaching**

4.1 Job coaching is the cornerstone in helping people with learning difficulties and/or disabilities to move into employment. Job coaching through the ROSE project in Havering has enabled 40 people with moderate to severe learning difficulties to move into sustained, paid employment in two years. Hammersmith and Fulham Action on Disability (HAFAD) places around 20 clients a year in open employment, and expects to increase this through a new job coaching model. Remploy would like to replicate, at its new London centres, an LSC South West Region contract to support 30 Bristol College learners a year into paid employment. Lambeth College's partnership with the Camden Society has a target of placing 15 students a year into outside supported employment. STATUS Employment has a contract with the South London and Maudsley NHS Trust to place 40 people with severe mental health difficulties in paid employment per year.

4.2 In the London Borough of Newham, the ambition is to retrain 40 people from a range of organisations to be job coaches. Discussions with other organisations during the London work suggested, however, that levels of investment in job coaching vary substantially. Ensuring that there is an adequate supply of well trained job coaches should be a priority in every locality.

#### **5. Working in partnership**

5.1 The London work identified a range of effective supported employment provision delivered by Local Authorities, supported employment agencies, voluntary organisations or locally based projects. The Further Education colleges visited as part of the project are working towards meeting the LSC's requirement for work preparation programmes that focus on learning in the workplace and the supported employment model. In one case (Havering College) this has involved hosting a self-standing supported employment team (the ROSE project). In other cases business to business partnerships are being formed between colleges and established supported employment agencies.

5.2 Colleges (and training organisations) need to make clear choices about how their learners are going to be supported into employment at each stage. They need either to grow a supported employment capability, as has happened in Havering, or to form effective business partnerships with established supported employment organisations and draw on locally available expertise (including expertise on benefit entitlements). Supported employment organisations have well established and effective employer

engagement strategies and these are a critical requirement. At an expert workshop in London about progression from the Foundation Learning Tier to supported employment there was a clear consensus that partnerships between colleges and supported employment organisations are essential.

## **6. Strategic leadership at a local level**

6.1 Tutors, job coaches, benefits advisers and other front line staff are in the forefront in securing effective pathways for young adults from formal education into employment.

However, the point was strongly made during the London work that the responsibility for fixing current disconnections within the system cannot simply be delegated to these front line staff. Strategic partners have a vital role to play in providing the glue to make the system work effectively, including:

- Contributing to the process of raising expectations amongst professionals, parents and carers.
- Championing the role of public sector organisations in providing inclusive work experience and job opportunities.
- Ensuring that staff commit the necessary time and effort to person centred planning.
- Allocating adequate resources for benefits advice, job coaching and professional development.
- Aligning different funding streams in ways that work for people with learning difficulties and/or disabilities.
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The Learning and Skills Council has had a leading role in developing the *Learning for Living and Work* national and regional strategies, in reprioritising the contributions of the education and training system and in deploying development funding to support progression to employment. This leading role will, however, cease when the LSC disappears in 2010.

6.2 Moreover, the models examined in the London work illustrate the importance of local leadership in making services work better for people, not least to ensure an effective response to PSA 16, the Public Service Agreement for socially excluded adults. There is a strong case for Local Authorities, Local Strategic Partnerships and, particularly, 14-19 Partnerships to take on a leadership role in ensuring that commissioning partners do supply the glue to make services work seamlessly and effectively for people with learning difficulties and/or disabilities. The relative roles of strategic and delivery partners are suggested in the attached diagram.

**Nick Wilson**

**Partner, Open Agenda, and Associate, JH Consulting**

**Centre for Cities**

Evidence was received from the Centre for Cities was in the form of a PowerPoint presentation called "Spatial Patterns of Unemployment and Skill in London". If you wish to view an electronic copy of this document please contact Richard Berry, Scrutiny Manager at [Richard.Berry@london.gov.uk](mailto:Richard.Berry@london.gov.uk)



## **Working Links**

### **Introduction**

Working Links welcomes the opportunity to give evidence to the London Assembly's Economic Development, Culture, Sport & Tourism Committee's Investigation into Employment and Skills. During the current recession it is more important than ever that we evaluate whether unemployed Londoners are getting the right skills and training to help them enter or return to work.

Since its formation in 2000, Working Links has become a leading provider of employment, skills, IAG and support related services in some of the most disadvantaged communities in London. Our experience of delivering these contracts has presented us with the challenges of joining up employment, skills and other provision to facilitate a smoother journey for clients using our services. Whilst we have done this to the best of our ability, it has often been complex and overly bureaucratic, which we illustrate with case study examples in this response. Any initiatives to simplify the integration of employment and skills going forward would be welcomed by Working Links.

We support the LSEB's Skills and Employment Strategy for London that seeks to work with employers to better support them in providing more jobs and defining their skills requirements to create a fully integrated, customer-focused skills and employment system. We believe that their work is a solid launch pad for future initiatives intending to link skills and employability programmes together. In the current conditions the focus needs to be on what employers require, and in many cases this does not demand prolonged training, but short, sharp effective courses, as well as those that develop people once they are in work.

We therefore support the proposed actions set out in the Mayor's Economic Recovery Action Plan published in December 2008 and updated in April 2009<sup>2</sup> focusing on skills and jobs during the current recession. Working Links has been involved in a number of the initiatives mentioned, including the LSC's Skills for Jobs programme, and the challenges and successes faced by this particular programme will be covered later in our response.

Additionally, we fully support the Mayor's aims set out in his Economic Development Strategy<sup>3</sup> for building London's economic future through extending opportunities to all Londoners by focusing on helping the most disadvantaged and excluded back into work with an appropriate and relevant skill set.

Our response will focus on the following two key areas:

1. The current challenges when trying to integrate employment and skills delivery and the unnecessary additional barrier these present to providers and specifically to clients already excluded from the labour market. We will evidence how the complexity of funding streams works to the detriment of effective holistic provision.

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<sup>2</sup> The Mayor's Economic Recovery Action Plan, Greater London Authority, December 2008

<sup>3</sup> The Mayor's Economic Development Strategy 'Rising to the Challenge', Greater London Authority, May 2009

2. The importance of skills and qualifications being delivered to meet employer demand and skills gaps.

## **1. Current Challenges of IES**

### *Lack of joined up and consistent funding*

Working Links supports an integrated employment and skills agenda. But as things currently stand, the lack of joined up and consistent funding is proving to be an obstacle with the need for greater coordination and continuity in funding becoming increasingly apparent.

For example, our Skills for Jobs programme ran initially in Lambeth, Wandsworth and Southwark from November 2007 to July 2008. These contracts successfully delivered pre-employment training to 120 unemployed people. Sector specific routeways were developed with key regional employers, and skills training was delivered to address the specific vacancies in the area. 67 people secured employment as a result of this contract. These results meant that our subsequent bid to retain the contract was successful. However, despite this success, there was a gap in funding between the first contract terminating and the start of the second which resulted in the loss of experienced staff, locations, reputation, profile and trust with our partners in the areas where we were delivering. The impact of these negative consequences has been significant, both in terms of our effectiveness when the contract was resumed and the lack of support available to our clients in that period, illustrating the importance of having seamless transition between contracts. This also has an impact on value for money; we cannot absorb the full costs of wind down and reinstatement so this reduces the investment into direct client support.

### *Complexity of multiple funding streams*

Another challenge for both providers and users of services is the complexity of multiple funding streams. For instance, in order to support a single client into work we might have to draw on funding from three different sources – assistance with initial engagement through ESF, skills development through LSC and then job placement through DWP. We have to do the joining up at provider level rather than having a coherent commissioning strategy from central Government. Whilst we can facilitate this integration working on a bottom up basis, ideally, we believe there would be greater gains from joining up at the commissioning level. We think strategic joined-up commissioning that is responsive, flexible and creative, will provide the best quality of service to our clients. Also, short term localised funding is not particularly effective, funding needs to be available alongside major contract timelines, otherwise the opportunities available to clients and the services to employers are inconsistent and confusing and providers are continually changing their approach.

### *Commissioning challenges*

Our experience on the ground has proven that the way things are commissioned in London can be needlessly complicated. We acknowledge and support however the progress that has been made towards simplification by LSEB and their lobbying to address the bureaucracy and lack of coherence which has so far hindered effective delivery of integrated skills and employment. West and East London City Strategy

Pathfinders have also developed worthy partial solutions in their attempts to create an effective customer journey for unemployed people to progress through skills development and into sustainable employment.

#### *The need for consistent funding*

For instance, the services we are funded to deliver in London differ from borough to borough again due to inconsistencies in funding. The level of funding in one borough can be significantly higher than the next meaning that two unemployed people accessing our services in neighbouring boroughs can receive disproportionate levels of service simply because of where they live as opposed to their needs and personal eligibility. We therefore advocate a common approach to eligibility for clients and for funding to be determined based on needs as opposed to geographical boundaries. We understand that the Local Authorities in London are now working more closely with the LSEB and we will welcome any consequent alignment of local implementation with the LSEB's Strategic Plan.

#### *Holistic provision – the importance of a single customer journey*

The complexity of multiple funding streams works against the delivery of holistic provision. Working Links promotes the need to provide holistic provision for those clients with multiple barriers to work. What we mean by this is that these clients often need a variety of interventions to move them closer and into work, some delivered sequentially and some side by side. Whenever a patchwork of separately funded (or grant based) provision means that such support becomes intermittent or there is no single trusted guide through the programmes, the client is at risk of losing motivation and dropping back out. To avoid this, simple, all-encompassing larger and longer contracts are necessary, where the journey of the individuals into work will continue as they gain further skills and progress in the workforce. It is our intention at Working Links to provide that quality of ongoing support to clients, enabling them to acquire qualifications that will underpin their progression to a well-paid job.

#### *The benefits of flexible funding*

Working Links supports flexible funding that allows us to draw upon our partnerships in the community to provide multifaceted support to our clients.

For example, our Kormo Shadin, or 'freedom to work' programme, aimed to guide and support jobseekers through a range of activities enabling them to become socially and financially better off. Funded by the London Development Agency, it was designed specifically to help Bangladeshi ex-offenders and focussed on those living in Tower Hamlets, Newham and Hackney. During the programme that ran from June 2007 to June 2008, 262 people registered on the programme. 21 people went into training, 25 received work placements and 86 got jobs.

Working Links formed positive relationships with local criminal justice services, drugs treatment agencies, youth and community organisations, housing associations and the faith sector, to address the many barriers faced by the people referred to the programme. This individualised and joined up approach is what really benefited the clients and made this programme a success. This bottom up integrated form of working was further enhanced by flexible funding, allowing us to provide the wraparound service, not available through mainstream provision.

## 2. Skills and qualifications

### *Employer led solutions*

Working Links believes it is important for skills and qualifications to be delivered to meet employer demand and skills gaps. The CBI's most recent London Business Survey (Mid-year review June 2009) highlighted how skills shortages are a significant concern for employers at the moment. It is therefore imperative that we ensure that all of our clients are equipped with the right skills, skills that are relevant to the sector and meet the demand of employers, as their employability increasingly depends on this.

That is why we have an Employer Solutions Team in place that works directly with employers to identify their recruitment needs alongside the required skills. We then work with employers to develop bespoke pre-employment training that meets their needs and supports our clients. The employer will be actively involved in the training and will come and meet our clients and talk about the sector, career routes and the skills that they are looking for. This has significant impact on the motivation of our clients to participate, as they can see that the programme can lead to real job opportunities. While our clients are completing the pre-employment training, we will embed support that prepares them for interviews with the employer. The result is that the employer is involved all the way through the process and can be confident that the training and support meets their needs.

We feel that skills provision such as Train to Gain encourages a 'tick box' culture, where providers are accrediting what people do, rather than developing relevant new skills. The purpose of skills training provision is to respond to what employers need and are looking for in a timely and practical way. We believe getting the skills programmes right will be the key to securing true employability and social mobility. We feel strongly that in work training must be relevant and 'easy' for both the employer and the employee to see the true benefit. For both employers and employees, building skills cannot be a single injection of learning; it has to become a way of life.

### *Accreditation issues*

Pre Employment Training (PET) such as LSC Skills for Jobs funded training isn't formally accredited but has been approved by employer representative bodies such as Sector Skills Councils (SSCs). We have found this type of provision to be very attractive to employers in key sectors such as retail and hospitality for the reasons set out in the preceding paragraph. Yet there is still accredited vocational training being offered that is not relevant to the employers skills needs. Employability programmes need to be designed with the input of employers and be flexible so that bespoke elements can be bolted on to the core training. The flexibility to design elements of PET to meet employers' recruitment needs is an attractive offer to employers as the content will meet their issues and address their concerns. There is a real disconnect between what employees need and the traditional generic training solutions that are still on offer. We believe that through PET and additional support, we can give employers a positive experience of training, which can be followed through into post employment training.

## **Conclusion**

An individual's journey from welfare benefit, to being well-paid in sustainable employment will be our realisation of the integrated employment and skills agenda, which echoes the Mayor's objective of 'Helping people get into work and progress once at work' included in his latest economic development strategy.<sup>4</sup> We will also need to focus our programmes on communities and deprived areas where skills development has the least penetration but can make a significant impact on social mobility.

Our delivery experience has shown us that a simplification of funding streams supports and facilitates the integration of employment and skills, which also contribute to a smoother, more seamless customer journey for our clients from social exclusion to social inclusion. Working Links believes that addressing the challenges of IES in the ways described above will improve the quality of services we can offer London's unemployed and that working together with employers to ensure that the training we offer our clients is both relevant and in demand will help tackle the issue of skills shortages. We look forward to continue working together with the Mayor on these important issues and continue carrying out the various initiatives put in place to tackle worklessness in London.

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<sup>4</sup> The Mayor's Economic Development Strategy 'Rising to the Challenge', Greater London Authority, May 2009

### **Tomorrow's People**

All the activities listed in 3.3 and 3.9 are fine, but the key to success will be the way they are implemented.

Much of the previous skills provision has been driven by high volume, low priced interventions, which in our view puts ticks in boxes, but which has little impact on the skill levels of the target client group. Another factor here is the way programmes are funded, often creating serious working capital requirements which cannot easily be overcome by TSO's.

This has meant that Tomorrows People (and I am sure others) has often decided not to submit tenders, as we have not been able to do the job properly.

The consequence of this is that the clients have not had access to some of the organisations who they trust and who are best placed to meet their needs for the long term.

Our recommendation therefore is that more emphasis is placed by commissioners on value, rather than price. Also on assessing how realistic performance offers made are, in the context of previous performance; and when tendering, don't be prescriptive, but allow providers to submit proposals which will not be automatically be rejected if they don't simply offer to fit the right sized square peg into the square hole stated in the spec.

By setting up any tender exercise in the right way, you should be able to achieve best value. By setting it up in the wrong way, you will just get more of the same which is simply not good enough!

The list of organizations in Para's 3.6 and 3.26 omits private and voluntary sector providers and other TSO's/ community organizations, which can really make a major contribution to both strategy and delivery.

As importantly, they are often best placed to make the key first contact with the client group, which leads me on to a major point, that effective "engagement" must be at the heart of any strategy if the skills improvement targets are to have any chance of success (relevant to Para 3.8).

On the back of this, another important barrier which is important to overcome before any skills training can be undertaken is the attitude of the target group, who are often distrustful of the Establishment and therefore reluctant to engage in services which feel like government. Again the Third Sector can provide a good bridge and intermediary for this, but too often are themselves engaged in lip service fashion by the larger providers, especially colleges, who in their naivety believe they can be all things to all people – but they are wrong!

Another key point to make when looking at skills, is that "work related" skills should be given equal credence to the more academically focused skills provision which has previously been on offer. Therefore provision should be allowed to be delivered in different ways, not just classroom, as this will help to overcome bad memories many people have of school life.

SR-008

In conclusion, 3.7 provides a real opportunity for the Mayor to have a major influence on skills in London, please don't waste it by placing all the power into LA's hands, as they will simply replicate the college position outlined above.

I hope this is of some use. I would be pleased to either elaborate on any of the points above, or be involved in your future deliberations and role out of this strategy.

Regards

Steve

Steve Swan  
Director of Welfare to Work  
Tomorrows People

## **UnionLearn**

### **Introduction**

Unionlearn in the Southern and Eastern Region of the Trades Union Congress (SERTUC) represents TUC affiliated trade unions in London, the South East and the East of England. Unionlearn SERTUC directly represents the interest of those unions' two million plus members, who live and work in this region, and works on behalf of all working people and their families.

Unionlearn SERTUC welcomes the opportunity to comment upon GLA investigation into skills and training for unemployed Londoners. Unemployment is naturally a concern to all workers, particularly in this time of recession and trade unions are committed to supporting workers in difficult economic times.

### **Scope of the investigation**

We suggest that the investigation could be improved by taking a more structured and focused approach than is evident in the scoping paper. The purpose of the investigation should be to:

1. Examine the effectiveness of the mayor's strategy with regard to the delivery of skills and training support to both London's unemployed and employed. It should consider whether his current influence and powers with regard to partner agencies could be extended to produce better results.
2. Examine how the London Skills and Employment Board can address the current skills needs of London's unemployed, workers vulnerable to unemployment, and increase the skills of workers by building upon existing initiatives (Rapid Response Service, LSC Skills for Jobs Programme, Apprenticeships, Train to Gain) and partnerships (Job Centre Plus, LDA Business Link, voluntary sector, trade unions)

Further recommendations are made at the end of this paper that the investigation be extended to how partnership with trade unions can contribute to London's strategy for the unemployed.

### **TUC and UnionLearn**

Unionlearn is the TUC's comprehensive service promoting learning and skills for trade union members. It supports TUC affiliates in negotiating learning opportunities for their members in the workplace, brokers training for union representatives and officers, and researches the skills needs of trade union members. Unionlearn has a learning and careers advice service that is free to union representatives and union members offering impartial, confidential service which helps people to develop new skills, improve their job prospects or change jobs.

Trade unions have particular interest in addressing the skills needs of London's unemployed building upon existing initiatives and partnerships. It will be particularly useful for unions to be able to liaise with agencies with regard to funding and places for basic skills and ESOL as funding will be harder to come by in a time of restricted public spending. The TUC's Unionlearn service has a strong record in providing learning opportunities for London's trade union members. In the Southern and Eastern region



there were 36,219 learners in the year 2008-9 conducting learning either provided or supported by unionlearn. Of those learners, 493 have undertaken ESOL learning and 3,216 have undertaken “skills for life” programmes.

Unionlearn SERTUC is keen to develop best practice working relationships with LSEB and partner agencies to support workers. For example, the UNISON and GMB unions have a partnership with Barnet Council and the College of North East London which has delivered opportunities for 260 learners to undertake courses in Skills for Life, ESOL and Information and Communications Technology up to level 2 in a UNISON learning centre at the workplace. The learning has been funded by accessing Train to Gain money and the learners supported by a team of five union learning representatives working on site.

### **Union Learning Representatives**

Union Learning Representatives (ULRs) play a crucial outreach role in pursuing unionlearn goals by engaging trade union members with learning and have rights to statutory time off from their jobs to undertake the duties of a ULR. Often working in partnership with their employer, ULRs promote learning amongst workers, develop relationships with providers and funders, and support/mentor workers who take up learning. There are over 3000 trained ULRs in London, with 295 union learning representatives being trained in the last year alone. It could be useful to consider ways of improving exchanges of information and other links between unionlearn and key agencies in London such as Rapid Response Service, LSC Skills for Jobs Programme, Apprenticeships, Train to Gain, Job Centre Plus, LDA and Business Link.

### **Trade Union Learning Centres**

There are 35 trade union learning centres throughout London, mainly based in the workplace, all of which are connected by U-Net, the unionlearn network of learning centres that works with learndirect to offer hundreds of courses. U-Net is regarded as one of the best online providers in the country, and was recently awarded a grade 2 by the OFSTED inspectorate. The experience that trade unions have of setting up learning centres and supporting learners could be useful in a partnership arrangement with London agencies. It may also be possible to find ways to refer unemployed and other learners from London agencies to trade union learning centres.

### **Apprenticeships**

The government’s drive to increase apprenticeships is one of the key ways in which young people will be assisted to enter the labour market in this time of recession and the programme provides the opportunity for apprentices to develop both workplace specific and vocational skills that will be vital to them in their working lives. Trade unions have an important role as strategic partner to the government’s drive to increase apprenticeship places. TUC has a government funded national project to develop trade union capacity to promote apprenticeships through industrial relations processes and for trade union representatives to support apprentices in the workplace in terms of making sure of the quality of the placement. The TUC will be running a campaign amongst trade union affiliates next year called “Ask an Employer” to encourage trade unions to engage with employers regarding apprenticeships and it may be useful to liaise with GLA on this initiative. It may also be useful to hold discussions with GLA about how to

make sure that public procurement processes across London can deliver opportunities for quality apprenticeships. Unionlearn SERTUC works with a range of partners, such as the Apprentice Ambassadors Network, the ODA, and others to promote the take up of apprenticeships.

### **Integrated Employment Service**

Unionlearn SERTUC has just started working with the LSC and the LDA on the Integrated Employment Service pilot. Working with ULRs and trade unions, the pilot will support workers in the seven London Boroughs progress at work, thereby creating job opportunities for people not in employment.

### **Conclusion**

It would be useful if the investigation into skills and training support for Londoners considered how partnership with unionlearn and trade unions in London might offer opportunity to the unemployed, those vulnerable to unemployment, and other workers. This could be particularly with regard to funding opportunities for ESOL and Skills for Life learners and the capacity of union learning representative networks to contribute to supporting the unemployed and other learners, possible referrals to union learning centres and how unions may promote the apprenticeship programme in London.

## **London Development Agency**

Dear Dee

### **Employment and skills investigation**

Thank you for your letter of the 7 August and your request for information on the employment and skills services in London. I am able to respond to your questions as follows:

1. The London Development Agency's (LDA) funding allocation is agreed through the Comprehensive Spending Review (CSR) process. Current funding allocation run until March 2011. The next CSR is due in the autumn of 2010 and will determine our funding allocation for 2010/11; 2011/12 and 2012/13. Please see the attached Annex A for a detailed breakdown of LDA programmes, Annex B for a breakdown of projects and Annex C for the overall funding allocations for 2010/11.

Budgets until 2010/11 and future years will be reviewed by the Board on September 16<sup>th</sup> and I will update you further following this meeting.

2. There are a wide range of bodies involved in delivering skills and employment in London and the LDA is a relatively small player investing around £75m per year out of a total of £1bn annual investment by all agencies. In this context working in collaboration with the main players such as Learning & Skills Council (LSC), Department for Work and Pensions (DWP) and to a lesser extent London's local authorities to act as a catalyst for pilots or innovation and wherever possible seeking to encourage mainstreaming. Most of our steer for this work follows from the London Skills and Employment Board (LSEB).

3. The purpose of the commissioning framework is to a) enable flexibility in our approach to buying/investing whilst at the same time b) ensuring we pursue key principles of investment.

The intention is to enable the LDA to engage with key delivery partners in order to inform how best to deliver our Investment Strategy without duplicating other skills programmes offered by key partners such as the LSC. The LSC has core areas of investment such as 'Skills for Life' and mainstreamed programmes such as 'Skills for Jobs' and 'Train to Gain' which is demand led and employer responsive. Additional programmes such as Employability Skills Programme, however, serve as a central vehicle for delivering basic skills to Jobcentre Plus (JCP) customers, whilst others add to existing provision for targeted customers. A key requirement of the LDA's Commissioning framework is to demonstrate added value and complement other programmes.

The LDA's Commissioning framework approach now links payment to outcomes, moving away from funding core-costs in order to enable a greater return on taxpayers' money. This new focus on outcomes is dependant upon the involvement of potential end beneficiaries and those purporting to represent them, and potential delivery partners, in shaping the specification and matrices'.

4. Our role complements the LSEB and is in line with its key objectives. Our programmes centre on improving the London evidence base, improving access to information and

advice, supporting parents to work through flexible childcare and outcome-based Employability provision that delivers a personalised approach. These are focused on delivering the LDA's role in implementing the LSEB Strategy, including:

- London Skills and Employment Observatory intended to draw together a coherent picture of the London jobs market for individuals and businesses from the current fragmented sources;
- One stop shop brokerage for employers, integrating Train to Gain Skills Brokerage into Business Link so businesses have one place to go to for skills and business support advice;
- Single employer point of contact, working with other agencies to join up our offer and our contacts. This started with a pilot in Enfield in April 2009 involving Jobcentre Plus, Business Link, Skills Brokerage and the Borough Council; and
- Adult Advancement and Careers Service, joining up advice through our Information and Advice programme and through a trial of Integrated Employment and Skills (IES) Services in 7 central London Boroughs with LSC and JCP from March 2009.

I hope that these responses assist in your investigation.

Yours sincerely

Sarah Ebanja  
Deputy Chief Executive and Group Director, Jobs Skills & Youth

### **London Voluntary Service Council**

- 2.2.1. Having a voluntary and community sector (VCS) member of the LSEB has offered an opportunity to improve partnership working across the sectors around skills and employment services in London. The position is currently held by Peter Lewis, Chief Executive of London Voluntary Service Council (LVSC). To support his position, LVSC is establishing a network of VCS employment and skills providers who will help to inform his contributions to the Board and ensure that information from the Board is fed back to other parts of the sector<sup>1</sup>. The network and LSEB work should also help to inform and align other related areas of London VCS' cross-sector partnership work such as that on child poverty, health and migration.
- 2.2.2. The LSEB provides an opportunity to involve the VCS more in skills and training support in areas of future employment growth such as green industries, health and social care and education where the public, private and VCS already work in partnership<sup>2</sup>. This is particularly important now that the UK is in a period of recession and the capital needs to begin planning for recovery.
- 2.2.3. However, many long-standing problems for VCS providers persist despite the introduction of a regional cross-sector Skills and Employment Strategy.
- 2.2.4. The VCS has been particularly highlighted for its work in helping those with multiple disadvantages to gain skills and training and enter employment<sup>3</sup>. Despite the London Skills and Employment Board's decision that even in a recession it 'cannot afford to ignore the challenges of the long-term unemployed and workless.....and needs to take action to avoid further increases in their number'<sup>4</sup>, there are still many examples of contracts being awarded that incentivise providers to work with those most ready for the labour market. For example, Off the Streets and into Work have raised concerns that prime contractors through current contract and payment structures are incentivised to support only those people who it is 'easiest' to get back into work; a process known colloquially as "parking". Such organisations will deliver against targets more successfully than the smaller specialist organisations that work with the most vulnerable people. People who have been left on the 'scrapheap' for many years need effective pre-work support that covers entry-level skills, taster learning as well as the 'real' work skills demanded by employers. This takes time and considerable investment.
- 2.2.5. There is also concern that many of smaller, well-tested, community-based employment and training providers, who have a proven track record in their local area are being excluded from delivering services because of the increasing size of employment and skills contracts. While an integrated commissioning system may simplify application and monitoring processes for providers, there is a danger that it may lead to only large-scale contracts being available. Often only large national providers with little local knowledge, have the capacity and resources to take on the risk of such large contracts. Many of these are private sector companies that also need to make a profit. This problem has actually increased and is threatening to

escalate further despite the existence of the London Skills and Employment Board.

2.2.6. For example, introduction of larger 'Pathways to Work' contracts reduced the number of successful providers from the VCS from 44% under the New Deal for Disabled People to 13%<sup>5</sup>. This is despite clear evidence that users of employment services prefer third sector to public or private sector providers<sup>6</sup> and that an extensive review has shown that smaller-scale community-based initiatives are much more effective than larger-scale projects at helping people, particularly the long-term unemployed, into work<sup>7</sup>. Current performance data from Department for Work and Pensions shows that while the VCS has a lesser role in the delivery of welfare to work services this has not resulted in improved performance<sup>8</sup>.

2.2.7. VCS employment and skills providers have also reported concerns about the sub-contracting of such services. Camden Training Network has reported that:

- service fee payments (to facilitate infrastructure & staffing costs) are not being cascaded to sub-contractors;
- enormous top slicing of contract values is common;
- some providers have even been asked to provide services free of charge as "they are charities after all"; if this took place charities would be using their charitable income to subsidise public service delivery.

2.2.8. Despite one of the London Skills and Employment Strategy's aims being to 'create a fully integrated, customer-focused skills and employment system, anecdotal reports<sup>9</sup> suggest that many employers in the VCS, and presumably in other sectors, still remain confused by the training and skills programmes' terminology and the different programmes available to them.

2.2.9. However, once they have been guided through the system VCS employers have been generally appreciative of the increased flexibility of, and have signed up in greater numbers to, the Train to Gain<sup>10</sup> programmes and Apprenticeships<sup>11</sup>.

2.2.10. Previously LVSC reported problems with the different application processes and monitoring requirements from the different funders of employment and skills contracts. In our initial response to the development of a London Skills and Employment Strategy<sup>12</sup>, an example was provided of the four different European Social Fund application processes developed by the four co-financing organisations in London. It is currently too soon to say whether the work of the London Skills and Employment Board has resulted in greater co-ordination between funders to produce aligned application processes and monitoring requirements.

2.2.11. There is only one mention of volunteering in the London Skills and Employment Strategy and no mention of the role that the VCS plays as a route into employment, particularly for those from the most disadvantaged communities. With the current recession, it is now more important than ever that the unemployed have an opportunity to volunteer and become involved in their community, and this in turn may lead to increased employment opportunities.

2.2.12. Volunteering is one way that people can improve their skills and receive training support. However, even with the establishment of the London Skills and Employment Board recent volunteering programmes have not been well co-ordinated across the capital. In particular the Department of Work and Pensions volunteering brokerage programme<sup>13</sup> and the London Organising Committee for the Olympic Games have not co-ordinated their work with local volunteer centres.

2.2.13. Finally it is still unclear how the LSEB links in with the sector skills councils and, of particular relevance for the VCS, the new Skills-Third Sector.

### **2.3 The various funding streams and commissioning organisations in London**

2.3.1 There are a large number of employment and skills commissioning organisations in London, particularly if prime contractors sub-contracting opportunities are included, and the funding streams are also extremely complicated. LVSC will not attempt to provide a list in this response as there are other organisations far better positioned to produce this.

2.3.2 However, within the LVSC-based employment and skills network, we have identified priorities on working with the Department of Work and Pensions and London Development Agency because of recent real, and proposed, increases in contract sizes for the commissioning of organisations to provide employment and skills services. This is of particular relevance to the London Skills and Employment Board, as it is currently proposing to further integrate the commissioning of such services.

2.3.3 Members of the LVSC-based VCS employment and skills network include Off the Streets and Into Work (OSW), whose current 'Willow' project seeks to make links between Welfare to Work prime contractors and specialist potential sub-contractors. There is a need to use established VCS networks to ensure better engagement of the sector in sub-contracting opportunities and to ensure that sub-contracts are negotiated in line with Compact principles, that effectively allow VCS providers to meet their full costs.

2.3.4 The Board should be aware of the danger that co-financing and co-commissioning could result in bigger contracts being offered to employment and skills service providers. The Board will need to be able to commission the outcomes they want from those organisations best able to deliver them, regardless of their size or geographical reach. Evidence suggests that on many occasions London's voluntary and community sector (VCS) organisations will deliver the best value outcomes in helping the long-term unemployed back into work. Commissioning systems should not be a barrier to their involvement.

### **2.4 The demands placed on services during the recession, including from different types of clients**

2.4.1 LVSC has worked in partnership with London's VCS organisations to plot the effect of the recession on demand for VCS services. The details of this work are included in our 'Big Squeeze' report<sup>14</sup>.

- 2.4.2 In brief, the report showed that
- 95% of VCS organisations said that the recession had affected the communities they work with
  - 71% said that their workload had increased due to the recession and
  - 80% said that they were not confident of being able to meet these increases in demand now or in the future.
- 2.4.3 At the beginning of the recession the VCS services most affected were the advice services. Citizens Advice Bureaux reported that nationally daily enquiries about Job Seekers allowance had increased by 66% from April 2008 – November 2008. A national report<sup>15</sup> confirmed such an increase reporting people are most commonly seeking financial, debt and benefit advice, employment and redundancy advice, housing advice and support and advice due to experience of exposure to domestic violence.
- 2.4.4 As unemployment increased, volunteer centres saw increased demand for placements. For example, the big Squeeze reports enquiries at Volunteer Centre Greenwich increasing from less than 100 in April 2008 to over 1000 in June 2009. In Lewisham a 266% increase in volunteering was reported as a result of the recession, which was however accompanied by a 14% drop in the number of formal volunteering opportunities<sup>16</sup>.
- 2.4.5 As the recession continues the social effects are seeing more and more demands placed on VCS services. The Big Squeeze report raises concerns about the negative effects of unemployment on mental health. Qualitative evidence from the report suggests that there is also a negative effect on the mental health of groups who were previously not in employment, such as older people, caused by increasing fuel and food costs and reduced income from savings. As we conclude in the report, it is the most disadvantaged who seem to be seeing the worst effects of the recession in London.

## **2.5 What more could be done to respond to the recession?**

- 2.5.1 The Government has increased funding for advice agencies, to compensate for the increased demand in services. However, members of the London Advice Forum report this has not translated into increased capacity sufficient to meet demand and that the independent advice sector have experienced great difficulty accessing these funds. With unemployment predicted to continue rising even when the UK enters a period of economic growth<sup>17</sup>, it is likely that demand for advice services will continue to grow for at least the next year.
- 2.5.2 By providing more investment in training and employment in information, advice and guidance services, more of this demand could be addressed. This would also complement the London Skills and Employment Strategy's long-term goal of providing better information, advice and guidance around employment and skills, putting the capital in a strong position to increase the employment of Londoners once recovery begins.
- 2.5.3 More also needs to be done to address the increased demand for volunteering placements and to better co-ordinate volunteering schemes across the capital. The London Skills and Employment Board should raise the priority of volunteering within its Strategy and aim to provide a fully



integrated service in London, much as it has aimed to do with employment and skills provision. It is particularly important that national and regional volunteering schemes use and resource the networks built up by the local volunteer centres. There is still a need for further investment in volunteering infrastructure in the capital and improved training and resources for volunteer managers.

2.5.4 LVSC's own findings of increased social problems as a result of the recession in the Big Squeeze report are taken further by the Audit Commission's work<sup>18</sup>. This suggests that 'long-term social problems may blight whole communities that fail to see growth once the recession has ended'. Investment in resources, skills and staff for professions and sectors that address these issues are important, if we are not to develop major long-term social problems. Our own evidence suggests that many of these services are provided by VCS organisations, particularly in the fields of mental well-being, reducing domestic violence, care of older people and providing services to those most excluded from society. However, at a time when unemployment is high, the VCS provides one of the few ways in which many people can effectively engage in their community, become less isolated and develop and improve their skills.

2.5.5 At a time when inequality is increasing and unemployment rising, it is also important that once people achieve employment they are supported to sustain it. Data on Job Seekers Allowance suggests that some 40% of claimants who find work reclaim it within six months<sup>19</sup>. LVSC believes that greater recognition and promotion of the London Living Wage<sup>20</sup> and support for the business case for employers to pay wages at or above this level would have three distinct advantages:

- better employment outcomes with people staying in work longer and more likely to progress in their employment<sup>21</sup>;
- an economic advantage as when the wages of lower paid workers are increased the money is 'immediately spent and flows instantly into the economy'; it is the middle and high income earners that are more likely to save any extra income at a time of recession<sup>22</sup>;
- reduced poverty and inequality.

LVSC is also disappointed that central government's Future Jobs Fund will create London-based jobs paid at the national minimum wage rather than the London Living Wage – a campaign with strong support in the capital, including from the Mayor. LVSC feels the Mayor could show real leadership in this area, encouraging use of the London Living Wage within Future Jobs Fund schemes.

## **2.6 London Voluntary Service Council**

London Voluntary Service Council (LVSC) is the generic umbrella organisation for the VCS in London. We work with and on behalf of these organisations by providing expert organisational support and assistance, training and policy analysis and guidance.

## **2.7 Responding to the investigation**

Responding to consultations and calls for evidence is a key focus of LVSC's Policy and Networks team. Often we will formally respond in partnership with other VCS organisations, and on other occasions LVSC draws on the views and experiences of its many networks, members, affiliates and contacts, that we collate through a series of on-going structures and dialogues, both formal and informal.

These key sources of information include Third Sector Alliance (a policy network of around 250 member organisations), Voluntary Sector Forum (a network of around 400 organisations funded by London Councils) and London's Councils for Voluntary Service (CVS) and their sub-regional partnerships.

Many thanks to the following organisations who particularly informed this consultation response:

National Association of Citizens Advice Bureaux

London ChangeUp Workforce Development & Performance Improvement sub-group

Off the Streets and into Work

Camden Training Network

Islington Training Network

Volunteer Centre Greenwich.

**City of London**

Dear Ms Doocey,

**Employment and skills investigation**

I am writing in response to the call for written submissions to the London Assembly's Economic Development, Culture, Sport and Tourism Committee's investigation into employment and skills services in London.

You asked for our contribution on three specific areas, as set out below:

The work of the London Skills and Employment Board (LSEB) and the impact of its Strategy on skills and employment services in London

The City of London Corporation endorsed the formation of the LSEB as a means of allowing London's employers to have a direct influence on the provision of skills training and employment support activities across London: We were also pleased with the composition of its Board, which we felt represented the breadth of London's employers well, and were in agreement with the broad thrust of its Strategy document.

We fully appreciate quite how complex and confusing the current configuration of public sector support for employment support and training must appear to the LSEB, and feel the challenges faced by the Board, with its quite ambitious aims, are not to be underestimated.

City of London Corporation Officers fed into a recent review of the LSEB's work, carried out by Rocket Science, and are in contact with the LSEB Secretariat to share experiences.

We look forward to seeing the progress report proposed for the LSEB. Our main concern is that many of the challenges faced by the LSEB, which were considerable at its inception in 2008, have only become more acute during the economic downturn. We would hope that the progress report of the LSEB takes full account of the changes in London's economy and reflects these in its future focus.

The implications for boroughs of the disbanding of the Learning and Skills Council

As local authorities will be responsible for former LSC funding linked to new areas of delivery, it will be crucial that the guidance and support from the new funding agencies is in place as soon as possible. There must be a carefully planned handover to ensure consistency in provision. There is a risk that the loss of geographical/community knowledge and expertise in certain sectors will have a negative impact on local authorities.

In common with other local authorities, we are concerned that there is an expectation that local authorities will be expected to feed back on recently introduced policies, such as the new approach to delivering English to Speakers of Other Languages (ESOL), but with little guidance on exactly what is expected and funded.

The disbanding of the LSA also coincides with a number of other changes in delivery policies, such as those involving Train to Gain and Skills for Life support, which will pose an additional challenge to local authorities.

What more could be done to respond to the recession

In common with other local authorities, the City of London Corporation has focused in the past year - and continues to focus - on looking at how we can best support our communities during the economic downturn. We are aware of the various GLA/LDA-led programmes targeted at economic recovery, and the many Government initiatives in this area and welcome the continued focus on worklessness.

However, it would seem that, in its move towards a commissioning approach and away from the former Area Programmes, the LDA has lost some of the focused, holistic approach fostered in, for example, the City Fringe, where sector-focused support for enterprise coupled with targeted skills interventions had made a considerable contribution to the regeneration of the area.

General points

One of the challenges to London as public sector funding becomes increasingly tight, will be 'delivering more for less'. In the area of employment and skills, this will need to involve systemic change, or at least a move towards different ways of working between key agencies such as Job Centre Plus/the Department of Work and Pensions and London boroughs, and the LDA and London boroughs. Central London Forward, the sub-regional partnership for the central London boroughs, is leading an exercise aimed at providing improved joining up of the planning, commissioning and delivery of employability services. We are involved in this work and are wholly supportive.

We look forward to the outcome of your investigation and its contribution to improving employment and skills services in London.

Yours sincerely

**Stuart Fraser**

Chairman of the Policy and Resources Committee

## **Confederation of British Industry**

1. The CBI is the leading voice of business in London and the UK, representing some 240,000 businesses that together employ around a third of the private sector workforce. A skilled workforce is absolutely fundamental to business productivity – as reflected in the regular CBI/KPMG London business survey. The CBI has strongly supported the aims of the LSEB since its inception, and we welcome the annual review of the LSEB strategy. This paper is based on the feedback arising from a special round-table briefing we organised for CBI members in August to review the LSEB strategy. It also addresses some additional points raised in the Review paper.

2. 5<sup>th</sup> August Round-table discussion: Attendees :

Clare Morley, Director of Education & Training,	Association of Accounting
Paul Sharp, Head of learning and development	Arup
Bob Reid, Business Relations Manager	Birkbeck
Paul Twine, Head of Practice Financial Services	Carmichael Fisher
Tom Brind, Programme Director,	Common Purpose
Terry Morgan, Chairman,	Crossrail
Charlie Weatherhogg, Head of HR,	EC Harris
Wendy Hyde, External Affairs Manager	EEF
Rod Pails, Learning & Development Programme Manager	Eversheds
Ejaz Qureshi, Director Business & Commercial Development	Kingston University
Elizabeth Hegarty, Community Relations Manager	London City Airport
Harpal Hungin	Network Rail
Ray Auvray, Executive Chairman,	Prospects Services
David Snell, Partner,	PWC
Chris Melvin, Chief Executive,	Reed in Partnership
Caspar Bartington,	Chartered Insurance
Institute	
Florian Koempel, Legal Counsel,	UK Music
Julia Tyson, Group HR Director,	Wates Group

### **3. Key messages to the LSEB:**

- Focus on one or two key priorities
- Simplification of skills support system is absolutely vital
- Short term vs long term priorities – the focus now should be on ensuring the short term unemployed do not become long term unemployed. There was support for the longer term strategy.
- Better support during transition from school/college to work is extremely important
- Lobbying for the London agenda eg: importance of higher-level skills

### **4. Simplification**

- Employers conveyed a powerful message that the LSEB would have maximum impact by focusing on improving a few areas, and that of these, simplification of the current system is the most important. As it stands employers find it extremely difficult to identify the support and service available. Some employers

just opt out as it is too difficult to navigate the system. Others have had to employ full time senior level staff to work out what support they are eligible for – it is a real burden on employers to find the right funds. Good quality brokerage and advice was cited as being vital.

## **5. Short term vs longer term priorities**

There is deep concern about the danger of losing skills sets during the recession unless there is an effective rescue programme.

While business supports the longer term goals of the LSEB to tackle worklessness, it was felt that the priority in the current climate must be to ensure that the short-term unemployed do not become long-term unemployed. There was strong sense that the LSEB and employers need to help people get back into work over the next 18 months, providing work placements, internships and work experience opportunities, as well as skills and training support. A recent CBI Report 'Jobs for the future' (July 09) addresses the issue of assisting restructuring in the short term, suggesting a number of measures including the importance of a continued focus on skills and training, and the role of apprenticeships.

In terms of the longer term, tackling worklessness is a real challenge but businesses around the table discussed innovative initiatives they are deploying at the school level to reach out to those less likely to consider for example, a career in the legal profession. Rolling this out across different types of business can have a powerful influence.

## **6. Support for young people during transition**

Businesses underlined the importance of effective support for young people during the transition from school/college to the world of work – not just in terms of qualifications, but in terms of building employability skills (team working, commercial awareness, communication skills). There was a call for the LSEB to help establish a system of guidance and advice that meets the needs of employers, schools and colleges.

## **7. Lobbying for London's needs:**

Businesses stressed the importance of the LSEB in lobbying for London's particular needs eg – the importance of higher level skills..

Overall businesses were fairly confident about London's economic landscape in 5 years time and felt that:

- Financial services will recover
- Construction will come back as credit flows return
- Creative industries has the potential to be a driving force

## **8. Specific questions raised in the Review paper:**

8a. Yes, we support the broad direction and objectives of the LSEB strategy, although the immediate focus must be on the short-term unemployed. With reference to the three priorities identified (listed below) in the revised

Implementation Plan we would question whether the third area should really be a priority, but rather, an underlying approach and thought process which will influence action. We would place simplification as one of the three top priorities.

#### Three Priorities in the Implementation Plan

- i. increasing traction on the employment and skills system including holding the delivery agencies to account for the achievement of the LSEB strategy and implementation plan;
- ii. 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;
- iii contribute to the debate about the shape of London's future economy by focusing on the employment and skills implications.

b. We agree that the economic and organisation climate makes it even more important to find ways to improve performance and achieve better value for money by aligning, integrating and co-commissioning employment and skills services.

c. Yes, we agree the LSEB should consider how to extend the impact of the Strategy to sub-regional and local level, working with Local Authorities and other partners – as this would help a joined up approach to education, skills and training for pre and post 19-year olds, but would caution that the LSEB not get overly involved in the detail but focus on its priorities.

d. We would agree that the single employer and individual offer outlined in the 2008 strategy is crucial and should be given higher profile as it focuses on the need to streamline the system and bring together the needs of employers and individuals. This links in closely with the overall simplification of the system which has been flagged up as the key priority. However, creating the single offer is fairly complex and goes further than simplification which we see as the priority now. The single employer and individual offer must be realised, but will require a step-by-step transition.

e. Adopting UKCES targets for London: Having a target does help to galvanise action, it stimulates an outcome-based approach and helps monitoring. Therefore adopting the UKCES targets for qualifications could be useful. However, it is vital to recognise that targets have limitations – for eg –the qualifications may not be relevant. Therefore it will be important to ensure there are other measures to assess progress including for instance, measures of productivity, skills gaps and shortages.

**Lantra**

Dear Mr Berry

**London Assembly Employment and Skills Investigation**

Thank you for giving Lantra the opportunity to make a submission to the London Assembly's investigation onto employment and skills services in the Capital. Lantra is the sector skills council for the Environmental and Land Based Industries. London has around 5650 land based business employing 48000 people. Our businesses help to maintain the green infrastructure of the capital making London a more attractive place in which to live, work and visit.

The environmental and landbased industries also have a key role to play in any strategies to mitigate the effects of climate change. As well as investing in the skills of those looking for work, there is also the need to upskill the current workforce to prepare it for the technological challenges facing the industry.

We believe that any approach to improving employment and skills services in London must focus on three key issues:

- How to better serve small and micro businesses in the Capital
- How to best serve the diverse needs of businesses in London by avoiding a one size fits all approach
- How to streamline funding streams and commissioning agencies

We believe that the sector skills councils should be at the heart of resolving these issues and to delivering an improved service to employers and those seeking work.

The establishment of the London Skills and Employment Board has been a good first step in making employment and skills services more demand led. However, it has, inevitable and understandably, focused on the needs of larger employers in the Capital. Of the almost 400,000 businesses in London, 338,720 (85% of total) are micro-businesses with fewer than 10 employees. Of these, almost three quarter employ fewer than 4 people.

Micro businesses are generally accepted to be an environment which can drive entrepreneurial and innovative growth. Further, small and medium sized enterprises account for almost 60% of private sector employment. Addressing their concerns with, and requirements for, employment and skills services should play a key part in the Assembly's strategy for improvement of those services.

Employer led Sector Skills Councils has the specialist sectoral knowledge to ensure that we deliver what our businesses require. We are best placed to assess our sector's demand for skills and the responsiveness of providers to the skills needs of our industries.

The environment and landbased sector is a first class example of how this approach works. As a result of our long established sectoral approach, employers in our sector invest £6250 per trainee annum compared to a national average of £2775 per trainee.



As is evident in the above, we believe that the best way to help businesses fulfil their potential in meeting the Mayor's recovery plan, is to adopt a sectoral approach to employment and skills services in London which puts employers in the driving seat. Sectoral targets and priorities will ensure that the diverse needs of sectors are met. This strategic sectoral approach will also eliminate duplication and substantially reduce the barriers and confusion caused by the many organisations currently setting priorities.

Businesses also need a more consistent and sector specific service from the brokerage services. We believe that SSCs have a lead role in one clear and identifiable brokerage service to give it the sectoral understanding that it does not currently have. This will also avoid the proliferation of bodies undertaking similar functions and improve the consistency of messages to employers.

Funding for training and skills development in London should be more flexible and integrated. Lantra believes strongly that funding regimes need to embrace a system of unit credits, rather than the current focus on full qualifications. This will better meet the needs of employers. Further we would also suggest that there is scope to be more radical with simplification and we would propose a funding model to consist of just SSCs and a funding agency, and that there is potential to integrate Further Education and Higher Education funding.

We also feel that qualifications and awarding bodies should be streamlined. Again, this can only be assessed on sectoral basis. Whilst in some sectors the qualification/awarding body system is adequate, in other sectors there are too many different awarding bodies who offer a myriad of qualifications and these could be simplified.

We welcome the London Assembly's investigation and believe that there is a real opportunity to integrate and simplify the current systems to deliver a better service and maximize training and employment opportunities. We believe that SSCs and the sectoral approach are vital to delivering a sectoral, streamlined approach that delivers the Mayor's targets and better serves the needs of employers, employees and London.

Yours sincerely

Peter Martin  
**Chief Executive**

**London Chamber of Commerce**

Dear Richard,

**Re: EDCST Committee's Employment and Skills investigation**

The London Chamber of Commerce is pleased to be able to contribute a written submission to the Economic Development, Culture, Sport and Tourism Committee's investigation into employment and skills services in London.

Even in a recession, London businesses consider training and skills development as essential to their success. Our skills survey in August of 169 London firms showed that 87 percent of firms continue to offer training opportunities to their staff, despite the downturn. Some 93 percent of firms also consider training to be equally or more important in a downturn as in usual trading conditions, demonstrating an ongoing commitment to their workforce.

However, London firms still struggle to navigate the complexities of the skills and employment system, not least due to overlapping remits, lack of clarity about providers and programmes, and competitive marketing by different parts of the public sector. For example, employers often experience the current skills brokerage system as a 'workaround' that focuses more on individual brokers selling training than helping firms identify their real needs and which providers can best meet them.

The creation of the London Skills and Employment Board was a welcome step in bringing employers into the heart of skills and employment service provision, and the representation of business groups on the LSEB remains essential. However, to deliver a long-term strategy of joined-up services that the capital's employers, workers, learners and those wishing to enter employment desperately need, the LSEB requires additional competencies.

Integrating the delivery and funding of skills and employment services would undoubtedly benefit Londoners and London firms alike, and both would welcome a simplification of the Byzantine structures that currently underpin such provision. And while the LSEB seems the best-placed organisation to manage this integration, it must have adequate powers to do so, especially given the myriad of funding streams linked to skills and employment services at various government levels.

A single delivery agency for employment and skills would be much easier for employers to navigate and use effectively, in addition to securing cost savings through economies of scale. However, this may in fact be a longer-term goal preceded by closer integration of existing services. Any efforts at simplification must be considered and strategic, to avoid simply creating another level of bureaucracy in an already complex system.

At the same time, the focus on employers must not be sidelined when working to join up various services. As the means of creating jobs and wealth in the capital, London companies require the best talent to make them globally competitive. This means that skills and employment policy must be demand-led, and carefully focused on the needs of London and its employers. The enduring skills gap in London – whereby firms are unable to find the talent they need, but yet the capital suffers from high levels of unemployment – may be less obvious during a recession, but has not gone away.

Therefore the terms of reference for this investigation are welcome in that they look at skills and training support for unemployed Londoners, as well as the capital's short and medium-term needs during the recession. However, the scope of the investigation is remiss in not taking a longer-term view on whether the skills and employment structures we currently rely on are fit for the future needs of London, and what decisions must be taken now to reform them.

Economic crises will come and go, but skills and employment services remain important, no matter the economic climate. The Mayor and GLA, in conjunction with the LSEB, must therefore ensure that these services are based on the current and future needs of Londoners and the businesses that employ them, with an embedded ability to respond flexibly to the short-term needs that develop in a recession.

Yours sincerely,

Dr Helen Hill  
Director of Policy and Public Affairs

## **People 1<sup>st</sup>**

People1st is the Sector Skills Council for hospitality, leisure, travel and tourism. We are an employer led body with a licence from Government to increase the productivity of the sector by raising its skill levels. As part of that work we:

- Undertake research to identify the needs of the sector
- Oversee sector-specific qualifications
- Work with employers to help them take advantage of the opportunities available
- Work with key partners to address the key skill needs of the sector

## **The hospitality, leisure, travel and tourism sector in London**

The hospitality, leisure, travel and tourism employer is a significant employer in London, employing a workforce of approximately 246,100<sup>5</sup>. By 2017, the sector is projected to have created another 32,700 jobs and coupled with replacement demand will require an additional 165,000 jobs by 2017 in London alone<sup>6</sup>.

The sector has four key skills and labour market priorities:

- Management and leadership skills
- Customer service
- Chef skills
- Retention

These are being tackled through a National Skills Strategy, the progress of which is being monitored by a group of sector employers and national and regional partners. Currently, 61 percent of the sector workforce in London has a qualification at level 2 or above and 13 percent do not have any qualifications at all. The sector provides a rich diversity of jobs, low barriers to entry and an opportunity for fast progression into senior craft or management positions<sup>7</sup>.

Despite the economic downturn the sector is still recruiting. There were 1,931 sector jobs advertised in London job centres during August 2009. People1st's own research estimates that vacancies in job centres only account for a third of total vacancies. This would have mean approximately 5,800 sector vacancies in London during August.

Hotel occupancy has remained buoyant at approximately 74.3 percent<sup>8</sup>, down slightly on the previous year, although revenue per head has fallen significantly. Employers are reporting having to work harder to attract business, but the strength of the Pound has meant that the UK, and London in particular, has become an attractive destination for international visitors.

The remainder of the document answers the two questions posed in the call for evidence:

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<sup>5</sup> Labour Force Survey, 2007/08

<sup>6</sup> Warwick Institute for Employer Research, Working Futures 2007-2017

<sup>7</sup> Labour Force Survey, 2007/08

<sup>8</sup> STR Global, 2009

### **How has the delivery of skills support changed since the London Skills and Employment Strategy was published**

Most sector employers would not necessarily have seen a difference since the London Skills and Employment Strategy was published. In fact given wider factors they may suggest that the situation has got worse. The four skill shortages outlined above remain the same, but most employers would report difficulty in finding the right support.

### **Customer service**

Over a year after research was completed that identified the world-class customer service needs of the sector, the London Development Agency (who funded the original research) has only just this week outlined how it intends to tackle the recommendations made in the research. In the meantime, People1st has overseen the development of two new customer service qualifications for our sector on the back of the research and is working with other partners such as VisitEngland and the Department for Culture, Media and Sport (DCMS) to address the wider accessibility needs of disabled visitors. The 2012 Games are fast approaching, as are opportunities presented by a number of other international sporting events. It is critical that the customer service visitors receive in the Capital is of the highest standard if London is to build a long-term legacy on the back of the Games. The LDA needs to work much more openly and with increased energy with national tourism partners if this aspiration is to be met.

### **Employer-responsive provision**

Regular complaints from employers are that they are being bombarded with cold calls from Train to Gain brokers and different learning providers. This is the single barrier as to why many employers, including some large employers, do not engage with Train to Gain.

If an employer does make contact with the broker, then they are likely to report that the broker has little knowledge about their business, the types of occupations that are found in the sector or the specific skill needs. One significant pub and brewery employer in West London was surprised that a broker who had visited them had not undertaken preliminary research to understand that in addition to the brewery, the company had a large number of pubs and hotels – most of which are situated around Greater London. They also seemed unaware of the various job roles they employ. There are clearly opportunities to train brokers to ensure they have better sector knowledge and understand the skills and qualification needs of different parts of the sector. This type of training has been undertaken by People1st in other English regions supported by a dedicated website ([www.uksp.co.uk](http://www.uksp.co.uk)) that shows the various job roles and relevant qualifications on offer.

### **Funding shortfalls**

Learning providers in London are reporting that their Train to Gain contracts are being reduced by the LSC until March 2010 to take account of their overspend. However, at the same time employers are wishing and being encouraged to address specific skill needs, yet find that the learning providers can only respond with a full-cost solution. In the midst of an economic downturn it is just the time when they need the right support to help increase the skills in the business.

### **Pre-employment training**

The work of the London Employer Accord has seen some positive gains for a number of sector businesses who have opened up new units across London and relied on the Accord for their training and selection. The Accord illustrates the work that can be done

when partners collaborate. It also poses a challenge for the wider Jobcentre Plus offer, in its flexibility and responsiveness to different sector needs. See next section.

### **Extent to which London is reacting appropriately to the current economic situation in relation to skills support for the unemployed**

As part of its dialogue with the Department for Works and Pensions, People1st has identified 30,000 job vacancies (3,000 of which are in London) across a number of major operators. These could be filled by people going through a strong pre-employment programme. This programme has already been developed and is supported by Jobcentre Plus, however, a much quicker response is required to take advantage of these opportunities for those on unemployment benefits.

People1st works with the London Employer Accord and have seen how they have supported a number of key employers fill vacancies created by new openings. This is positive and demonstrates the need for a flexible delivery module using a robust and tested content. The key challenge faced by many employers is to find a similar scheme working as effectively across the rest of the UK.

The success of the Accord in supporting employers with new openings poses a real challenge to the way in which Jobcentre Plus is able to operate more generally; and that allows them to respond to job opportunities offered by the sector. A real problem is often the accuracy and relevance of the information, advice and guidance given to client groups. The sector has over 60 different job roles and requires a workforce with a broad range of skills and experience. Tools such as [www.uksp.uk](http://www.uksp.uk) created for the hospitality, leisure, travel and tourism sector by People1st not only provides a platform for sector employers to advertise vacancies, but it also allows individuals to match their skills against possible jobs in the sector and see the varied progression routes into and across the sector. More work is required to embed these tools as a tried and tested way to get accurate IAG to client groups. Existing tools such as [www.uksp.uk](http://www.uksp.uk) will always pose a challenge to current systems, but as the London Employer Accord has demonstrated building flexibility around a tired infrastructure can show real results.

Employers are also concerned that those who have been long-term unemployed remain with them for the limited time required and then leave. More outreach support is required to help. Evidence from the Nuffield Foundation<sup>9</sup> shows real positive benefits when people are provided with ongoing pastoral care and support, often using less traditional support methods.

### **Further information**

Martin-Christian Kent  
Research and Policy Director

People1st

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<sup>9</sup> [www.nuffield14-19review.org.uk/](http://www.nuffield14-19review.org.uk/)

## **London Borough of Bexley**

In considering the issue of progressing development around skills and employment in London, we need to ensure a coherent, holistic approach to delivery that will focus on a sustainable, long-term impact. There is a risk that current strategies will result in short-term, quick fixes that do not address the underlying problems that exist. It is important to ensure that under-employed members of the community feature in planning to ensure that individuals currently in employment do not become the long-term unemployed of the future.

It is of over-riding importance that local authorities continue to be involved and engaged with the employment and skills agenda. Set out below is Bexley's specific response to the issues raised in the report "Proposal for an Investigation into Employment and Skills in London":

### 1. London Skills and Employment Board

- The role and function of both the Skills Funding Agency and the Young People's Learning Agency needs to be clarified quickly. The potential for confusion could impact on progress made to date around low-skills and worklessness issues. The transition between the LSC and the new funding organisations needs to be seamless and supported in order to maintain momentum and enable continuity.
- In seeking to influence the spending priorities of other key agencies (Jobcentre Plus, London Development Agency and the Higher Education Funding Council), the London Skills and Employment Board will need to encourage clarity and coherent direction of strategies. LSEB will need to ensure effective delivery, avoid duplication and double funding if it is to ensure that a) those most vulnerable within the labour market are supported with a valid journey towards sustained employment and b) any intervention represents the best use of public funding.

### 2. Mayor's Economic Recovery Action Plan

- Rapid response provision needs to ensure that all those at risk of redundancy are supported regardless of whether they are employed by large or small employers. Recent redundancies from major national companies have resulted in staff being made redundant without access to support that could mitigate the risk of those affected becoming and/or remaining unemployed.
- Although it is clear that the LSC will be disbanded and that the new Skills Funding Agency will assume the remit for adult skills, there is a risk that the transition period will have a negative impact on individuals and projects currently receiving support from LSC funding.
- The apprenticeship programme is a positive way forward in supporting young people into work, however, reductions in the staffing levels within the workplace often impact more quickly on those in training positions as reduced staffing affects the capacity of the permanent workforce to support the development of apprentices and trainees. This support is often viewed as a luxury and a drain on limited resources.
- Train to Gain continues to suffer in its ability to provide consistent or reliable support. Organisations building workforce development programmes that are dependent upon access to Train to Gain funding often experience a

degree of unreliability in the ability of service providers to meet agreed training commitments. This could result in progression routes shifting and becoming unclear.

#### 4. Joint Regional Response to Economic Downturn

More work is required to increase efficacy of delivery and ensure that all those affected by redundancy receive equal and consistent access to funded support. Timely support will increase the likelihood of individuals being moving quickly into new, sustainable employment or, at a minimum, limit the duration of any period of unemployment.

#### 5. Unemployment and Learning in London

- The impact of the economic downturn has affected the residents of Bexley in similar pattern with London. However, although total numbers of JSA claimants may still be lower than other areas, Bexley residents are additionally affected by lower job density figures resulting in reduced opportunity to move from unemployment into local jobs. Individuals with lower skills are less likely to be able to secure higher paid jobs that make travelling to work affordable.
- A significant amount of work has been done to improve the educational attainment standards across Bexley, but the issue of low skills amongst long-term unemployed residents remains a problem. Increasing pressures on the labour market move low-skilled individuals further from the opportunities that are available. Projects focussed on the hardest to engage members of our communities cannot realistically demonstrate significant impact over short time frames when competition for jobs is extremely high. A major national retailer in Bexley recently received over 9,000 requests for application forms for 300 low skilled vacancies.
- Local experience supports the findings of both the DWP study (2006) and the London LSC research (2007) relating to the impact of training on employability. Approximately 75% of unemployed clients who were successfully supported into sustainable employment by a the Council's in house employability service received training, just under 70% achieved a vocational qualification.
- The issue of poor or low "employability" qualities demonstrated by NEETs, is also present within adults who have experienced many years of unemployment or come from areas of low aspiration and multi-generational unemployment.

#### 6. Impact of the London Skills & Employment Strategy

- There is a greater awareness of the link between training and accessing work, and the positive impact on sustaining any employment gained.
- It is now widely recognised that supporting individuals into employment requires an holistic approach that addresses the individual mix of barriers experienced by clients.
  - Best practice delivery around directly relating training to actual jobs has been recognised and adopted by many providers and delivery organisations.



## 7. Evidencing and Encouraging Performance

The skills and employment environment has changed significantly as a result of real and perceived under-performance by many delivery organisations. Examples of those changes include:

- Sustainable employment outcomes added to projects that would previously have delivered either training or support outputs.
- Increased emphasis placed on a more strategic approach to delivery that utilises partnership working to achieve more cost effective outputs and outcomes, and reduces duplication.
- Performance related pay structures focussing providers on the final goal (sustainable employment outcomes) rather than the learner/client journey towards that goal.
- Increased cost effectiveness as a result of economies of scale.

Whilst this focus is essential in ensuring accountability and value for money from the public purse, this approach brings with it a number of new risks:

- Double counting – two organisations dependent upon performance funding claiming the same job output.
- Parochial and protectionist approach to delivery, limiting partnership working and potentially reducing client benefit.
- Loss of small, local delivery organisations due to their inability to absorb the financial risk of performance related pay.
- Fraudulent claims for job outcomes.
- Increasing number of private sector organisations that may focus on lucrative contracts rather than genuinely sustainable employment and the positive long-term impact on local economies.
- Wider geographic programmes delivered by national providers can result in an imbalance in delivery due to a lack of local presence and/or knowledge.

### Conclusion

It is essential that the limited funding available to support low skilled and the long-term unemployed achieves genuine outcomes and value for money. However, processes and systems implemented to support this objective must balance the risk of reduced quality of service, outcomes that are sustainable only in terms of contract periods and the loss of highly effective small organisations.

A great deal has been achieved in the Employment and Skills arena in London. Continuing to improve quality and performance to ensure that Londoners themselves and the economy of the region can identify real benefits from public spending. Continuing to focus on improving services will result in long-term gains in employability, skills levels and employment rates that can be maintained.

Finally, it is imperative that local authorities have a central role in progressing this agenda. Their local knowledge and relationships with key stakeholders will support an approach that keeps the client and economy at the centre of the process.

### **Alliance Sector Skills Council**

Our approach rests on one main principle – that the employer voice on skills needs must be at the heart of a simplified skills and employment system, and drive skills policy and strategy. In terms of improving employment and skills services in London the key points are:

- Delivery of employment and skills support is linked to the wider question of fundamental simplification of employment and skills services in England.
- Coordination and integration across services and areas of business support is important.
- Any approach need to fit the diverse needs of business and needs to avoid setting a one size fits all approach.
- The London Skills and Employment board need to take account of the views of SME and micro businesses.
- Worklessness programmes must be based on industry-approved qualifications supported by industry-approved information advice and guidance.
- Both IT user skills and IT & Telecoms professional skills should be included in the investigation as IT user skills are critical for gaining employment and enabling progression within employment and IT & Telecoms professional skills support all industry sectors.
- It is important that going forward London takes advantage of the opportunities from the 2012 Olympics and Crossrail.

This sets out some examples of the effect of the recession then outlines in more detail the points above.

#### 1) The effect of the recession in London in terms of unemployment, training and the availability of suitably skilled people in London

These are some examples of sectors and industries which are key to the London Economy.

The effect of the recession will be different across and within sectors and it is too early to tell what the full extent of the recession will be. Some effects may just be temporary but some may have a more lasting effect.

Like other sectors the logistics industry is not immune to the effects of economic conditions. In fact as it touches every part of the economy in terms of movement of goods within each supply chain so the trading performances of logistics operations are inextricably linked to the general economy. Whilst there is evidence of redundancies within the sector many organisations appear to be holding on to their staff in readiness for an upturn. Skills for Logistics continues to work with employers to promote the benefits of a better trained workforce particularly in these difficult times so they are better equipped for survival and are ready for the upturn. There is evidence of increased engagement in London through initiatives such as Train to Gain.

In Financial Services the picture is mixed with anecdotal evidence of companies that have maintained their graduate recruitment schemes but are receiving fewer applications, maybe due to the tarnished image of the sector. Some firms are cutting training and recruitment, but others are determined not to end up without the necessary staff in place when the upturn comes<sup>10</sup>.

Based on a survey by Skillset the majority of the Creative Media companies in London say that their business has been affected by the recession in the past 12 months. About one third of the companies anticipate skills gaps in the next 12 months as a result of the recession with main skills areas being: production, technology, business management and sales & marketing. Many of the companies surveyed report an increase in requests for training than a decrease, and about half of them said that their ability to deliver training has been affected by the recession.

The Building Services Engineering sector (Electrical, Plumbing, HVACR) in London has been feeling the effects of the economic downturn for some time mainly as a result of a slow down and increased level of caution in the construction new build market, leading to redundancies where projects are being scaled down or where contracts are no longer available. It is anticipated that this trend will continue throughout 2009 and into 2010 with no improvement expected within the sector until late 2010 or early 2011 based on the research included in the SummitSkills Impact of the Recession Report<sup>11</sup>. Based on a worst case scenario, notional job losses in London could reach 18,000 by the end of 2010 with up to 650 apprentices at risk of redundancy during that period. Any recovery is likely to be slow with a reliance on public sector investment to stimulate bounce-back. Continuing evidence of slowing order books across all sizes of businesses is impacting on investment in skills and training with apprenticeship recruitment down at least 20% compared with 2008 and an increasing number of displaced apprentices. JTL, a leading managing agent within the sector, has recently indicated around 1000 displaced apprentices across the UK with roughly 6% of this figure in London.

The London Chamber of Commerce and Industry has published research showing that the majority of London's businesses are continuing to invest in training despite the recession but this focuses on medium to large sized businesses and these estimates may differ when we are talking about the large number of micro and small companies and within different sectors.

In terms of large employers in the Gas, Water, Waste Management and Electricity sectors companies have reduced or frozen recruitment of various positions and reviewed their plans for this financial year. There have been some redundancies particularly where utility contracts have not been renewed. A lot of companies have continued to train, but as mentioned above, have been far more proactive in terms of seeking funding support, for example Train to Gain. Some companies have reduced their apprenticeship intake as a result of the recession.

Please refer to the attached recession report for details across all sectors. Data in Annex A and the links below in Annex B to SSC websites for specific analysis and latest data may also be useful. If investment is made in London to ensure this sectoral dimension is plugged into the work of the Regional Skills Observatory (new London Skills and

<sup>10</sup> See Annex A for further details on the Financial Services sector in London.

<sup>11</sup>

<http://www.summitskills.org.uk/public/cms/File/Reports/Recession%20report%20key%20issues%20summary%20Feb09.pdf>.

Employment Observatory as suggested in Strategic Aim 2 of the LSEB Strategy), then the LSEB will have a more informed picture of the issues they are dealing with.

2) How the Mayor's strategic priorities on skills and training support for the unemployed are being delivered.

We strongly support the LSEB Strategic Aim that would like to see to create a fully integrated, customer-focused skills and employment system. We believe that this is the right approach as all parts of the system – Government, the funding agencies, and the service providers – need to be working together to deliver services designed around the requirements of individual Londoners and London employers.

Delivery of skills and training support for the unemployed in London is tied to the wider question of the complexity surrounding the employment and skills system more generally. As you may be aware the UK Commission for Employment and Skills has just closed a consultation on the fundamental simplification of employment and skills service and will make recommendations in the autumn. The Alliance responded to this and many of the key points are relevant here<sup>12</sup>. The main messages and proposals put forward by the Alliance were as follows:

- An integrated approach to the sectoral and spatial interface. The Alliance proposed clarification on the roles and responsibilities involved and emphasised the importance of alignment between spatial and national sectoral strategies based on the strategic and operational needs of employers.
- Flexible and integrated funding streams. The Alliance proposed that the target and funding regime needs to embrace a system of unit credits to meet the needs of employers. The Alliance also suggested that there is scope to be more radical with simplification and suggested the option to integrate Further Education and Higher Education funding.
- Streamlined qualifications and awarding bodies. The Alliance suggested that, whilst in some sectors the qualification/awarding body system is adequate, in other sectors there are too many different awarding bodies who offer a myriad of qualifications and these could be simplified.
- Brokerage with specialist sectoral knowledge. The Alliance proposed that SSCs have a lead role in one clear and identifiable brokerage service to give it the sectoral understanding that it does not currently have.

Coordination and integration is important. For example the integration of the delivery and funding of services is something that will be of relief to employers in the Energy sectors as there has been a lot of confusion over which organisations are offering which services and in particular where there have been overlaps. The key is to ensure that all agencies work together in a coordinated way to ensure transparency.

The lack of coordinated business support in London has been apparent for a number of years now. With changes in contracting, the level and quality of support available to companies have been poor. With the integration of business support with skills support

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<sup>12</sup> Full response to the UKCES fundamental simplification of employment and skills services in England consultation available on request. Contact Katie Nurcombe [katie.nurcombe@sscalliance.org](mailto:katie.nurcombe@sscalliance.org).

we have an opportunity to make a step change in this. Many SSCs have been working hard at ensuring the skills needs of their businesses are met through the Sector Compact. In the Creative Media industry, Skillset has been working with the London Brokerage Company to raise the understanding and knowledge of any brokers going into companies, to raise awareness of the industry of the support available, and to package together a suite of support.

Employers in London are very diverse and the needs of all employers need to be met. Delivery of skills and training support needs to take account small and medium sized enterprises and not just the needs of large employers. The London Skills and Employment Board has made progress in making employment and skills services in London more demand led but it has inevitably and understandably focused on the needs of larger employers in the capital. Any support offered to an industry must not place barriers to access for them.

The development of skills and training is crucial in ensuring that the economy can successfully move from a period of recession to strong growth. For those not in employment or training, there is a need to ensure that their skills and experience are reflective of the skills needed by employers and for organisations and existing employees there is a need to invest in training to ensure sustainability and/or business growth.

In order to give programmes designed to tackle worklessness the best chance of success two key elements must be built in:

- The learning must be based on industry-approved qualifications and materials.
- The learning must be backed up with industry-approved information advice and guidance.

### 3) The extent to which the Mayor's priorities for skills promotion address the short-term and medium-term needs of London during the recession.

The Alliance agrees with the Board's Strategy and priorities especially the first strategic aim of working with employers to better support them in providing more jobs and skills opportunities to Londoners, to the benefit of their businesses and to keep London's economy competitive. It is important that employers have a strong voice and to shape the current and future skills provision in London. Including in this priority that Sector Skills Councils have a clear part in this is welcomed.

As mentioned above it is important that employers have a simplified and seamless offer and that employment, skills and business support brokerage services are joined up and coherent. This is important to employers and will help to improve their productivity and competitiveness and the Alliance agrees that this should be a priority.

To create a fully integrated customer-focused skills and employment system where all parts of the system work together without duplication is an aim that the Alliance welcomes. This must ensure that it delivers simplification to employers and that it delivers on the needs of businesses in London.

It is also important to take into account the needs of small and micro businesses in London. Micro businesses are in general accepted to drive entrepreneurial and innovative growth. Small and medium sized enterprises account for almost 60% of private sector employment. Addressing their concerns with, and requirements for employment and skills services should play a key part in the Assembly's strategy for improvement of those services.

In addition to the Mayor's priorities below are some examples of specific industry priority areas that different SSCs have recognised for their sectors:

IT user skills are critical for gaining employment and enabling progression within employment but this is not specifically highlighted in the investigation proposal under basic skills. We would strongly suggest that skills and training support for the unemployed address IT user skills gaps. Over the last twenty years the proportion people using IT in their jobs has nearly doubled and almost three-quarters of vacancies in London require IT user skills<sup>13</sup>.

Higher Level IT and Telecoms professional skills are just as important to London's future prosperity as they continue to underpin the success of all industry sectors. Recent data shows that IT & Telecoms industry employment in London has fallen in the last quarter<sup>14</sup>.

London needs to take advantage of London 2012 Games and major projects such as Crossrail and it is important that contractors are given significantly challenging targets within their skills and employment plans.

Times of recession bring a range of challenges and opportunities to the active leisure sector and to London and the forthcoming Olympic and Paralympics Games, as well as London's strong sporting presence provide a sound foundation on which to approach the challenges<sup>15</sup>. The Olympic and Paralympics Games are likely to require around 70,000 volunteers and programmes such as the Personal Best scheme provide training and point of entry for those affected by recession. The sport and recreation sector is increasingly seeing schemes to help people from deprived areas and the unemployed (Recruit into Coaching) and/or schemes to help people to further their skills at a subsidised cost.

Over recent years there have been many systematic changes to skills policy and funding arrangements introduced by Governments across the UK, including the establishment of the London Skills and Employment Board. However, because the overall framing for Government action has focused on lower levels and basic skills, the increased influence of industry enabled by such policies has only impacted on parts of the education and training system, and has had relatively little impact for the highly skilled, knowledge economy sectors which will be important for the future.

#### 4) What more could be done to respond to the recession.

<sup>13</sup> e-skills UK's Technology Counts: IT and Telecoms insights. <http://www.e-skills.com/Research-and-policy/Insights-2008/2179>.

<sup>14</sup> <http://www.e-skills.com/Research-and-policy/bulletin/1056>.

<sup>15</sup> See Annex A for further detail on the Active Leisure sector in London.

There has been positive feedback to the response so far but there are areas that need further consideration going forward to support employers to improve the skills of staff.

Initiatives that help organisations and their employees facing redundancy are a key part of the response to the recession. Further funding and publicity for initiatives such as the Rapid Response Service and clearer signposting to it would be appreciated.

More needs to be done to provide incentives to employers to retain and/or recruit apprentices and trainees of all ages within sectors that are struggling. A lack of funding resource is a particular problem for mature adults. The notion of apprenticeships in volunteer setting could also be explored. The Economic Recovery Action Plan provides extra funding for apprenticeships which is welcome. In addition to this any extra funding that can be made available for flexible provision under programmes such as Train to Gain would be well received by employers.

Many employers within the Building Services Engineering sector for example are looking to diversify into new markets, particularly relating to environmental technologies and financial stimulus in this area will be crucial.

As mentioned above it is very important for London that going forward opportunities from the 2012 Olympics and Crossrail are fully taken advantage of.

The Alliance welcomes the London Assembly's investigation and believes there is a real opportunity to deliver a better service for individual Londoners and London employers. A streamlined, coordinated and integrated approach will maximise training and employment opportunities for all.

## **Association of Colleges**

Dear Mr Berry,

### **Submission to the London Assembly Employment and Skills Investigation**

The Association of Colleges represents 50 Colleges in London, including General Further Education (GFE) Colleges, Sixth Form Colleges (SFCs), Adult Education Colleges that are also Specialist Designated Institutions (SDIs) and one Agriculture and Horticulture College. London Colleges are a major part of the London skills sector as the following key facts illustrate:

- There are 445,000 learners on Further Education provision in London.
- 38% of vocational qualifications in London in 2007/8 were awarded via Colleges; 7% were awarded through employers.
- Two thirds of large employers that train their staff do so through a College.
- 84% of employers training through a College are satisfied with the service provided.
- 100% of London Colleges were judged good or outstanding by Ofsted for their overall effectiveness.
- Ethnic minority students make up 45% of learners in London Colleges compared with 31% of the population of London.

Colleges seek to be a key strategic partner of the London Assembly, Mayor of London and the Greater London Authority, as well as the London Skills and Employment Board, in providing skills and training support to London's unemployed and are pleased to work with these and other stakeholders to continue addressing these issues.

Following consultation with our members we have prepared the following responses to the specific points you highlighted in your letter.

### **The work of the London Skills and Employment Board, and the impact of its Strategy on skills and employment services**

College leaders feel that employers may still not be sufficiently empowered to direct skills provision and that many still have difficulty understanding the skills brokerage system. They report that local collaborative approaches have developed effectively in some areas to create a joined-up framework of support and would like these to be encouraged with funding and strategic co-ordination. However employers, employer networks and Sector Skills Councils need to become more closely integrated with these networks and with equivalent pan-London bodies. Job Centre Plus (JCP) is recognised as an appropriate agency to lead local partnerships with employers, but others must also be involved since JCP is directly involved in only a minority of recruitments, is more involved with recruitment to entry-level and lower-level jobs, and is too locally focused to take a strategic view of opportunities in the wider job market of Central London.



## **The various funding streams and commissioning organisations in London**

There is a very large number of different funding and commissioning organisations for provision of support and training to London's unemployed. Colleges would like to see more coordinated targeting of those with discretionary funding to respond effectively to gaps in provision. There is a perception by some College leaders that funding bids from private providers are often favoured over equally strong ones from Colleges. Colleges have also found that the complexity of the funding system is off-putting to employers. Colleges are also concerned about the possible effects of the LDA's decision to shift its funding towards larger programmes. Some established smaller projects, such as Podium Skills London which is run by AoC London, have become very effective at engaging with target groups such as NEETs and we are concerned that the work that has been done by the project to engage with these groups may be lost in larger projects.

## **The demands placed on services during the recession, including from different types of clients**

Colleges report an increase in demand for employment-focussed training and career coaching. Middle class unemployed people who have been in regular employment for a large part of their lives have emerged as a significant group of clients. They demand a different style of course delivered by highly-skilled professionals. Colleges would like more flexibility in their funding and less bureaucratic reporting requirements to increase their ability to respond quickly to new client demand.

## **What more could be done to respond to the recession**

The scoping paper to this enquiry highlights the conclusion of an earlier study about the range of employability qualities that many NEETs are lacking. It is important in relation to this finding to recognise the broad range of provision offered by Colleges and the benefits that they bring to learners in helping them to develop such qualities. London's five SDIs play a great role in providing lifelong learning, a role which was recently highlighted in NIACE's *Enquiry into Lifelong Learning* (<http://www.niace.org.uk/lifelong-learning-in-urban-redevelopment.html>).

Colleges are also significant providers of informal learning opportunities in communities across London. The importance of this was highlighted recently in a DIUS report, *The Learning Revolution*

One of our member Colleges, Kensington and Chelsea College, is the provider for Education and Skills in all eight London prisons and works in partnership with London Probation under the Offender Learning and Skills Service. They also work with employers to help ex-offenders into employment. The Director of Business Development and Community Regeneration at the College, Shanie Jarnieson, is willing to be contacted if you require further details. Ex-offenders are a group with particular difficulties in the job market but with great potential to contribute to London's economy so services to retrain and reintegrate them in society should not be overlooked in your investigation.

Lifelong learning, informal learning and offender programmes all contribute in different ways to social cohesion in London, thus giving them even greater value beyond the direct economic and employment benefit to participants.

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One College also suggested integrating provision of information, advice and guidance about education and training opportunities with existing community and voluntary sector structures.

I hope you find this response helpful and will be happy to discuss any of it further.

Yours sincerely,

Kate Anderson  
Regional Director  
Association of Colleges London Region