



**MAYOR OF LONDON**

**LONDON  
COUNCILS**

**SKILLS FOR LONDONERS:  
A CALL FOR ACTION**

KEEPING THE CAPITAL SKILLED FOR THE UK  
September 2019

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**September 2019**

Published by  
Greater London Authority  
City Hall  
The Queen's Walk  
More London  
London SE1 2AA

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**WHAT IS THIS REPORT ABOUT, AND WHERE HAS IT COME FROM?**

London government – the Mayor of London and London Councils – has come together to call for a new devolution and funding deal from government to establish an integrated, properly funded skills and employment system that can meet the city's challenges now and in the future.

This is in the context of broader calls for an ambitious new devolution settlement for the English cities and regions to invest in housing, transport, skills, environmental protection and infrastructure to unleash the potential of residents and businesses.

London government is committed to working together with stakeholders to deliver inclusive growth and to secure the best outcomes for Londoners under a devolved skills and employment system.



# SUMMARY: LONDON'S CURRENT SITUATION

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## LONDON'S CURRENT SITUATION

London's highly productive economy, vibrant communities and cultural diversity make the city a great place to live and work.

London's success is also key to the UK's prosperity, accounting for over a quarter of the value created by the UK's goods and services and acting as an important gateway to the rest of Britain.



# SUMMARY: LONDON'S CHALLENGES



## LONDON'S CHALLENGES

London's many successes often mask the city's stark challenges. This call for action sets out the three key challenges London's skills and employment system must face up to. Given the link between London and the UK's success, these are challenges for central government too:

### 1. LONDON HAS HIGH LEVELS OF POVERTY, EXCLUSION AND INEQUALITY

London's high performing economy creates many opportunities, but it also creates strong currents that pull people into poverty, leave too many Londoners socially and economically excluded, and lead to high levels of inequality.

### 2. BREXIT AND OTHER STRUCTURAL CHANGES PUT LONDON AND THE UK'S PROSPERITY AT RISK

Brexit and proposed changes to immigration controls are forecast to have a greater impact in London than anywhere else in the UK. A failure to manage Brexit and other structural challenges like technological disruption and the need to transition to a zero-carbon economy will be to the detriment of the UK as a whole

### 3. LONDON'S SKILLS AND EMPLOYMENT SYSTEM IS UNDER-FUNDED AND FRAGMENTED

London has some of the best skills and employment support providers in the country, but the system as a whole is unable to tackle poverty, exclusion and inequality, adequately respond to Brexit or meet the other structural challenges the city faces because it is under-funded and fragmented.

# SUMMARY: PROPOSED RESOLUTION



## PROPOSED RESOLUTION:

### **ESTABLISH A HOLISTIC SKILLS AND EMPLOYMENT SYSTEM FOR LONDON, WITH MORE FUNDING, OR DEVOLVED POWERS SO LONDON CAN FUND IT ITSELF**

The capital's record on delivering devolution to date, the Mayor's mandate and labour market intelligence, and the boroughs' reach into local communities mean London government, acting together – and in partnership with London's businesses and skills providers - is best placed to address these challenges.

London government is calling for a new era of devolution and funding from government to establish a holistic skills and employment system with the aim of tackling poverty, exclusion and inequality, building a genuine lifelong learning culture, and delivering inclusive growth in the capital, for the benefit of the UK as a whole.

# PROPOSAL OVERVIEW

The capital's record on delivering devolution to date, the Mayor's mandate and labour market intelligence, and the boroughs' reach into local communities mean London government, acting together – and in partnership with London's businesses and skills providers - is best placed to address these challenges and tailor solutions to local communities.

London government is calling for a new era of devolution and funding from government to establish a holistic skills and employment system with the aim of tackling poverty, exclusion and inequality, building a genuine lifelong learning culture, and delivering inclusive growth in the capital, for the benefit of the UK as a whole.

This new wave of devolution should include powers to raise money as well as spend it. London needs the ability to generate funds to support a skills and employment system that has been pushed to its limits after a decade of austerity.

## Q

## WHAT SHOULD A DEVOLVED HOLISTIC SKILLS AND EMPLOYMENT SYSTEM FOR LONDON INCLUDE?

### ADULT EDUCATION

Full devolution of the adult education budget, restored to at least pre-austerity levels, to embed a genuine lifelong learning culture across the capital and a greater focus on learning outcomes.

### CAREERS ADVICE

Devolution of careers advice services to establish a London Careers Service for Londoners of all ages that is fully integrated with London boroughs', local services and networks of support to schools and local residents.

### APPRENTICESHIPS

Devolution of the capital's non-levy allocation (levy contributions not spent by the contributing employer), the ability to use these funds flexibly to meet the capital's skills needs, and responsibility and funding for promoting apprenticeships via a London Apprenticeship Service.

### EMERGENT SKILLS

Devolution of the powers and resources to support more Londoners to learn emergent skills, including via Advanced Learner Loan write offs and new metrics for measuring widening participation in higher education.

### FURTHER EDUCATION CAPITAL FUNDING

Continued devolution of capital funding to invest in new facilities and technologies and support further education providers to repair London's further education estate.

### 16 TO 18 SKILLS

Devolution of funding for 16 to 18 year old skills provision to create a coherent post-16 offer and improve outcomes for young people.

### TRAINEESHIPS

Devolution of traineeships to leverage London government's unique links to business to drive up traineeship starts and create progression opportunities.

### EMPLOYMENT SUPPORT

A commitment from government to establish a 'local first' approach to employment support services, where services are provided at the most feasibly local level, enabling join up with other local services and better support for marginalised communities.

### UK SHARED PROSPERITY FUND (UKSPF)

Full devolution of London's share of the UKSPF, allowing London to integrate the skills and employment elements into the capital's holistic skills and employment system to better meet the needs of disadvantaged Londoners.

### IMMIGRATION SKILLS CHARGE

Devolution of London's share of the funding raised by the Immigration Skills Charge, should government decide to continue with it, to spend on addressing skills shortages in the capital.

Run at a local level, with London government in charge, we will deliver these elements of the system in a way that is nimbler, has greater impact, is more responsive to local circumstances and business needs, and is unrestricted by central government funding siloes.

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**HOW WILL LONDON GOVERNMENT WORK WITH PARTNERS TO IMPROVE SKILLS AND EMPLOYMENT?**

London government is committed to working with partners to deliver inclusive growth in the capital.

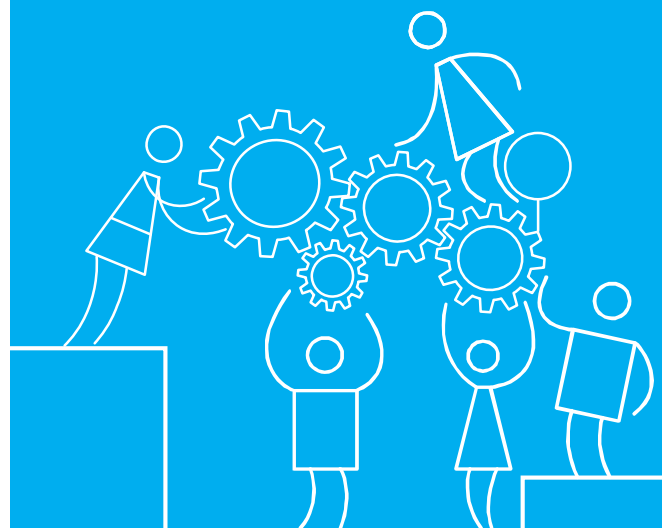
Businesses, learning and employment support providers, community organisations, trade unions and other key stakeholders will be involved in the planning and design of London's skills and employment system at a regional, sub-regional and local level.

London government will work with businesses to support them to consider their role in improving the economic, social and environmental wellbeing of Londoners through the Good Work Standard and other borough-led charters and initiatives.

And London government will continue to join London's learning and employment support providers, as well as community organisations and other stakeholders, to make the case for London's skills and employment sector to be properly valued and properly funded.

This call for action sets out the case for a holistic, integrated employment and skills system that can guarantee London remains a world-leading city in which all Londoners play a part.

**This call for action sets out the case for a holistic, integrated employment and skills system that can guarantee London remains a world-leading city in which all Londoners play a part.**



# INTRODUCTION: LONDON'S CURRENT SITUATION

London's growth has always been a key driver of the UK's prosperity.

The capital generates almost a quarter of the value of goods and services sold in the UK, it provides an important gateway for international tourism and investment, and businesses from all over the UK rely on access to the capital's talent either directly or through their supply chains.

A skilled workforce is a requirement for improvements in productivity and living standards. So it is essential that London remains skilled-up for the benefit of the UK as a whole.

But London's successes can sometimes mask the real skills and employment challenges the city faces.

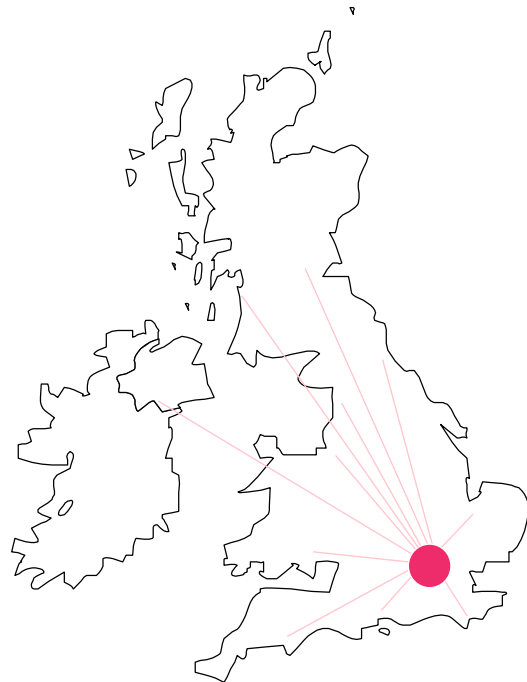
London has high levels of poverty, exclusion and inequality, its skills and employment system is under-funded and fragmented, and Brexit and other structural changes in the economy put London's, and therefore the UK's, future prosperity at risk. London's scale and diversity requires a flexible skills and employment system.

New skills and the right support can get people into good jobs, raise earnings, lift families out of poverty, and reduce inequality.

Learning and employment support can also increase wellbeing and resilience, particularly as Londoners get older, and provide valuable opportunities for Londoners to actively participate in their communities.

Ensuring businesses have access to the skills they need is also essential for raising productivity in the capital.

London generates almost a quarter of the UK's economic output, and acts as an important gateway for the rest of the UK for investment, talent and tourism.



Source:

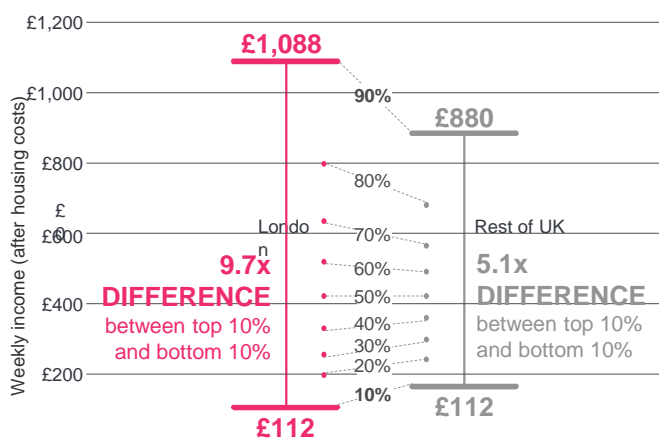
[HBAI microdata](https://data.london.gov.uk/economic-fairness/equal-opportunities/income-inequality/) . <https://data.london.gov.uk/economic-fairness/equal-opportunities/income-inequality/>

# INTRODUCTION: LONDON'S CURRENT SITUATION

Once housing costs are accounted for, London's income inequality is almost twice that of the rest of the UK; the 10% with the highest income earn almost 10 times more than the bottom 10%.

## INCOME INEQUALITY 2015/16 – 2017/18

*Difference in income (after housing costs) between top 10% and bottom 10%.*



Source:

HBAI microdata . <https://data.london.gov.uk/economic-fairness/equal-opportunities/income-inequality/>

Changes in all modern economies mean that the types of skills that businesses need are also changing ever more swiftly. This makes having a responsive skills system and embedding a culture of lifelong learning an essential part of successful economies. Continually enhancing and renewing the skills of its citizens is now a central challenge for any major city.

That is why the Mayor of London set out his vision for skills in his *Skills for Londoners Strategy* – the first ever Mayoral skills strategy for the capital – for:

*A city for all Londoners – making sure Londoners, employers and businesses get the skills they need to succeed in a fair, inclusive society and thriving economy.'*

And it is why London Councils set out the aim of London's boroughs in *Pledges to Londoners* to:

*Work alongside the Mayor to transform adult skills training through the devolved powers starting in 2019; supporting in work progression and ensuring that we meet the job aspirations of learners and the skills needs of business in each part of London.'*

But this vision and aim are impossible to deliver in London within the constraints of an under-funded, fragmented, national skills and employment system. A decade of austerity has slashed adult education and employment support provision to the bone and stretched the capital's local authorities to their limits, while London's population and demand for skills, employment and other services continues to grow.

# INTRODUCTION: LONDON'S CURRENT SITUATION

London government's local links and knowledge make the Mayor and London boroughs best placed to meet these challenges.

That is why London is calling for the UK's new Prime Minister to herald a new era of devolution and funding to the capital as the Mayoralty enters its eighteenth year.

London already has a strong track record of delivering world-leading initiatives, which cities around the world look to for inspiration, like the 2012 Olympic and Paralympic Games, the introduction of the Ultra Low Emission Zone, establishing the capital as the world's first National Park City, and of course, the creation of Transport for London.

More recently, the Mayor has been delegated control over the Adult Education Budget and London's sub-regional partnerships have been given responsibility for the Work and Health Programme.

London has begun to use these new powers to take a different approach, including making changes to the Adult Education Budget that will reduce in-work poverty, exclusion and inequality, but the hitherto piecemeal devolution is insufficient to deliver London's vision for skills and employment.

That is why London government – the Mayor and London Councils - is coming together to make the case for a new devolution and funding deal to give London control over a holistic skills and employment system, unrestricted by central government funding siloes, as well as the means to raise money to ensure it is properly funded. This would bring London in line with other leading global cities like New York and Tokyo.

London's skills and employment system has been substantially under-funded and neglected for too long, and it is inhibiting the capital's role as the gateway to the rest of the UK. The need to put this right has never been more urgent, and the UK's prosperity depends on it.

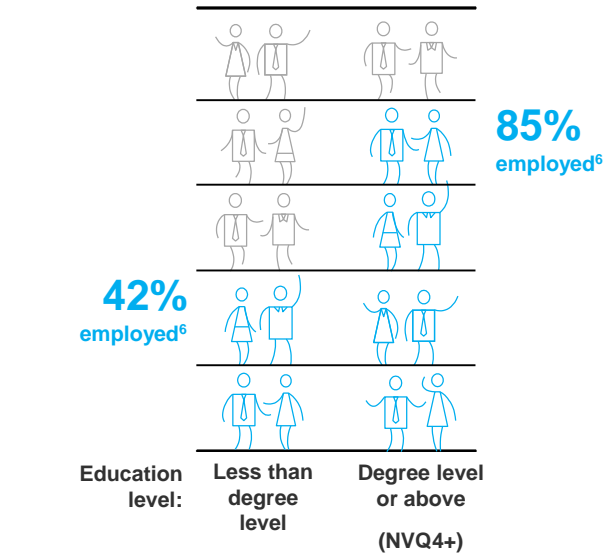
London needs an integrated, appropriately funded skills and employment system to embed a lifelong learning culture and prepare Londoners for the societal and economic shifts that lie ahead.

# LONDON’S CHALLENGES

London has a highly productive economy with lots of good jobs. The capital’s diversity, its vibrant communities, its green spaces, effective infrastructure, rich heritage and cultural opportunities make it a great place for Londoners to live as well as work, and businesses in London and across the UK benefit from the access to talent that brings.

But London’s successes often mask the city’s stark challenges. This chapter sets out the three key challenges London’s skills and employment system must face up to.

## EMPLOYMENT RATES IN LONDON, BY EDUCATION LEVEL: (Working-age Londoners only)



Working-age Londoners with degree-level education are **twice as likely to be employed** as those without.<sup>6</sup>



# LONDON'S CHALLENGES

## CHALLENGE 1: LONDON HAS HIGH LEVELS OF POVERTY, EXCLUSION AND INEQUALITY

London's high performing economy creates many opportunities, but it also creates strong currents that pull people into poverty, leave too many Londoners socially and economically excluded, and lead to high levels of inequality:

### POVERTY LEVELS ARE HIGHER IN LONDON THAN ANYWHERE ELSE IN THE UK

2.4 million Londoners live below the poverty line<sup>1</sup>, and London's poverty rate is 31 per cent higher than the UK's<sup>2</sup>.

### WAGES ARE NOT KEEPING PACE WITH THE CAPITAL'S HIGH LIVING COSTS

61 per cent of Londoners in poverty are in working families<sup>3</sup>, and one in five London jobs are paid below the London Living Wage<sup>4</sup>.

### LONDON'S LABOUR MARKET DOES NOT REFLECT THE CAPITAL'S DIVERSITY

Young people, BAME Londoners and disabled Londoners all have lower than average employment rates<sup>5</sup>. Many unemployed Londoners face complex barriers to getting into work.

### TOO MANY LONDONERS LACK THE SKILLS THEY NEED TO PARTICIPATE IN THEIR COMMUNITIES AND PROGRESS IN WORK

One in seven Londoners have no or low qualifications<sup>6</sup>, and a third of Londoners do not progress beyond NVQ Level 3 (equivalent to A Levels)<sup>7</sup>.

### INEQUALITY IS HIGHER IN LONDON THAN ANYWHERE ELSE IN THE UK

The majority of the capital's wealth is owned by just ten per cent of Londoners, and the bottom 50 per cent of Londoners own just 5 per cent of the capital's wealth<sup>8</sup>.

### LONDON'S SCALE MEANS THERE ARE DIFFERENT NEEDS AND OPPORTUNITIES ACROSS THE CAPITAL

There are significant spatial concentrations of poverty and unemployment across London and some sub-regions have lower and declining productivity<sup>9</sup>.

# LONDON'S CHALLENGES

## CHALLENGE 2:

### Brexit and other structural challenges put London and the UK's prosperity at risk

The structural challenges London faces highlight the need for a lifelong learning culture in the capital where Londoners continue to learn new skills throughout their lives.

A failure to manage these challenges risks exacerbating poverty, exclusion and inequality in the capital, which will damage the UK's prosperity and place additional pressure on already squeezed public services:

#### **BREXIT WILL DRAMATICALLY ALTER LONDON'S LABOUR MARKET AND CREATE UPHEAVAL ACROSS MANY SECTORS**

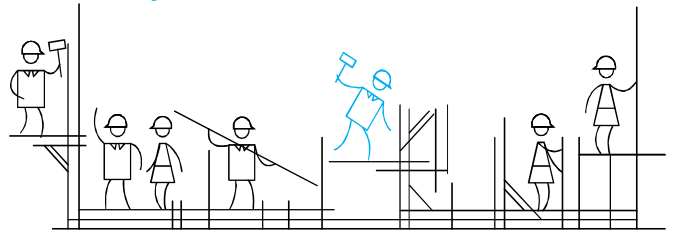
Analysis commissioned by the Mayor shows any form of Brexit will disrupt London's economy more than any other region, with the impact being greatest under a No Deal Brexit<sup>10</sup>.

#### **ADDITIONAL CONTROLS ON IMMIGRATION WILL HAVE A DISPROPORTIONATE IMPACT ON LONDON**

14 per cent of jobs in London were filled by workers born in the rest of the European Economic Area (EEA) in 2017, with EEA workers accounting for over a third of jobs in London's construction sector<sup>11</sup>. Sectors such as health and social care are already experiencing skills shortages and these are likely to be exacerbated by any additional immigration controls<sup>12</sup>.

**14%** of jobs in London were filled by workers born in the rest of the European Economic area in 2017. Businesses and government will struggle to fill many of these roles after Brexit.

**A systematic approach to training and upskilling workers will help fill the gap caused by Brexit.**



# LONDON'S CHALLENGES

## CHALLENGE 2 (continued):

**Brexit and other structural challenges put London and the UK's prosperity at risk**

### TECHNOLOGICAL CHANGE WILL BE DISRUPTIVE

London is proud to be at the forefront of the digital revolution, but technological disruption is increasing industrial churn<sup>13</sup> and changing the skills employers are looking for, increasing the need for lifelong learning and retraining<sup>14</sup>.

### LONDON'S DEVELOPMENT RELIES ON A STRONG TALENT PIPELINE

Between 2,500 and 4,000 new skilled workers will be needed annually to build the 66,000 new homes that London needs each year and support the development of the 48 Opportunity Areas outlined in the draft London Plan<sup>15</sup>.

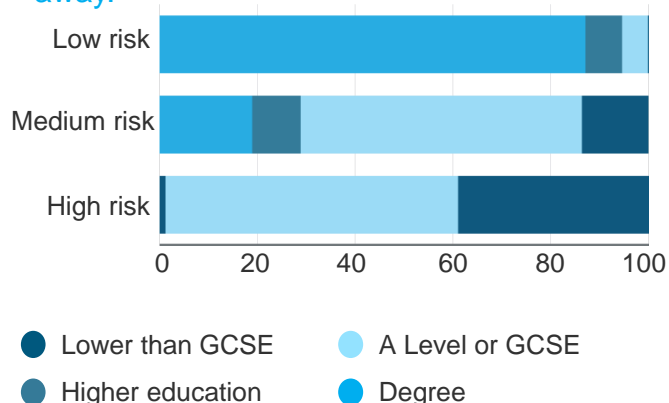
### LONDONERS WILL NEED NEW SKILLS TO MAKE LONDON THE GREENEST GLOBAL CITY

Following the Mayor's, and then Parliament's, declaration of a climate emergency<sup>16</sup>, London's skills and employment system will need to support Londoners to learn the skills they need as the capital's economy transitions to meet the Mayor and central government's aims to move to a zero-carbon economy<sup>17 18</sup>.

### PROPORTION OF MAIN JOBS AT RISK OF AUTOMATION, BY EDUCATION

England, 2017

People without degree-level education are most at-risk of having their jobs automated away.



Source:

Annual Survey Population, UK Survey of Adult Skills (PIAAC) and Frey and Osborne

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/theprobabilityofautomationinengland/2011and2017>, figure 7.

# LONDON'S CHALLENGES

## CHALLENGE 3:

### London's skills and employment system is under-funded and fragmented

London has some of the best skills and employment support providers in the country, but the system as a whole is unable to adequately address poverty, inequality and exclusion and address the city's structural challenges because it is significantly under-funded and fragmented:

#### SWINGEING CUTS HAVE LED TO FEWER LEARNING OPPORTUNITIES FOR LONDONERS

Further education budgets fell by 40 per cent across England between 2010/11 and 2015/16, with the number of publicly funded adult learners in London dropping by 30 per cent during this period<sup>19</sup>.

#### THESE CUTS ARE PART OF A DECADE OF AUSTERITY THAT HAS LEFT LOCAL GOVERNMENT STRETCHED TO ITS LIMITS

Councils in London will have had a core funding cut of 63 per cent in real terms between 2010 and 2020<sup>20</sup>. Meanwhile demand for services is rising as London's population is growing twice as fast as the rest of England's<sup>21</sup>, and the number of older Londoners is increasing<sup>22</sup>.

#### ANY LOSS OF EUROPEAN FUNDING WILL BE ANOTHER BLOW TO A WEAKENED SECTOR

London stands to lose around £70m each year from the European Social Fund after the UK leaves the EU, making less support available for the most disadvantaged Londoners.

#### THE REMAINING FUNDING IS FRAGMENTED AND UNCOORDINATED

The remaining adult skills and employment support funding is split into siloes<sup>23</sup>, making the system difficult for Londoners to navigate, preventing London's providers from being able to plan for the long term, and inhibiting coordinated skills and employment interventions to tackle poverty, exclusion and inequality.

...

# LONDON'S CALL FOR ACTION

Delegation of the Adult Education Budget (AEB) and the partial devolution of the Work and Health Programme to London and its sub-regions are welcome first steps towards a skills and employment system that can be more agile in responding to local needs.

But these are only small parts of a heavily fragmented skills and employment system that does not have the funding it needs to address poverty, exclusion and inequality and embed a genuine lifelong culture in the capital.

London needs a new devolution and funding deal from government to deliver London's vision and establish an integrated, properly funded skills and employment system that can meet the city's challenges now and in the future.

Businesses have a crucial role to play too. The Mayor and London boroughs are strong and vocal advocates for London's businesses and are working to ensure they can access the talent they need to thrive. London government will also support businesses to become world-class employers by working towards the Mayor's Good Work Standard, create local employment and progression pathways, and improve the quality of work for all Londoners.

And London government calls on London's learning and employment support providers, community organisations, trade unions and others in the sector to get behind its call for action and deliver the skills and employment system the capital needs.



# LONDON'S CALL FOR ACTION

## A NEW DEVOLUTION AND FUNDING DEAL

Devolution allows services to be integrated and tailored to the needs of Londoners, with London government – the Mayor and London boroughs - able to coordinate skills and employment support and interventions to make better use of resources and improve outcomes for Londoners. It also allows London government to respond to the distinct challenges and opportunities across different communities and areas in London.

There is now an opportunity to put London on a par with other leading global cities with a new skills and employment devolution and funding deal that includes adult education, careers advice, apprenticeships, emergent skills, further education capital funding, 16-18 skills, employment support services, the skills and employment elements of London's share of the UKSPF, and the immigration skills charge.

# LONDON'S CALL FOR ACTION

## A HOLISTIC SKILLS AND EMPLOYMENT SYSTEM

London needs control over a holistic skills and employment system to direct resources strategically to address the capital's skills and employment challenges.

The delegated AEB is a great first step, but on its own it is too small and restricted to enable the lifelong learning and responsive skills system that Londoners and London's businesses need, as well as to meaningfully tackling poverty, exclusion and inequality in the capital.

A holistic, properly funded skills and employment system would allow London government to coordinate skills and employment support for Londoners.

London government plans to work in partnership with businesses and providers to deliver an employment and skills system for all Londoners through a shared strategy and delivery at the borough, sub-regional and London-wide level.

London government is committed to subsidiarity with locally relevant services working within a London-wide strategic framework. Boroughs are committed to knitting together local skills and employment systems, delivering joined up services and working with the Mayor to ensure there is a coherent and connected London-wide offer.

There are deep, mature partnerships between London boroughs and the Mayor that can bring together a fragmented and complex system.

Central government should devolve all skills and employment support budgets to London, including careers advice, apprenticeships, traineeships, further education capital funding, 16-18 skills, and discretionary and additional employment support services.

This devolution should include London's share of the forthcoming UKSPF, which government has announced will replace European Structural Investment Funds including the European Social Fund - which City Hall already commissions - following Brexit.

And this devolution should be accompanied by a commitment for government to provide all relevant skills and employment data to support delivery.

# LONDON'S CALL FOR ACTION

## A BETTER FUNDED SKILLS AND EMPLOYMENT SYSTEM

Over the longer term, London needs a new funding settlement to embed a lifelong learning culture in the capital to tackle poverty, exclusion and inequality, to deliver inclusive growth, and to support Londoners' health, wellbeing and progression in work.

Devolution should not be a smokescreen to hide further skills spending cuts, but real devolution to London, and all of the UK's regions and core cities, should be a national investment to deliver prosperity and inclusive growth across the UK.

A new funding settlement should herald the end of piecemeal devolution that risks making the skills and employment system even more fragmented.

This is why London needs the powers to keep more money raised through taxation to ensure skills provision and employment support is properly resourced across the capital, and ultimately to tackle poverty, exclusion and inequality.

Real devolution of both tax and spending powers, as recommended by the London Finance Commission (2017), is the only way to ensure London's skills and employment system has the resources it needs to deliver London's vision.



# LONDON'S CALL FOR ACTION

## A LONDON SKILLS AND EMPLOYMENT SYSTEM

London's devolved skills and employment system should include:

### 1. ADULT EDUCATION

The current AEB funds education and training for adults aged 19 and above, and oversight of London's AEB is already delegated to the Mayor.

High quality, accessible education for adults is integral to London's cultural and economic future, and to the capital's position as an international hub to the global economy.

Since receiving notice of delegation of the Adult Education Budget, the Mayor has set out plans to tackle in-work poverty and exclusion, including fully funding AEB courses for eligible Londoners earning below the London Living Wage and for deaf Londoners to study for a first qualification in British Sign Language.

He has also committed to developing a new outcomes and impact framework to inform AEB commissioning, and he will introduce the Skills for Londoners Innovation Fund to support providers to deliver additional education and training programmes that meet the Mayor's priorities.

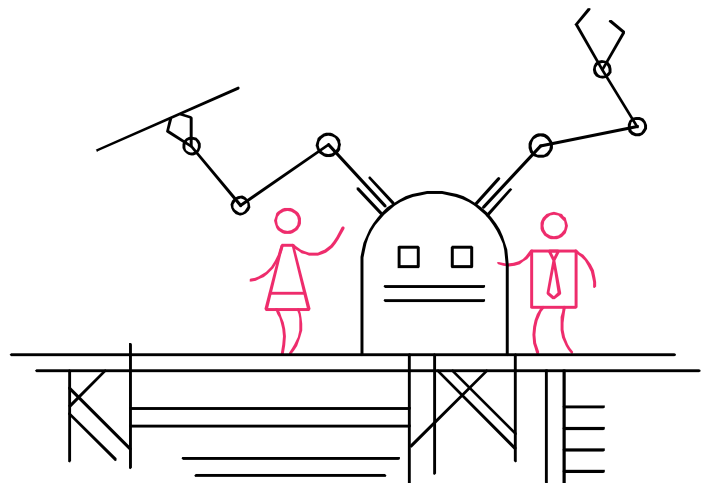
But the AEB allocation is too small and narrow to meet London's needs.

The AEB should be restored to at least pre-austerity levels and combined with other adult skills and employment services to allow London government to improve the offer available to Londoners and embed a genuine lifelong learning culture in the capital.

This would allow London to increase ESOL entitlements, deliver the Augar Review's recommendation for all adults to be entitled to their first Level 2 and 3 qualifications<sup>24</sup>, build the capacity of London's FE sector to support learners with special educational needs and/or disabilities, and establish an essential skills offer for all Londoners.

This would enable Londoners to learn new skills while also improving mental wellbeing, physical wellbeing, confidence, sense of purpose and participation within the community.

The introduction of this strategic approach to lifelong learning will also reduce the burden on other public services.



# LONDON'S CALL FOR ACTION

## A LONDON SKILLS AND EMPLOYMENT SYSTEM

London's devolved skills and employment system should include:

### 2. CAREERS ADVICE

The devolution of careers advice services to London government would enable it to establish a London Careers Service for Londoners of all ages.

A fully devolved and properly funded London Careers Service would ensure all Londoners are able to access high quality, relevant, properly-resourced careers support, equipping them with information, advice and guidance that empowers them to be able to make informed decisions and access the opportunities London has to offer. This would require more investment in careers advice.

Careers advice in London is currently overseen by the Department for Education and delivered by a range of different providers including the National Careers Service, Jobcentre Plus, Education Business Partnerships and the Careers and Enterprise Company as well as London boroughs and the GLA. This means there is often duplication and inefficient use of scarce resources.

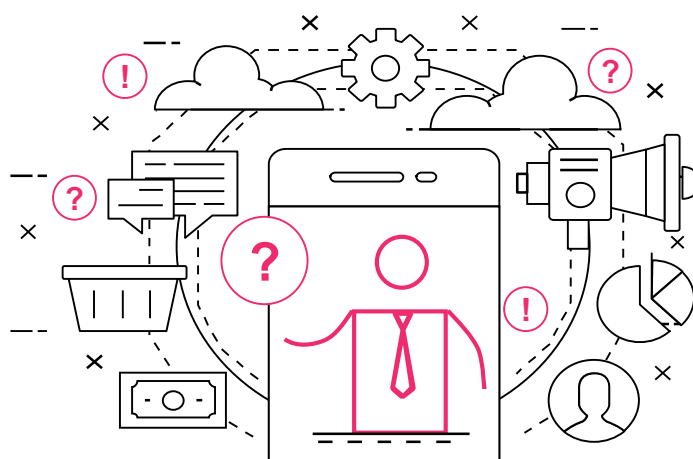
As jobs change faster and employers' demands become more complex, only a more proactive and integrated service can succeed in helping children and young people to understand the future job opportunities available to them and support adults to find the jobs that match their skills and to move out of low paid work.

A devolved London Careers Service would streamline the currently disjointed system, making better use of resources at pan-London, sub-regional and local level. It would be more tailored to the distinct needs of Londoners and London's labour market, rather than simply applying a national model.

It would also offer an opportunity to align funding streams and services to provide an enhanced offer where there is a clear need, for example, by ensuring all of London's secondary schools are meeting the Gatsby Benchmark for careers guidance and building on the careers support available to London's primary schools.

Embedding a deeper understanding early on of the world of work and how it will change is essential to reducing inequality by ensuring that all children leave school understanding the opportunities that could lie ahead of them.

London government can help to achieve this by connecting a London Careers Service to the networks of support between London's boroughs and London's schools, and by leveraging partnerships with London's businesses. This will build on the good work already taking place to engage schools, colleges and businesses through the expanded London Enterprise Advisor Network, and the Careers Clusters activity, delivered with the support of the European Social Fund.



# LONDON'S CALL FOR ACTION

## A LONDON SKILLS AND EMPLOYMENT SYSTEM

London's devolved skills and employment system should include:

### 3. APPRENTICESHIPS

Devolution of London's apprenticeships system - including funding and the ability to use it flexibly - would allow London government to work with businesses and Londoners to address historic low take-up of apprenticeships in the capital.

This devolution should begin with the capital's non-levy allocation. The non-levy allocation is made up entirely of contributions from London's employers that are not spent by the levy payer within 24 months of payment. It is currently reserved to pay for apprenticeships at non-levy employers, but take-up by non-levy payers has been poor across England.<sup>25</sup>

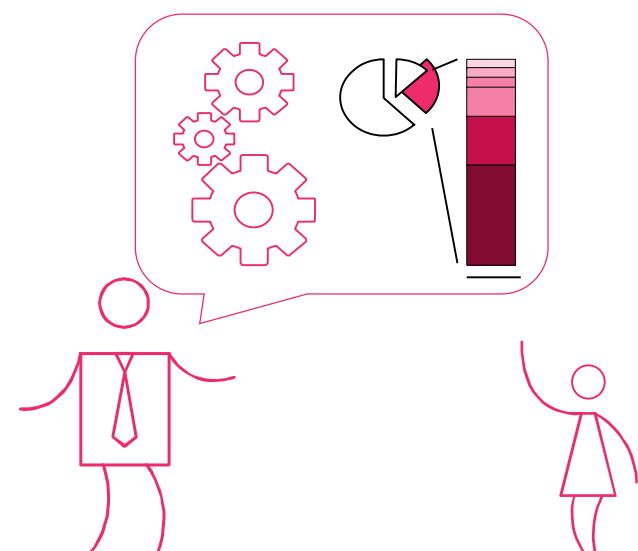
Ringfencing London's levy contributions and giving London government responsibility for allocating unspent funds to small and medium sized businesses would allow London government to use the funding to meet local skills needs, ensure all small and medium sized employers have access to quality provision, and create apprenticeship opportunities for more Londoners.

Additional flexibilities should also be attached to this funding that allow London government to use it to support shorter courses as well as apprenticeships where there is clear demand from employers to do so.

London government should also be given responsibility and associated funding for promoting apprenticeships to the capital's employers, currently delivered through the National Apprenticeship Service.

This would allow London government to establish a London Apprenticeship Service to work with businesses of all sizes to identify how apprenticeships could help their business and support them to access funding

This would build on the apprenticeship promotion work the Mayor and boroughs are already doing to support businesses to offer apprenticeship opportunities, such as the London Progression Collaboration, which will support businesses in London's retail, hospitality and construction sectors to create over one thousand apprenticeships.



# LONDON'S CALL FOR ACTION

## A LONDON SKILLS AND EMPLOYMENT SYSTEM

London's devolved skills and employment system should include:

### 4. EMERGENT SKILLS

London government should be given the powers and resources to support more Londoners to learn the emergent skills employers are increasingly looking for.

The skills most sought by employers are expected to change in the future as Brexit and other structural changes – including technological change and the need to transition to a zero-carbon economy – take place. Interpersonal skills, higher order cognitive skills and digital skills are expected to become more important in the workplace, for example.<sup>26</sup>

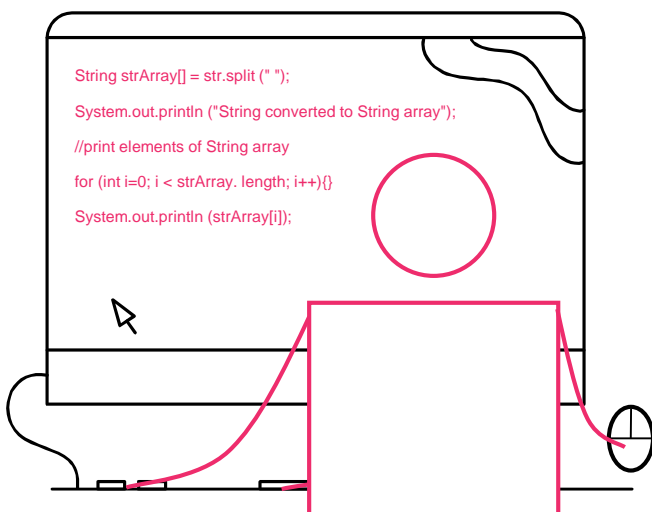
In particular, London already has exceptionally high demand for higher-level skills, and this growth in demand is expected to continue, particularly in London's scientific and technical services and ICT industries.<sup>27</sup>

London government is ideally placed to leverage its links with local businesses and understanding of London's labour market to ensure more Londoners are able to access these emerging opportunities.

London government should be given resources and responsibility to build the capacity of providers to deliver more Higher Technical Qualifications (covering provision at Level 4 and 5), targeted at industries and occupations where there is clear evidence of existing and emergent skills demand. This will help to establish clear pathways into higher-skilled and emergent roles for Londoners.

The Mayor should also be given the power to expand qualifications eligible for an Advanced Learner Loan 'write off' by Student Finance England when the learner gains a Level 6 degree. This would allow London's skills and employment sector to be more nimble in its response to emergent skills needs, and support more Londoners to earn higher-level qualifications.

In addition, the Office for Students should require London higher education providers submitting access and participation plans to demonstrate how these are aligned with London government's widening participation priorities, and agree a set of metrics for measuring widening participation success in London higher education with London government.



# LONDON'S CALL FOR ACTION

## A LONDON SKILLS AND EMPLOYMENT SYSTEM

London's devolved skills and employment system should include:

### 5. FURTHER EDUCATION CAPITAL FUNDING

London government should be given a commitment from central government that it will continue to oversee further education capital investment funding in London.

The Mayor currently allocates funding for further education providers to invest in estate and equipment through the Skills for Londoners Capital Fund, funded by the Growth Deal with government. To date the Mayor has supported 79 projects which combined have leveraged in a private funding commitment in excess of £300m.

However, London providers' demand far outstrips what the Mayor can currently fund, capping the sector's capacity to grow and London government's ability to unlock further private investment. The last funding round alone saw projects seek in excess of £160m, over twice the sum that was available to them. The strongest bids that did not obtain funding now form a pipeline of projects that the Mayor is unable to progress until further funding becomes available.

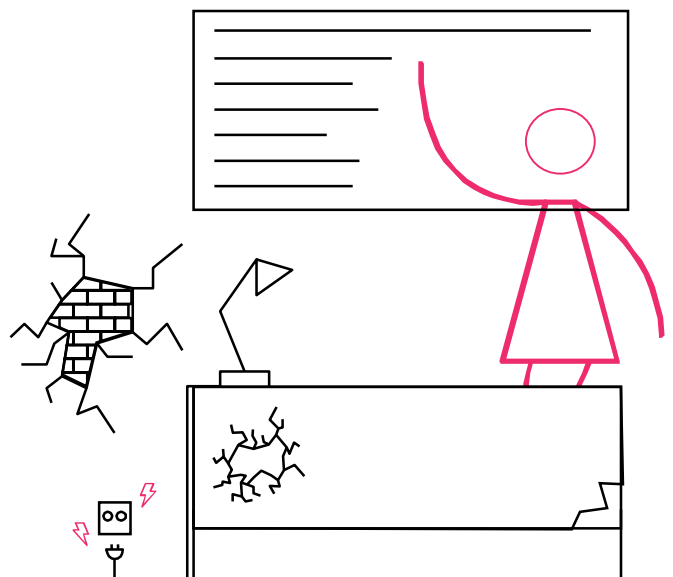
This funding is badly needed by further education providers to invest in repairs of London's further education estate - much of which is in poor or inoperable condition - and to ensure the infrastructure is in place to deliver the ambitions set out in the Mayor's Skills for Londoners Strategy.

PROJECTS ASKED FOR  
**More than £160m**  
OF INVESTMENT IN EDUCATION,  
BUT THERE WAS  
**Less than £80m**  
AVAILABLE TO SPEND

Greater certainty over future capital investment streams would support further education providers not only to make these repairs but also to invest in new equipment and ensure their course content is supported by state of the art, industry standard facilities that keep pace with technological developments and reflect new ways of working.

The current stream of Growth Deal funding comes to an end in 2021. Government has not yet announced the availability of funding beyond this period, putting the essential improvement of further education providers' equipment and estates at risk.

City Hall wants a commitment from central government to continued funding to support capital investment, which is vital to underpinning London's devolved skills and employment responsibilities.



# LONDON'S CALL FOR ACTION

## A LONDON SKILLS AND EMPLOYMENT SYSTEM

London's devolved skills and employment system should include:

### 6. 16 TO 18 SKILLS

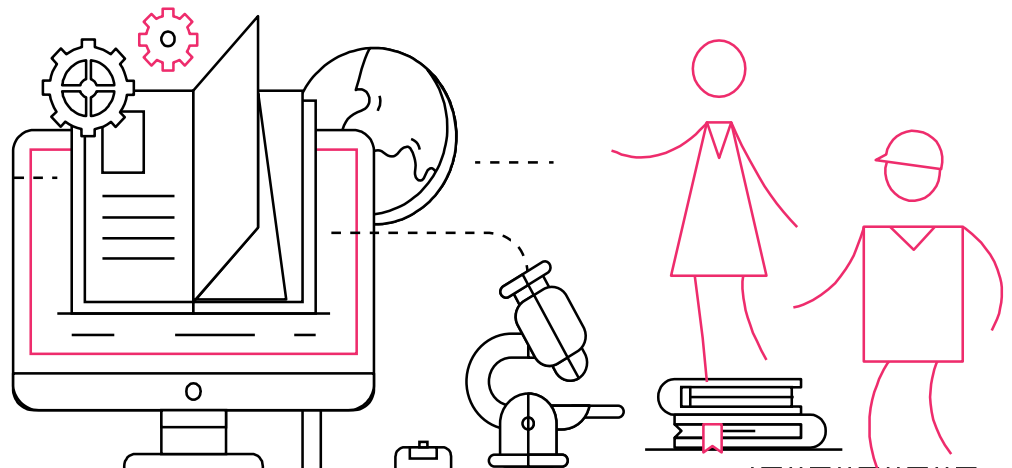
London needs a coherent post-16 skills offer to support more Londoners to access the wealth of opportunities in the capital. The Mayor and London's boroughs want to start a conversation with central government about how devolution would move London closer to realising this vision.

Devolution would allow London government to establish a strengthened post-16 skills system, supporting the vital role that further education colleges perform. This would complement the successful devolution of the post-19 Adult Education Budget, providing the sector with a single, coherent funding and planning authority through City Hall.

All 16 to 18 provision is currently overseen by the Department for Education and funding rules are set by the ESFA. Demand for 16 to 18 skills provision in London is expected to grow in future years as a demographic rise in the number of young Londoners feeds through to this age level.

London government would seek to ensure the 16 to 18 sector is adequately funded to maintain high quality learning for the capital, especially for Londoners with special educational needs and, or, disabilities. London's providers must have the resources and flexibilities they need to meet the needs of their students, including three-year programmes of study, where necessary.

Devolution would improve alignment of education and business needs, provide greater agility in adapting provision, and establish a more robust foundation for lifelong learning and retraining as London's economy changes.



# LONDON'S CALL FOR ACTION

## A LONDON SKILLS AND EMPLOYMENT SYSTEM

London's devolved skills and employment system should include:

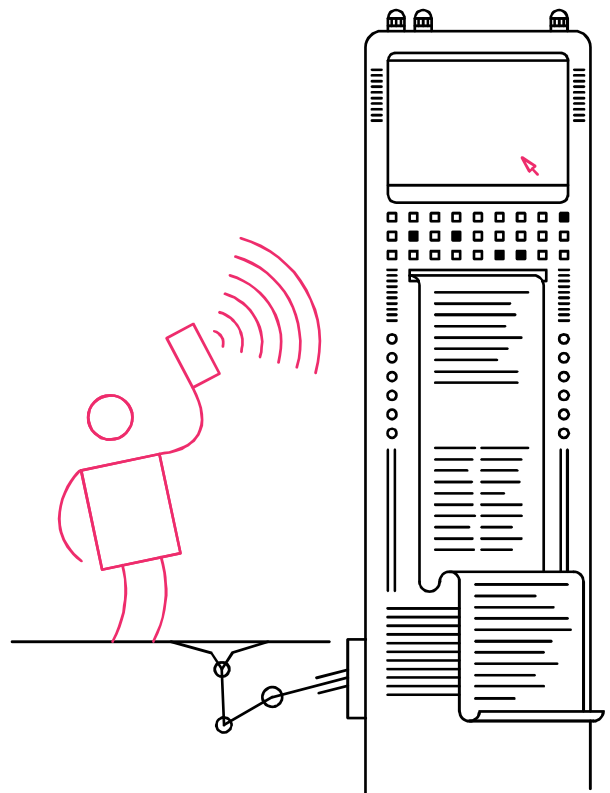
### 7. TRAINEESHIPS

The devolution of London's traineeship budget would allow London government to work with businesses to increase the number of traineeship opportunities in the capital and develop clear pathways for trainees to progress in work or further learning.

Funding for traineeships is provided by the ESFA as it was not included in the delegated adult education budget. But despite evaluations showing more than two thirds of trainees go on to work, further learning or an apprenticeship, take-up of traineeships is falling from a low base. There were just 17,700 starts across England in 2017/18, down from over 20,000 the year<sup>28</sup>.

London government would use the devolved traineeships budget to champion traineeships in the capital, using the Mayor and London boroughs' unique links with businesses to create new traineeship opportunities through targeted business engagement and support. This work would build on the engagement the Mayor is doing to increase apprenticeship opportunities, and it would provide the opportunity for London government to have a single conversation with businesses about traineeships, apprenticeships and other learning.

Devolution would also allow London government to re-integrate the traineeships budget into the adult education budget, along with other funding streams, to establish a clear learning offer to Londoners and develop accessible pathways for trainees to progress into apprenticeships, employment or further learning.



# LONDON'S CALL FOR ACTION

## A LONDON SKILLS AND EMPLOYMENT SYSTEM

London's devolved skills and employment system should include:

### 8. EMPLOYMENT SUPPORT

London government wants a commitment from central government to establish a 'local first approach' to employment services, where services are provided at the most feasibly local level.

This local first approach would be underpinned by the development of joint governance at a local level, with the Mayor providing a pan-London framework alongside a clear borough role in setting the strategic priorities for employment provision, including support available through Jobcentre Plus.

This should build on and go further than the model of devolution created through the Work and Health Programme by giving boroughs genuine control over the way in which support in their areas is designed and delivered. Co-location and joint working with national bodies including Jobcentre Plus should become the default setting for future operation.

London government will support this devolution by working together to create local gateways into careers, employment and skills services in order to reflect the needs of local communities and ensure that all Londoners are able to access support.

Giving London government a greater say over how employment support works in local areas will also support the development of greater coordination between employment, borough and wider public sector provision, such as health and housing services. This will build on the work of boroughs, such as Croydon Council, who have co-located Jobcentre Plus in the local authority in the last year, allowing JCP and council staff to work together to support individuals with multiple and complex needs while establishing a 'no wrong door' approach to support.

Cooperation and collaboration has the potential to make services more effective and efficient, and to reduce costs. It also builds on the experience of local authorities' work with marginalised communities that jobcentres struggle to support— 'unlocking' a group of people who have previously been outside their scope.

With a 'local first' approach to employment support, Londoners will be able to maintain a single point of contact and relationship, under a common pan-London brand, and will be supported to access wider aspects of local authority and national government services.

# LONDON'S CALL FOR ACTION

## A LONDON SKILLS AND EMPLOYMENT SYSTEM

London's devolved skills and employment system should include:

### 9. UK SHARED PROSPERITY FUND

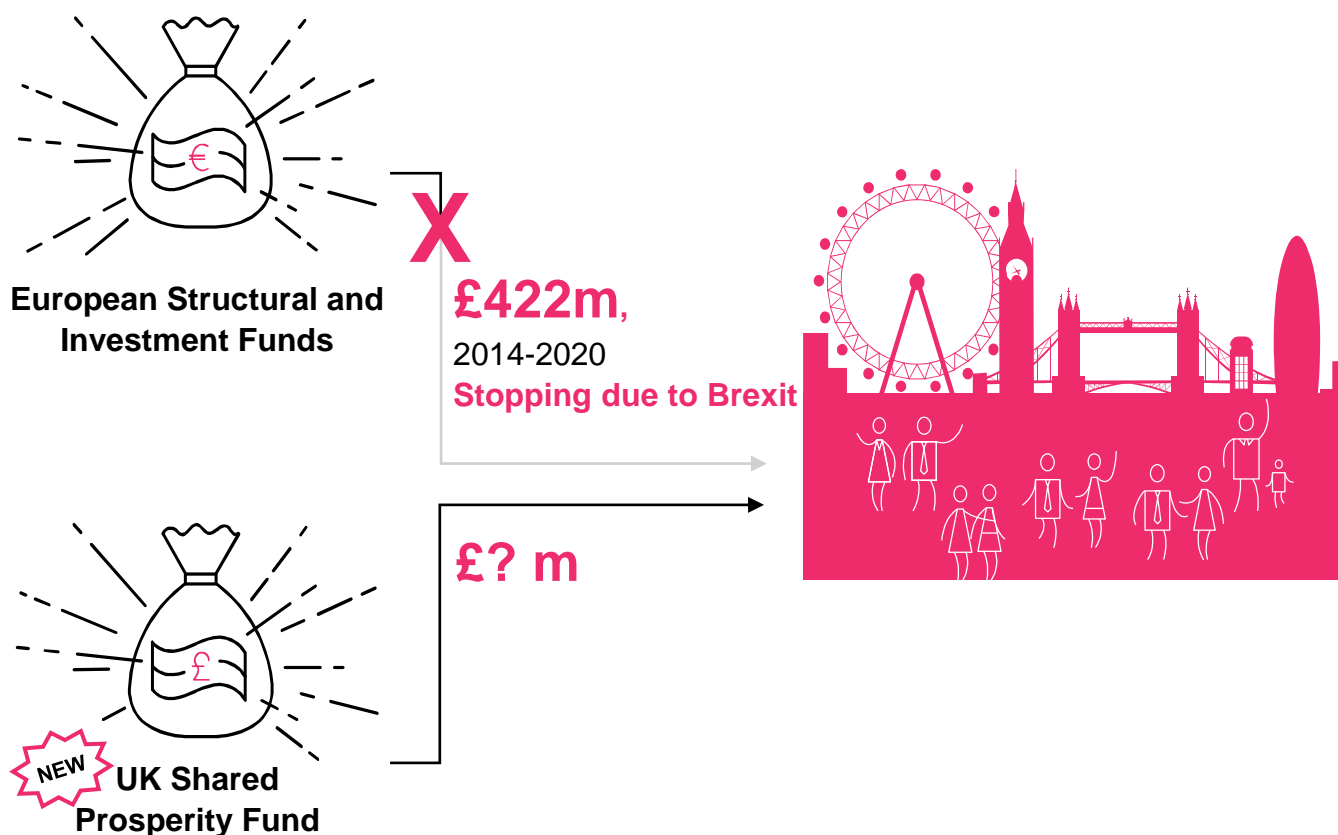
London's share of the UKSPF should be devolved in full, with support for the most disadvantaged Londoners moving into the capital's holistic employment and skills system.

London is currently responsible for commissioning European Structural and Investment Funds (ESIF), including the European Social Fund (ESF), which supports disadvantaged Londoners to access learning, work and enterprise, and to progress in their careers. London was allocated £422m through the 2014 – 2020 ESF funding round to support 399,000 disadvantaged Londoners.

The UKSPF is intended to replace ESIF following the UK's departure from the European Union.

Any decrease in the funding that currently supports disadvantaged Londoners through ESIF could increase poverty and inequality. Therefore, the UKSPF should be allocated to areas according to a fair funding formula relating to the needs of the population, rather than generic economic measures of growth. This funding should be at least that of current levels of ESIF.

Devolution of London's share of the UKSPF would allow London government to strategically coordinate funding to support the most disadvantaged Londoners and to tackle poverty, exclusion and inequality, building on the way City Hall has already matched ESF and AEB funds in its procurement.



# LONDON'S CALL FOR ACTION

## A LONDON SKILLS AND EMPLOYMENT SYSTEM

London's devolved skills and employment system should include:

### 10. IMMIGRATION SKILLS CHARGE

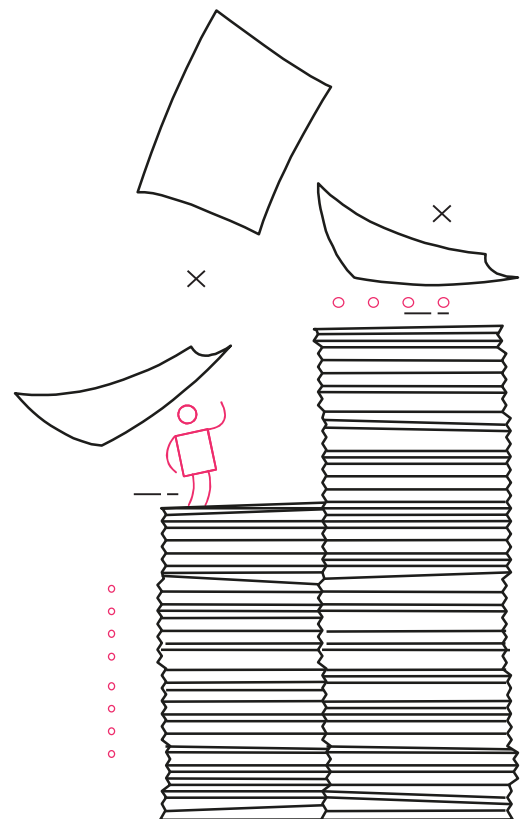
Government should review the Immigration Skills Charge and, should it decide to continue with it, it should devolve control over how London's share of the amount raised each year is spent on skills shortages in the capital.

The charge is a flat rate of up to £1,000 per person per year paid by employers recruiting non-EEA workers on a Tier 2 visa. Central government has indicated the charge will apply to EEA nationals, once the UK has left the EU and established its new skills-based immigration system.

The revenue raised from the charge in 2017-18 was £90m<sup>29</sup>. It is distributed to the Department for Education and the devolved administrations using the Barnett formula (84.2 per cent to the Department for Education, 8.2 per cent to Scotland, 4.7 per cent to Wales, and 2.8 per cent to Northern Ireland)<sup>30</sup>. Monies raised through the charge are intended to address skills gaps in the domestic workforce, although there is limited evidence that this is how it is being used.

The charge is already a significant cost to employers; extending the charge to employers recruiting EEA nationals will increase this burden, especially for SMEs. The Mayor's preference is for the charge to be abolished. However, if the Government decides to maintain the charge, it should devolve control over how London's share of the amount raised each year is spent on skills shortages in the capital.

If devolved, the funding could be used for tailored employment support and in-work training opportunities for under-represented groups in high growth sectors.



# LONDON'S CALL FOR ACTION

## LONDON'S OFFER

London government would use its convening powers and knowledge of London's diverse communities and business sectors to deliver a fully integrated and accessible skills and employment system.

The Mayor would use his reach and profile to promote new services and set out a clear offer to Londoners. He would also set out a strategic framework for skills and employment, underpinned by robust data analysis and a focus on outcomes.

The boroughs would develop gateways into careers, employment and skills services, using their links and local knowledge to reach into the most disadvantaged communities. These gateways would bring together a range of local services and stakeholders to provide an integrated, holistic service for those Londoners with complex needs, with delivery tailored to the local area and infrastructure.

This would include access to other local services such as housing, social services, youth provision and other community-based services, given the multiple and complex barriers experienced by many Londoners. These need to be addressed, alongside employment and skills support, to achieve positive outcomes.

London's businesses would be involved in the planning and design of London's skills and employment system at a regional, sub-regional and local level.

But to achieve this, London government needs the flexibility of a single skills and employment system, fully devolved to the capital and with funding restored to at least pre-austerity levels.

# LONDON'S CALL FOR ACTION

## WORKING IN PARTNERSHIP

London government is committed to working with partners to deliver inclusive growth in the capital, to meet businesses' needs and to

tackle poverty, exclusion and inequality whilst improving Londoners' health and wellbeing.

## BUSINESSES

In a rapidly changing business landscape, London's employers need access to relevant skills to improve productivity, grow their businesses and meet the challenges of tomorrow. Skills shortages were one of the top concerns reported by London's businesses in London Councils and London Chambers of Commerce and Industry's *London Business 1000* survey over the last three years (2017-2019), and Brexit and other changes risk exacerbating the problem.

So London government is committed to working in partnership with businesses to develop a pipeline of talent to meet their needs and to involving them in the planning and design of London's skills and employment system at a regional, sub-regional and local level.

As part of this partnership, London government will work with London businesses to support them to consider their role in driving

improvements in the economic, social and environmental wellbeing of Londoners.

This means paying at least the London Living Wage to every worker, investing in training and careers advice, recognising trade unions, and taking action to promote diversity in their organisation.

All of these calls are set out in the Good Work Standard, the Mayor's new benchmark for good employment practice with fair pay and high-quality training at its heart. Many London boroughs have also developed charters and standards for businesses locally, and London Councils is developing its Charter for Business to show how boroughs can create a good environment for business growth.

This partnership between business and London government will ensure London's employers have access to the skills they need and all Londoners have access to high-quality work.

## PROVIDERS AND OTHER STAKEHOLDERS

London government is also calling on FE and other learning and employment support providers to collaborate, rather than compete, in order to foster innovation and to work to a more integrated skills and employment offer in

the capital. This will require joint working across business, learning and employment support providers, community organisations, trade unions and other key stakeholders.

# CONCLUSION

An integrated and properly funded skills and employment system will allow all of London's stakeholders to work together to tackle poverty, exclusion and inequality, embed a genuine culture of lifelong learning, support Londoners' health and wellbeing, and deliver inclusive growth in the capital.

For too long, London's skills and employment sector has been underfunded and undervalued.

But with concerns associated with Brexit and longer-term structural changes in the economy, like the increasing pace of technological development, a lifelong learning culture is needed more than ever, with Londoners needing to keep learning new skills throughout their career.

And learning is about more than employment, important though it is. Supporting more Londoners to learn throughout their lives improves health and wellbeing as well as providing Londoners with the confidence and means to participate more actively in their communities.

Addressing these challenges and delivering this vision will require London's government, businesses and stakeholders to work in new ways.

This is why London government is calling for a new devolution and funding deal, with the ability to raise money as well as spend it on meeting the capital's acute skills needs.



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