



London East
2003-2005

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Workforce Development Strategy Overview



Our main partners and stakeholders

We, the Learning and Skills Council London East, fund training and education for those over age 16 in Barking and Dagenham, Bexley, City of London, Greenwich, Hackney, Havering, Lewisham, Newham, Redbridge and Tower Hamlets.

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Readers please note:

- in this publication where 'we' is used, it refers to the Learning and Skills Council London East, and
- we have used footnotes in this publication, shown as small numbers in the text, to acknowledge our sources of information, and the research done by other organisations.

- Association of London Government
- Basic Skills Agency
- Business Link for London
- Connexions
- Department for Education and Skills
- Department of Health
- DTI
- Education Business Partnerships
- Further education colleges
- Higher education institutions
- Information, advice and guidance partnerships (IAGs)
- Investors in People UK
- Jobcentre Plus
- learndirect
- Local authorities
- London Development Agency
- Private-sector employers
- Regeneration partnerships
- Schools and sixth form colleges
- Sector Skills Councils and prospective Sector Skills Councils
- Thames Gateway London Partnership
- Trade unions
- Training providers
- Voluntary-sector employers
- Work-based learning providers

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Mary Conneely
Executive Director

We are in the middle of an exciting period of change. London East's 2 million residents have seen many changes in the last 10 years. The new developments announced for the Thames Gateway show that there will be further investment and increased opportunities during the next 10 years.

In every sector there is potential for growth. The proposal for major housing development in the Thames Gateway by the Deputy Prime Minister, in February 2003, is a boost for the construction industry. The Strategic Rail Authority and Transport for London have ambitious plans to develop the transport infrastructure. Health and social care, and financial services have their own challenges to meet as legislative changes place new demands on the workforce. The cultural and creative industries are thriving, and the retail sector can continue to grow with future town-centre redevelopments planned.

Our task, with you, our partners, is to make sure that London East is ready to meet these challenges with a highly skilled workforce. The consultation paper, *Success for All*¹, in June 2002 set out the role of learning providers. It stated that "learning in an area must meet national and local skill needs... and be responsive to local employers and communities." This view was reinforced in the formal publication of *Success for All* which set out the joint plans of the DfES and the Learning and Skills Council, in November 2002, to reform the learning and skills sector and raise standards.

This series of workforce development strategies explains the issues affecting each industrial sector. Each strategy then suggests some realistic action to support the skills development of local people. The aims are to meet employers' needs, and to give individuals positive learning and employment experiences.

By delivering the actions in these 10 sector strategies, we will be helping to:

- fulfil our corporate objectives which we outlined in the Local Strategic Plan 2002-2005
- meet the requirements of the Learning and Skills Council's *National Policy Framework* for workforce development
- support the objectives outlined in London's *Framework for Regional Employment and Skills Action (FRESA)* published by the London Skills Commission, and
- meet the aims of the Skills Strategy White Paper (2003).

We hope that all partners and stakeholders in the various sectors will help deliver the plans presented in these very positive strategy documents. This will enable local people to improve their skills and make the most of the new opportunities being created in the Thames Gateway area.

The Learning and Skills Council is responsible for funding and planning education and training for those over 16 years old in England².

Workforce development is one of the most challenging and exciting parts of our work, and in November 2002, national office published its *Workforce Development Strategy – National Policy Framework to 2005*.

The *National Policy Framework* was published at the same time as the Government report, *In Demand: Adult Skills in the 21st century – part 2*, produced by the Strategy Unit. These two documents suggested action that would promote workforce development. They state that we should:

- "raise informed demand for employment-related skills among individuals and employers
- support improvements to the responsiveness and flexibility of the supply side, and
- contribute to the development of an underpinning framework of better skills and labour market intelligence, responsive vocational qualifications and improved links to the wider educational agenda".

Locally, we have produced ten workforce development strategies. Each sector strategy has an action plan which shows how we, at LSC London East, will take practical steps to meet those three objectives. By carrying out the action proposed for each sector, with you, our partners, we will directly contribute to delivering the LSC's goals, which are to:

- "raise the participation and achievement of young people
- increase the demand for learning and equalise opportunities through better access to learning
- engage employers in improving skills for employability and competitiveness
- raise the quality of education and training delivery
- improve effectiveness and efficiency".

This overview document summarises the issues emerging from the ten sector-based strategies. We identify common themes that are to be found in several sectors, and put them in a local and national context.

Workforce Development Strategies for London East

- 1 Construction
- 2 Cultural and creative industries
- 3 Financial services
- 4 Health and social care
- 5 Hospitality
- 6 Manufacturing
- 7 Public administration
- 8 Retail
- 9 Transport and logistics
- 10 Voluntary and community

¹ DfES, *Success for All – Reforming Further Education and Training*, Discussion Document, June 2002; DfES, *Success for All – Reforming Further Education and Training – Our Vision for the Future*, November 2002.

² This does not include higher education provision.

LSC London East area



In terms of the resources available, it is not possible to work with every part of every sector immediately. These strategy documents have actions related to the priority sectors identified in the London East Strategic Plan 2002-2005. Moreover, the actions proposed build on previous work, and are practical and achievable activities that can be carried out between 2003 and 2005.

The following examples of our actions – past, present and future – demonstrate the way that we can support partners in each sector, and the scope of the current strategies.

• Construction

We have supported, and will continue to support the development of on-site assessment and training (OSAT) so that unqualified construction workers can gain accreditation for their skills.

• Cultural and creative industries

We have supported many projects in the community that have enabled young people to develop their creative talents. Helping small businesses in the creative industries to sustain themselves has also been an integral part of our strategy to date, and this will continue.

• Financial services

We are looking to support the development of good practice by SMEs in the way they recruit, manage and promote continuous professional development of their staff.

• Health and social care

We have already given extensive support to the development of the Early Years Development and Childcare Partnerships, and will continue to do so. We are also working closely with the two local Workforce Development Confederations to ensure effective programmes of continuous professional development are in place.

• Hospitality

We have offered project funding that will lead to an employer-based partnership that will provide training and jobs for new entrants to the industry.

• Manufacturing

We will be supporting an increased take-up of NVQs in small and medium-sized enterprises. Through project funding we are seeking greater participation in lifelong learning by employees.

• Public administration

We are working with local authorities to increase the take-up of Investors in People. In education we are supporting an initiative to increase the number of ethnic minority teachers in local schools.

• Retail

We will support SMEs to increase the amount of training activity they carry out.

• Transport and logistics

We shall be supporting training and employment initiatives that enable local people, particularly under-represented groups, to join and progress in this sector.

• Voluntary and community sector

We invited bids, through our funding prospectus for 2003-2004, for the establishment of borough-based networks to develop managers, team leaders and supervisors. A budget of up to £2,500,000 is available to support this activity.

Skills Strategy White Paper

In this series of workforce development strategies we have suggested actions that complement the recently published *Skills Strategy White Paper*.³

The government says that its *Skills Strategy White Paper* "sets out our skills challenge and how it will be met. It aims to strengthen the UK's position as one of the world's leading economies by ensuring that employers have the skills to support the success of their business, and that employees have the necessary skills to be both employable and personally fulfilled".

The strategy is "not predominantly about new initiatives", but about making existing arrangements work in a focused and effective way. Its key themes are:

- putting employers' needs centre stage
- helping employers use skills to achieve more ambitious longer term business success
- motivating and supporting learners
- enabling colleges and training providers to be more responsive to employers' and learners' needs, and
- joint Government action in a new Skills Alliance.

The government intends to work with employers and employees to:

- give employers greater choice and control over the publicly-funded training they receive and how it is delivered
- provide better information for employers about the quality of local training
- improve training and development for management and leadership
- develop business support services to ensure that employers have better access to the advice and help they want, and
- expand and strengthen the network of Union Learning Representatives as a means of encouraging the low skilled to engage in training.

Employer Training Pilots

Two important elements in the delivery of the workforce development strategies will be the Employer Training Pilot programme and the Union Learning Fund.

LSC London East has been invited to join the second phase of the Employer Training Pilots (ETPs). Six areas started the programme in 2002, and London East joins the initiative with another five areas.

ETPs are an innovative way of providing workforce development because they allow employers to decide which type of vocational or basic skills training they require to improve business performance. The ETPs provide ongoing support for both the employer and the employee. The cost of training and accreditation is subsidised, and the employer is financially compensated for providing time off for employees to train.

The London East pilot will focus on low-skilled employees. We will be looking to support our priority sectors as described in our ten workforce development strategies, and we specifically want to assist organisations that employ fewer than 50 people.

The aim is to support up to 1,000 employers and up to 6,000 employees. We want employees to have the opportunity to upgrade their skills and gain certification for work-related skills to level 2. There is special emphasis on providing basic skills support, and an expectation that most employees will be working towards accreditation for their learning.

In particular, we will encourage the participation of staff from organisations with a high proportion of part-time staff and groups traditionally under-represented in training.

The ETP programme is an outstanding opportunity to develop the local workforce. The programme will provide support worth up to £10 million, and London East will be working with its partners to engage employers during the coming year.

The Union Learning Fund

The Union Learning Fund (ULF) is a "source of funding to help trade unions use their influence with employers, employees and others to encourage greater take-up of learning at work, and to boost their capacity as learning organisations".

The ULF is now in its sixth year and the government is providing a funding allocation of £11 million for 2003-2004, and £14.2 million for 2004-2005. So far there have been 400 projects in 3,000 workplaces. Over 28,000 people have completed courses and over 4,500 Union Learning Representatives have been trained.

An analysis of learners suggests that unions have been "very successful in engaging non-traditional learners including older males, people in minority ethnic groups and shift workers. An estimated four fifths of ULF learners have qualifications below NVQ level 2 or equivalent".

The new ULF prospectus will be issued in August 2003 and the deadline for bids will be December 2003.

Union learning representatives have had a significant impact on increasing the enthusiasm for learning in the workplace. We hope that union learning representatives will be able to take forward some of the actions outlined in the strategy documents. They have an important role to play in supporting those members of the London East workforce who have yet to attain a level 2 qualification.

National and regional policy initiatives will help support the growth of the London East economy. However, workforce development needs to be seen in a broader context. In this chapter, we shall outline some key facts about the area to show the challenges ahead.

Population

The publication of the figures from the 2001 census allows us to look at the population shifts over the last ten years, and from the births already recorded make some estimates of the local population for the next ten years. The implications for learning provision and workforce development are quite dramatic.

The overall population growth was 8.1% from 1991-2001. London East now has a working age population⁴ of 1.3 million out of a total population of 1.95 million. Lewisham and Newham are the two largest boroughs in terms of population, each one having just under a quarter of a million people.

Although the number of 20-24 year olds in London East fell by 4.2% in the ten years to 2001 to 141,697, the cohort 25-44 years old grew by 16.4% to 651,738 by 2001. This is a very substantial number of potential learners, many in employment, who will continue to need opportunities to improve their skills and qualifications.

The group aged 45-64 showed a more modest increase of 6.2% to a total of 382,332 in 2001. A more detailed view of the statistics shows a surge in the age ranges 35-39 and 40-44 of 37.1% and 17.7% respectively.

As the population ages through the next ten years, the numbers of potential older learners in London East will grow significantly. Where these people are in work, they will need support to develop their careers and raise their skills to maintain employability.

Economic and social indicators

"London has the highest gross national product per head and the highest earnings of anywhere in the UK. However, nearly a fifth of the wards in London fall within the 10% most deprived in England according to the Index of Deprivation 2000".⁵ Of the five London areas,⁶ London East "has the poorest results for social indicators". In 2002, it had the second highest unemployment (based on claimant count) at 5.3%, of the five areas. In the two largest boroughs, 36% of the population live in social rented accommodation, and, in 2002, 29% of pupils in London East schools were eligible for free school meals. In Tower Hamlets and Hackney, the figures for free school meals were 55% and 42% respectively.

The problems of London East are well documented and summarised by the LDA paper – *Understanding London's sub-regional economies* – as ones of persistent market failure, social exclusion and environmental problems. It remarks on the relatively poor job prospects and limited opportunities for part-time working. There is generally slow employment growth, and this is shown by the low rate of business registrations. (London East also has the lowest rate of de-registrations.)

According to the LDA report London East produces a 30% share of London's GVA,⁷ and the GVA per employee is £40,000 (per year). This places it third of the five subregions. This average figure disguises a considerable range, with financial and business services employees having figures well above this average. This point can be illustrated by comparing average earnings: those working in the City of London earn on average 2.5 times more than people working in the London Borough of Havering.

³ 21st Century Skills – Realising Our Potential – Individuals, Employers, Nation
White paper presented to Parliament by the Secretary of State for Education and Skills, 9 July 2003, Command 5810.

⁴ (Age band 15 – 64 years).

⁵ LDA, *Understanding London's sub-regional economies*, 2003.

⁶ using the LSC boundaries.

⁷ GVA – gross value added.

Employment

The largest sectors for employment are business services (including renting and real estate) followed by financial services. Although the employment opportunities provided in these sectors are important to the local economy, many of the jobs are taken by commuters into the area. Only two-thirds of the London East workforce actually live in the area.

Retail and hospitality will be areas of continuing employment growth, particularly with various regeneration and infrastructure initiatives proposed. Construction, manufacturing and transport may all see minor falls in the numbers employed over the coming decade. Although business may increase in each of the sectors, it is likely that more efficient working methods and increases in productivity will be responsible for the rise in output, not larger workforces.

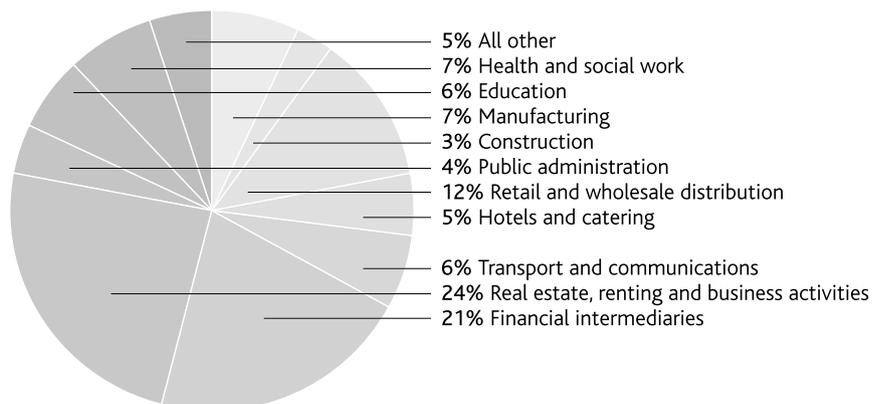
Table 1⁸ shows that there are almost 1 million people employed in London East. The majority of these (600,000) are employed by larger employers with 50 or more employees. There are, however, 65,500 employers with fewer than 11 employees each in the area. 85% of all businesses in London East are small or microbusinesses (fewer than 11 employees) with the majority in business services and retail, followed by construction and manufacturing. Less than 1% of employers have 200 or more employees and these are likely to be in the financial services and business services sectors.

table 1
Employees by sector, 2001

Construction	33,300
Education	63,500
Financial intermediaries	202,500
Health and social work	70,000
Hotels and catering	49,600
Manufacturing	73,600
Public administration	40,800
Real estate, renting, and business activities	232,300
Retail and wholesale distribution	119,800
Transport and communications	60,600
All other	45,300
Total	991,300

Source: Annual Business Inquiry 2001, ONS Crown copyright (2003)

figure 1
Overview
Employment in London East, 2001



Source: Annual Business Inquiry 2001, ONS Crown copyright (2003)

The learning gap

Analysis of the school leavers' achievements over the 4 years from 1997-2000 showed that 50,000 young people left school without having achieved a level 2 qualification. This was 47% of the 16-19 age group.

There are 1.14 million adults in London East aged between 20 and 64, and 43% of these – nearly half a million people – have not attained a level 3 qualification. A further 20% lack any formal qualification. One in four adults say they have no or only basic numeracy skills, and one in seven have no or only basic literacy skills.⁹

Against this background, effective workforce development strategies that support employees' learning needs are essential. This task is urgent as new initiatives in the Thames Gateway start to take shape.

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Installation of cladding at 30 St Mary Axe. The building was designed by Foster and Partners for Swiss Re. Photograph by Grant Smith.

⁸The employee figures in Table 1 are based on broad definitions of each sector. The employment statistics used in each sector strategy relate to specific combinations of sectors or subsectors which may be different from those shown in the table.

⁹These statistics and comments were taken from *Reach*, the newsletter of the Learning and Skills Council London East, March 2003.

The development of the whole Thames Gateway area received a major boost with the announcements from the Deputy Prime Minister's Office in February 2003 about future investment in the area.

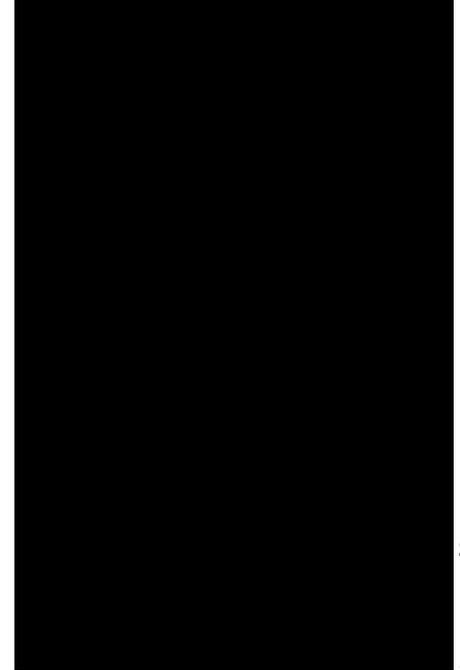
London East will play an important part in implementing these changes, and the development of the workforce is essential to meet these challenges.

The Thames Gateway consists of East London, North Kent, and South Essex. The following table shows the area has a population of over three and a quarter million people, with more than two million people of working age.

table 2
Population by subregion

	Population size ¹⁰	Working age population	Total number of business establishments
Essex (part)	555,661	346,000	20,481
Kent (part)	544,200	359,300	17,285
London East	1,958,465	1,301,537	78,200
Waltham Forest	218,341	148,654	6,400
Total	3,276,667	2,155,491	122,366

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The Government announcement, in February 2002, included development plans and funding proposals for four growth areas – Thames Gateway, Milton Keynes/South Midlands, Ashford and the London-Stansted-Cambridge corridor. It said, "These areas have the potential to accommodate up to 200,000 homes above levels in current regional planning guidance."

It continued,

"More than £600 million will be made available for the growth areas for site assembly and remediation of brownfield land, delivery mechanisms, additional affordable housing and essential local infrastructure."

The London Gateway's share of this financial support is $\frac{1}{3}$ of the total – around £446 million. The press release indicated that a new Cabinet committee would be put in place to take forward the process regarding the Thames Gateway and that it was likely to create "some 300,000 new jobs by 2031".

The Government aims to create "new and expanded communities ... and ... to ensure that these are sustainable, well-designed, high quality and attractive places in which people will positively choose to live and work". It will bring "... together the best of design and planning to ensure that the built environment in new and expanded communities is of a high quality, and the surrounding countryside is protected and enhanced". It will also "... address public services and infrastructure needs to enable the new communities to function."

These broader goals need to be seen in the context of the current economic structure of the Thames Gateway region. Collating information from various reports, across the wider region, the industries which will continue to need support to sustain these ambitious plans are:

- banking, finance and insurance
- business services
- retail and distribution (which includes transport and logistics), and
- construction.

In addition, support needs to be given to the health and social care sector to service the expanding requirements of every age group.

The London East economic and social structure is subject to three factors in its development:

- national policy
- regional policy
- international, regional and local economic change

Organisations everywhere have to respond to national policies and new legislation, and workforces need training to deliver products and services effectively. However, there are some national policy imperatives from central government that target the London East area as a specific area for change and development.

An example of the latter is the government proposal, already mentioned, for the regeneration of the Thames Gateway which anticipates the creation of possibly 100,000 homes in our area over the next 30 years. This will require a major input from the construction industry, as well as other services.

An example of where workforces have to respond to national changes can be found in the financial services sector, where significant developments are about to take place in the regulation of financial activity relating to mortgages and to insurance in 2004 and 2005. The development of these new regulatory frameworks, which will come under the auspices of the FSA, will require training and development of staff to achieve the new accreditation requirements, and to handle customers' needs effectively.

The health and social care sector has been subject to a series of legislative changes, as well as plans to reform the management of human resources in the publicly-funded health service. The sector has had to respond to legislation and new regulations, such as:

- the White Paper: Modernising Social Services
- the Care Standards Act 2000
- registration requirements for nurses' agencies, residential family centres and domiciliary care services (from 2003), and
- the Green Paper: Meeting the Childcare Challenge (1998), and the launch of the Early Years Development and Childcare Partnerships.

The transport industry is facing up to the challenge of implementing the EU Working Time Directive in 2005 and the EU Training Directive in 2008. It will also need to respond to the Thames Gateway initiatives.

Local government has to meet demanding targets in delivering best value services within the framework of the Comprehensive Performance Review. It will also need to deliver e-government by 2005.

Even the voluntary and community sector, which often operates with a very local focus, is dependent on European, national and local authority funding programmes. This sector has had to develop a range of business skills to access funding opportunities.

Most recently, government support for an Olympic bid has significant implications for London East. Although the outcome of the bid will not be known until 2005, it is likely that some infrastructure projects will require developmental work to take place before then. Some transport projects will certainly need to start their legislative path.

Regional Policy

The Mayor's Office and the London Development Agency (LDA) have a strategic role in several areas including:

- the creative industries
- transport, and
- tourism.

Our London East Workforce Development Strategies will complement the pan-London actions that are currently being developed through the LDA. They will also complement the work of the Thames Gateway London Partnership which is also developing policy through a series of task groups covering:

- culture and creative industries
- environment and the quality of life
- health and social services
- higher education
- industry and the economy
- planning
- skills, and
- transport.

International, regional and local economic change

Each of the strategy documents looks at the broader economic changes that have affected the sectors locally. The slowdown in the world economy has had an impact on financial markets in London. Changes in manufacturing policy by large companies have had an impact on the textile industry and motor car production locally.

Meanwhile, new shopping centres are being built, and food and beverage manufacture is increasing. These are just some examples of the way local businesses have to adjust, and as some jobs are lost and new ones are created, skills requirements have to be analysed for the current and future workforce.

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Chapter 5

Business activity

The construction industry will need to continue the transport infrastructure developments that have already started, such as the expansive developments around Stratford.

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The potential infrastructure and residential building programme envisaged for the Thames Gateway could provide a continuous flow of work for the next two decades providing the necessary legal powers are progressed. In spite of the recent downturn in the world economy, and the impact that this has had on the Canary Wharf development, there is still a willingness by the private sector to invest in major office building activity.

The financial services sector itself has lost jobs since the high employment levels of 2000. City and Docklands firms tend to import labour from beyond the immediate London East area, but the domino effect on retail and the hospitality industry has been noted.

Retail is a major employer in the subregion providing 72,000 jobs, and does employ a local workforce. There are several initiatives to regenerate town centres, including the various projects in Romford that combined, now give more retail space than the shopping centre at Bluewater.

The financial services, retail and hospitality sectors are all in competition for customer-facing staff. There are initiatives, particularly from the Mayor's Office to attempt to give the tourism industry a boost, following the general decline in tourist numbers after world events of the last two years. Various agencies are supportive of raising the profile of London East as a tourist destination, but it will need the private sector to deliver.

The major growth area for London East in recent years has been the creative industries. Much of the work has been by highly qualified staff in small businesses developing computer games, producing music, videos and a wide range of multi-media products. The business cluster in Hoxton and Shoreditch is generating high value-added products that are of world-class quality.

In fact, the route for manufacturing activity in London has to be high value-added. Although world and national trends show a decline in the numbers employed, the UK and London East manufacturers need to concentrate on high-level research and development to produce high technology, high specification products. The loss of car assembly at Ford in Dagenham is one sign of the times. The decision by Ford to carry out the development of diesel engines for vehicle production worldwide shows the importance of maintaining research and development expertise locally.

The dominant manufacturing subsector in London East is publishing, print and paper manufacture, and this will continue to grow. Electrical and optical goods manufacture, and food and beverage production are the developing industries of London East. In terms of numbers employed they have already overtaken textiles, clothing and leather goods, and basic metal manufacture.

It is essential that workforce development enables organisations and their employees to be up-to-date in meeting the rules and regulations of government and other bodies charged with maintaining standards.

In chapter 4 the new regulations in the financial services industry and the legislation in the health and social care sector were mentioned. Each of these sectors needs to ensure staff are familiar and compliant with the demands brought about by the new rules.

In several of our sectors – construction, manufacturing and transport – health and safety is an integral part of service delivery and must play an important part in training plans. Likewise, in health and social care, retail and hospitality, hygiene is essential, and training programmes must continually address the issue.

In the transport and logistics strategy we reviewed the role of the public sector in setting a regulatory framework within which private-sector companies operate. On top of this, European Directives on Training and Working Time further shape working practices.

Training for new styles of working is also important. The use of outsourcing by local government demands new skills in contract and project management from public administration employees. Our sector strategy identifies this as an issue, and an area where workforce development is a requirement.

In every sector, training for compliance with new rules and regulations is essential.

Chapter 7

Employment prospects – a summary for each sector in London East

In each sector strategy, we have presented detailed statistics on the numbers of people expected to be employed between now and 2010. The following summaries show the trends.

table 3

Construction	The number of employees in this sector is expected to fall slightly as productivity improves and new building techniques are used. There will be skills shortages in some trades, and replacement demand is an important issue because of an ageing workforce.
Cultural and creative industries	This area will continue to grow, but perhaps more steadily than in the 1990s when many small businesses were established.
Financial and business services	Overall there will be little employment growth between now and 2010. There will be a slight decline in the numbers employed in financial services, and some growth in the numbers employed in insurance.
Health and social care	Employment forecasts suggest there will be a slight increase in the numbers employed by 2010. There are two problems. The government has set ambitious targets for growth for many occupations, and there will be a need to replace those who leave the services. The difficulty will be in finding the supply of new staff particularly at associate professional level in health and in the caring personal service occupations. Moreover, the plans for the Thames Gateway could create the demand for an additional 10,000 to 15,000 employees in the sector.
Hospitality	The numbers employed in the hospitality industry are expected to be just under 50,000 for most of the decade, with a very slight increase by 2010. This will bring the sector back to the employment level of the late 1990s.
Manufacturing	The manufacturing industry will continue to grow through innovation, but the numbers employed will continue to decline, possibly by as much as 18% by the end of the decade.
Public administration	In public administration, there will be a very modest decline in the total numbers employed, but a replacement demand requirement because of an ageing workforce. The numbers employed in the education subsector are expected to increase by about 500 by 2006, and after that to decline.
Retail	Employment is expected to grow by about 6% by 2010. The growth will be in both full- and part-time jobs.
Transport and logistics	This sector will see a slight decline in the total number of employees. It will continue to experience skills shortages, and have difficulty in replacing those who leave the industry. The most difficult problem is retaining drivers in the passenger transport subsector and finding new ones in road haulage.
Voluntary and community	It is difficult to define the current number of employees in the sector so forecasting future trends is difficult. Because more public funding is being directed through the sector, it is likely that the number of jobs will increase. The problem of finding sufficient suitable applicants will remain.

Leadership and Management

There was evidence of skills gaps across most sectors. The issues varied. In the public administration sector, there was an absence of strategic management capability. Part of this was a result of the re-structuring and redundancy programmes that took place in the last 15 years of the twentieth century. Expertise was “lost” in local government as individuals took advantage of early retirement schemes. Now there is a demand for *best value* from councils, often through outsourced contracts, and the management skills required have been raised to a new dimension.

Financial services has also lost expertise in redundancy programmes and the move to flatter management structures. Again, middle managers have had little opportunity to learn the management skills demanded of them.

The voluntary sector is suffering from skills shortages and skills gaps in management. The sector experiences difficulties recruiting management expertise in a competitive market, and those managers in place may not have the strategic vision to take organisations forward.

In other sectors, such as health and social care, manufacturing and transport and logistics, adaptation to new ways of working and team-management skills are needed. Managers, particularly middle managers need to be able to develop staff and encourage multi-skilling.

Technical and vocational skills

Each of the sectors has specific skills gaps and shortages.

It is difficult to identify a common thread across diverse sectors. However, there are failures on the employers’ side to provide effective reward packages or to highlight career progression. The consequent lack of demand from students to enter some qualification routes has left a shortfall in supply.

The *table 4* (far right) shows the most common shortages sector by sector.

Generic skills

Customer care and communication skills are commonly identified gaps in staff. These skills are needed not only in traditional customer-facing sectors but across all sectors where small businesses need to relate to one another as well as to the public.

ICT

The need for IT user skills is universal across all sectors, and a commonly identified skills gap. Many customer-facing jobs in financial services, retail, hospitality and transport and logistics have an IT component where information access and retrieval in the execution of sales is increasingly important.

Voluntary and community sector organisations have identified ICT skills gaps in their administrative staff. These organisations are increasingly being required to act like small businesses in their quest for project funding. Therefore, their staff need ICT skills to complete applications and to maintain the paperwork required by funding agencies.

Local authorities are expected to meet the government’s agenda for e-communication and e-procurement by 2005. They need specialist staff to manage IT infrastructure, and most town hall staff need to be IT literate.

The construction, financial services, transport and logistics, and cultural and creative industries sectors all need staff with skills to use sophisticated IT applications in delivering their core business. In each of these sectors, skills gaps can be identified. In the cultural and creative industries there are highly-qualified staff, but the nature of small businesses and the freelance character of much of the work means that continuous professional development is not always undertaken.

ESOL – English for Speakers of Other Languages

The research that underpins these strategies shows a continuing need for English language tuition. The hospitality industry has large numbers of workers from other countries who need English language skills to perform essential customer service functions. The construction industry and the health service have partially solved their recruitment problems by looking to overseas labour markets. ESOL support is also needed for some employees in the retail sector. Community groups applying for funding were found to need language support to access the funding opportunities available.

Basic skills

All industries reported that some of their workforce needed support in basic skills or skills for life. Improvements in literacy and numeracy were needed by operatives in food and beverage manufacturing as processes become more sophisticated. The same is true in retailing, construction and hospitality. In all sectors, the need to understand and use words and numbers effectively to carry out processes and deliver services is becoming more rather than less necessary. This change is a by-product of the IT revolution that has placed new equipment for recording, processing and sending information into the hands of employees at every level within organisations.

Skills gaps

The following skills gaps were identified through various surveys. The primary research sources are identified in each of the sector strategies.

table 4

	communication	customer handling	flexibility	IT skills	management skills	problem-solving skills	project management	quality assurance	specific technical skills	team-working skills
Construction		X	X	X	X	X			X	X
Cultural and creative industries							X			
Financial services	X	X	X	X	X	X			X	X
Health and social care	X			X	X			X		
Hospitality	X	X								
Manufacturing		X	X	X	X				X	X
Public administration				X	X					
Retail	X	X		X	X	X				X
Transport and logistics		X					X		X	
Voluntary and community	X	X		X	X		X	X	X	

Skills shortages

Skills shortages are also identified in each of the strategies, and are collated here for easy reference.

table 5

Construction	carpenters and joiners	bricklayers	electricians	managers	clerical staff	plumbers	project managers		
Cultural and creative industries	staff with higher level technical skills	multi-skilled staff							
Financial services	actuaries	independent financial advisers	ICT technical experts	call-centre staff	specialist insurance staff				
Health and social care	nurses	carers	locum doctors	locum pharmacists	clinical staff in the NHS	dental nurses, hygienists and reception staff	nutritionists	clinic professionals	
• Early years	qualified workers to support children with special educational needs	playworkers							
Hospitality	chefs	cooks	waiters and waitresses	bar staff	catering assistants				
Manufacturing	professional engineers	scientists	technologists	design and development engineers	electrical engineers	mechanical engineers	design engineers	systems engineers	software engineers
	CNC operators	CNC programmers	electrical	sheet metal workers	pipe fitters	vehicle body builders	toolmakers	welders	tuners
• Food manufacture	managers	team leaders	bakers						
• Chemicals	graduate scientists								
Public administration	town planners	housing benefit raters	engineers	architects	social workers	environmental health officers	staff managers (at all levels) who can lead Public Private Partnerships (PPP)	project managers	contract managers
• In education	qualified teachers for key stages 2 and 3	subject specialists in science, maths, design and technology, modern languages	ICT and science technicians	good quality administrative staff	bursars				
Retail	sales and related occupations	clerical staff	managers						
Transport and logistics									
• Passenger land transport	engineers	fitters	technicians	private hire vehicle drivers					
• Rail	train driving	signal engineering	signal operation (and control)	track laying and maintenance	electrification	professional staff			
• Freight and logistics	drivers	warehouse staff	goods vehicle staff	specialist administrative staff	distribution and supply-chain managers				
Voluntary and community	managers	IT staff	administrative staff						

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From the statistical analysis in each of the strategies, there appears to be a problem with retention on further education courses.

Students have been failing to complete courses and gain qualifications. Either students' initial interest has not been sustained, or they have not been effectively guided to the appropriate learning opportunity. Solutions to these problems are required, particularly in sectors where skills shortages are evident, or where replacement demand needs to be satisfied over the next ten years.

Each of the strategies is seeking increases of 10% in the numbers enrolling on Modern Apprenticeships, against the numbers enrolled in the year ending March 2003. Similarly, a 10% increase in the numbers gaining NVQ level 2 is sought in comparison with 2002-2003.

Each of the strategies identifies actions for partners to take to ensure the relevance of the curriculum to its respective sectors, and opportunities for developing accreditation to reflect industry need.

Moreover, there is specific project funding available to target individuals and groups to give them access to learning opportunities that will enable them to gain or sustain employment.

Each strategy document has an action plan.

Each plan identifies partners to deliver the strategy over the next two years.

The objectives are:

- to ensure that educational organisations, with our partners, bring people successfully into the labour market, and
- to support the large numbers of low-skilled adults in the workforce to raise their skill levels and gain qualifications.

We want to encourage learners and employers who have not been actively involved in learning and training.

We are particularly keen to see greater use of quality assurance measures to raise standards. Each strategy has a target for an increase in the number of Investors in People in the sector. We recognise that there are sector-specific quality standards and kite marks that endorse and give credit to workforce development activity, and we are encouraging increased take-up of these.

The analysis in each strategy document identifies the needs of employers and employees. The actions are underpinned by adherence to the principles of equality and diversity. Very specifically, we want to support local people to gain the skills, qualifications and experience needed to access local job opportunities.

We shall take an approach based on partnership, developing links and a “provider infrastructure” to deliver the learning opportunities identified through the strategies. We shall support initiatives that raise the quality of leadership and management in all sectors, as this will be essential in delivering employment and productivity growth in London East.

The actions proposed in each strategy are developed as eight tasks, to:

- increase understanding of the labour market and employers’ needs
- increase partnership working
- raise the profile of each sector and the learning opportunities available
- increase the relevance of learning supply to each sector, and broaden the accreditation routes available
- increase the capability of staff and prospective staff in each sector
- increase the employment capacity of each sector
- improve participation and remove barriers to learning
- encourage greater diversity in each sector’s workforce.

Appendix 1

Investor in People Recognitions in London East

Standard Industrial Classification	Total number of organisations with recognition as an Investor in People	Numbers of organisations by size, based on the number of employees				Information on the sector or subsector can be found in the following Workforce Development Strategy
		fewer than 5 people	5 to 49 people	50 to 249 people	250 or more people	
Agriculture, hunting and forestry	1		1			
Computer-related activities	16		11	5		Cultural and creative industries
Construction	31		14	13	4	Construction
Education	325		139	177	9	Public administration
Electricity, water and gas supply	1		1			
Financial intermediation	21	1	4	7	9	Financial services
Health and social work	120	1	69	39	11	Health and social care
Hotels, restaurants and bars	23		3	12	8	Hospitality
Land transport	4			2	2	Transport and logistics
Membership organisations not classified elsewhere	10		3	4	3	Voluntary and community
Manufacture not classified elsewhere, and recycling	3			3		Manufacturing
Manufacture of basic metals and fabricated metal products	2		2			Manufacturing
Manufacture of chemicals, chemical products and fibres	9		1	7	1	Manufacturing
Manufacture of electrical and optical equipment	9		4	3	2	Manufacturing
Manufacture of food, beverages and tobacco	4		1	2	1	Manufacturing
Manufacture of machinery and equipment	3		1	2		Manufacturing
Manufacture of pulp, paper and paper products; publishing and printing	8		4	2	2	Manufacturing
Manufacture of rubber and plastic products	3			2	1	Manufacturing
Manufacture of textiles and textile products	4			2	2	Manufacturing
Manufacture of wood and wood products	1			1		Manufacturing
Mining and quarrying	1			1		
Other business activities	118	2	57	47	12	Cultural and creative industries
Other services not classified elsewhere	12		7	3	2	
Other transport activities and travel activities	6		3	1	2	Transport and logistics
Post and telecommunications	2			1	1	Transport and logistics
Public administration, defence and social security	162	2	55	80	25	Public administration
Real estate activities	9		5	2	2	Construction
Recreation, cultural and sporting activities	18		4	10	4	Cultural and creative industries
Renting of machinery and equipment	3		1	2		
Retail trade	26		2	10	14	Retail
Sale, maintenance and repair of motor vehicles	2			2		
Water transport	2		1	1		Transport and logistics
Wholesale and commission trade	5		2	2	1	
TOTAL RECOGNITIONS	964	6	395	445	118	

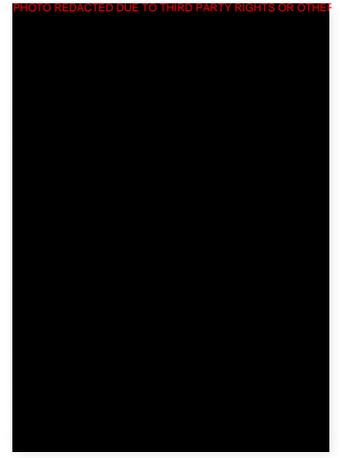
Appendix 2

Investor in People Commitments in London East

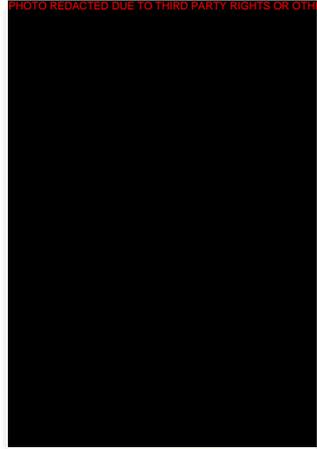
Standard Industrial Classification	Total number of organisations committed to becoming an Investor in People	Numbers of organisations by size, based on the number of employees				Information on the sector or subsector can be found in the following Workforce Development Strategy
		fewer than 5 people	5 to 49 people	50 to 249 people	250 or more people	
Computer-related activities	13		11	2		Cultural and creative industries
Construction	18	1	8	6	3	Construction
Education	158	3	80	73	2	Public administration
Electricity, water and gas supply	1		1			
Financial intermediation	14		8	5	1	Financial services
Health and social work	91		49	32	10	Health and social care
Hotels, restaurants and bars	3		1	2		Hospitality
Land transport	3				3	Transport and logistics
Membership organisations not classified elsewhere	7	1	4	2		Voluntary and community
Manufacture not classified elsewhere, and recycling	3		1	2		Manufacturing
Manufacture of basic metals and fabricated metal products	2		1		1	Manufacturing
Manufacture of chemicals, chemical products and fibres	1			1		Manufacturing
Manufacture of electrical and optical equipment	10		5	5		Manufacturing
Manufacture of food, beverages and tobacco	1		1			Manufacturing
Manufacture of leather, leather products and footwear	1		1			Manufacturing
Manufacture of machinery and equipment	4		2	2		Manufacturing
Manufacture of pulp, paper and paper products; publishing and printing	10		6	4		Manufacturing
Manufacture of rubber and plastic products	4		3	1		Manufacturing
Manufacture of transport equipment	4			1	3	Manufacturing
Manufacture of wood and wood products	1		1			Manufacturing
Other business activities	75	2	38	24	11	Cultural and creative industries
Other services not classified elsewhere	13		10	2	1	
Other transport activities and travel activities	5		2	2	1	Transport and logistics
Post and telecommunications	2		1	1		Transport and logistics
Public administration, defence and social security	75	1	20	26	28	Public administration
Real estate activities	7		3	4		Construction
Recreation, cultural and sporting activities	24	1	8	13	2	Cultural and creative industries
Renting of machinery and equipment	3		1	2		
Research and development	2			2		
Retail trade	13		7	5	1	Retail
Sale, maintenance and repair of motor vehicles	4		3	1		
Sewage and refuse disposal	2		1		1	
Wholesale and commission trade	7		4	3		
TOTAL COMMITMENTS	581	9	281	223	68	



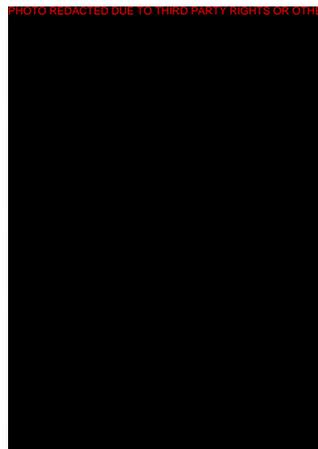
0 Overview



1 Construction



2 Cultural and creative industries



3 Financial services



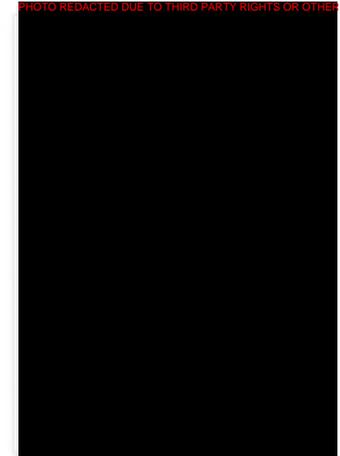
4 Health and social care



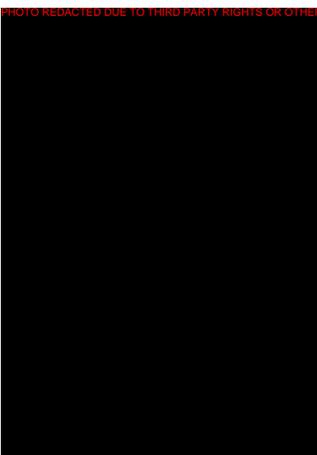
5 Hospitality



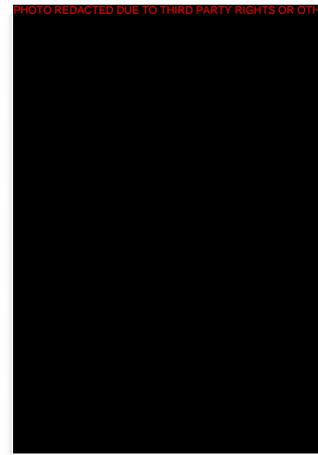
6 Manufacturing



7 Public administration



8 Retail



9 Transport and logistics



10 Voluntary and community

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