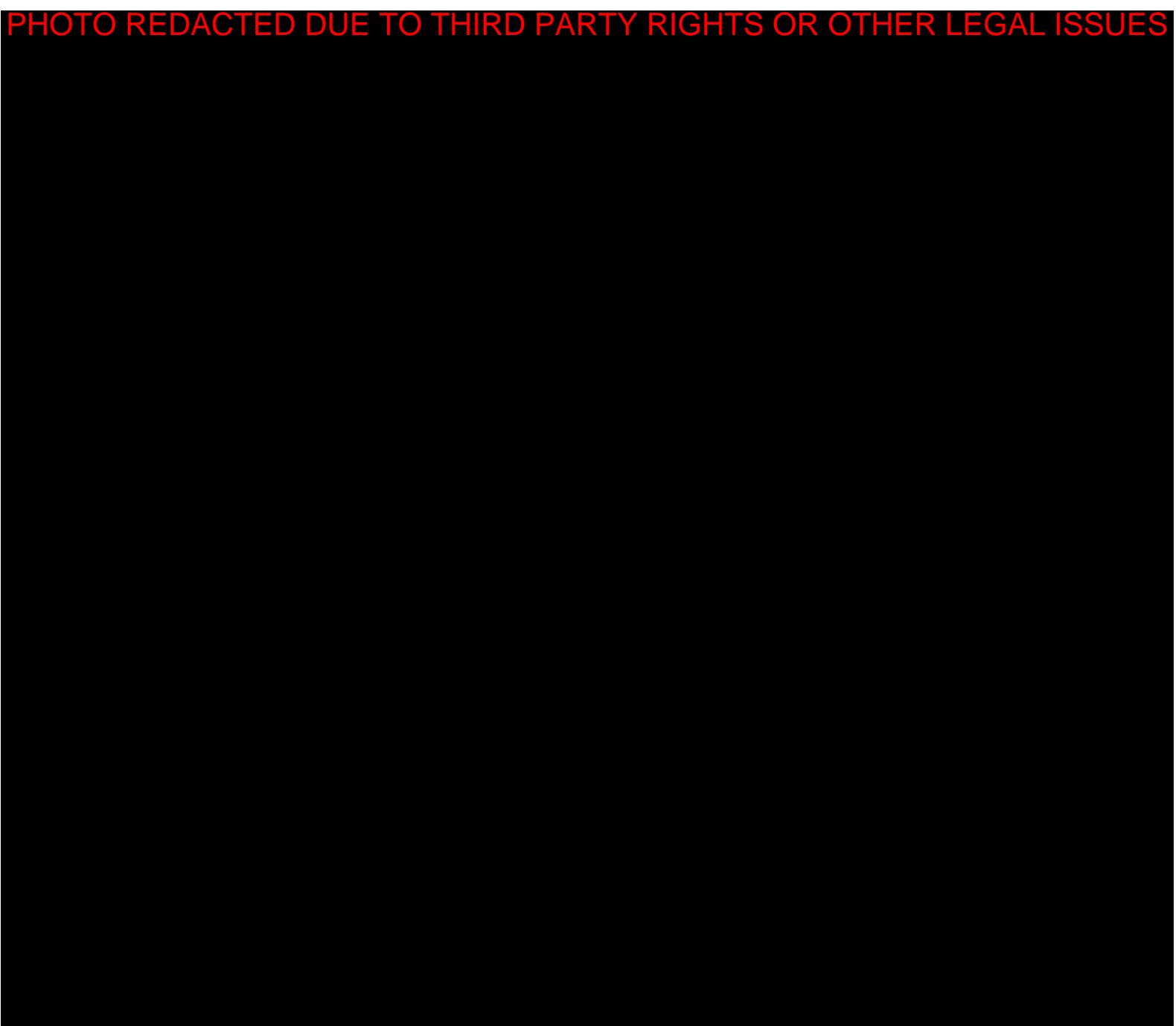


Time to Skill

The Mayor's role in employment and skills in London

November 2009

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The Economic Development, Culture, Sport and Tourism Committee agreed the following terms of reference for this investigation on 2 June 2009. To investigate:

- How the Mayor's strategic priorities on skills and training support for unemployed Londoners are being delivered, in partnership with the London Skills and Employment Board, London Development Agency, Learning and Skills Council and London boroughs.
- The extent to which the Mayor's priorities for skills promotion address the short and medium-term needs of London during the recession.

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Chair's Foreword

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In employment terms, London is a city of extremes. It has a higher proportion of households with no adults in work than any other part of the country, and high numbers of long-term unemployed people with no or very low skills. Yet it also has more people with high-level skills than the rest of the country. The recession has exacerbated these problems. Although the capital as a whole has not suffered differently to other parts of Britain, the parts of London that already had high unemployment have suffered most. Meanwhile, although London has many skilled people, it does not have enough skills to meet future needs.

London's prosperity depends on more highly skilled workers so that it can compete in sectors such as construction, media, research and finance. And Londoners need more skills so that they may exploit these opportunities and lead more fulfilling lives. Every young Londoner should aspire to acquire the skills that could land them a job at the summit of London's financial world, in the capital's cutting-edge research sector or delivering a major construction project such as the Olympics or Crossrail. They will not have this chance unless more is done to provide these skills.

The recession has made solving London's problems both more urgent and more complex. Highly skilled people have been made redundant and it is not yet clear in what sectors the growth in jobs will come as the UK moves out of recession. Similarly, rising unemployment makes it even more difficult for long-term unemployed people with low skills to compete for jobs.

The Mayor has considerable powers to deal with these issues, and these powers were extended recently. In this investigation, we asked whether he has identified the right priorities, and whether he is taking the right action to deliver them. The basic answers to these two questions are "yes" to the first but "no" to the second. On the first question, there is a consensus on the challenges London faces and how we need to change the employment and skills system to make sure they are met. On the second question, however, we have some serious concerns about the lack of progress. Leadership is fragmented and services have not been reformed. The Mayor must act now to correct this.

Dee Doocey AM Chair of the Economic Development, Culture, Sport and Tourism Committee

Executive summary

London's labour market has long faced unique challenges. One in five households in the capital have no adults at all in work, a higher proportion than any other region in the country. At the same time, at the other end of the labour market, London has more people with high level skills than the rest of the country.

The particular position of the capital is now reflected in the powers given to the Mayor to try to deal with these challenges. Unlike any other elected politician or political body in England, the Mayor has since 2008 had the power to direct resources for employment and skills at a regional level. He can influence the strategic approach of the different organisations which spend public money to help people compete for jobs effectively and reduce the numbers who do not work at all.

This is the situation the Committee examines in this report. How has the Mayor used his new powers? How effective are they? And what has the recession done to affect the underlying problems in the labour market which the Mayor's strategy seeks to address?

Our examination of the labour market found that:

- The recession has not improved or worsened London's position relative to the country: the capital still has significantly higher levels of unemployment and long-term workless households.
- While London has more people with degree-level skills than the rest of the country, there are still not enough to meet the demand for such skills which is set to increase rapidly: around half of all jobs in the capital will require degree-level qualifications by 2020.
- The recession has hit hardest in those parts of the capital where unemployment was already high, particularly inner and east London. It has also created very large increases in areas where unemployment has traditionally been very low and increased the demand for support from skilled professionals who are facing unemployment for the first time.

On the Mayor's response and the use of his new powers we conclude that:

- The challenges faced by London's labour market cannot be met by organisations working to different agendas and priorities.

- The Mayor's skills strategy has therefore rightly identified the key priority for responding to London's labour market problems, which is to simplify an employment and skills system that is fragmented and confusing for individuals and employers alike.
- Progress towards delivery of such joint working has been slow. We found little evidence of a demonstrable difference to date in the way services are being delivered in London to the increasing numbers of unemployed and those in need of skills training.
- Leadership from the Mayor's office has been fragmented. The Mayor's high profile announcement in April of Lord Freud's appointment as an adviser on welfare to work has not been followed by his active involvement in the Mayor's work.

Dealing with the organisational challenges the Mayor has correctly identified in his skills strategy was never going to be easy and there is some evidence that recently positive steps have been taken. To continue to ensure that he can make a difference in this vitally important policy area, we recommend a number of measures designed to help the Mayor deliver his short- and long-term priorities for employment and skills.

London's labour market needs a new and unique approach to try to reduce the number of workless households and to help more Londoners compete for the high level jobs its economy generates. The Mayor now has to demonstrate that he can persuade and empower all those concerned to deliver these results. The recommendations we make in this report (see Appendix One) are designed to help him do this.

Introduction: the Mayor's powers

This report seeks to answer two key questions:

- Are the priorities the Mayor has established for employment and skills the right ones to counter the short-term impact of the recession and the longer-term challenges London's labour market faces?
- How well is the Mayor delivering on his priorities, and what more could be done to make sure they are implemented fully in the future?

The effort to enhance skill levels in London has occupied policy-makers over many years. The capital's economy relies on a greater number of highly skilled workers than other regions, while at the same time it has higher levels of unemployment than anywhere else in the country. Meanwhile the employment and skills system is far too complex, causing confusion for both employers and individuals. The recession, and the impact it has had on the labour market, has made finding solutions to the challenges London faces both more urgent and more complicated. The Committee examined whether or not those solutions were being delivered.

The investigation represents our first review of the Mayor's use of the new statutory powers over skills policy acquired in 2008, under the Further Education and Training Act. The Act established in law the London Skills and Employment Board, to be chaired and appointed by the Mayor, and tasked it with two main responsibilities:

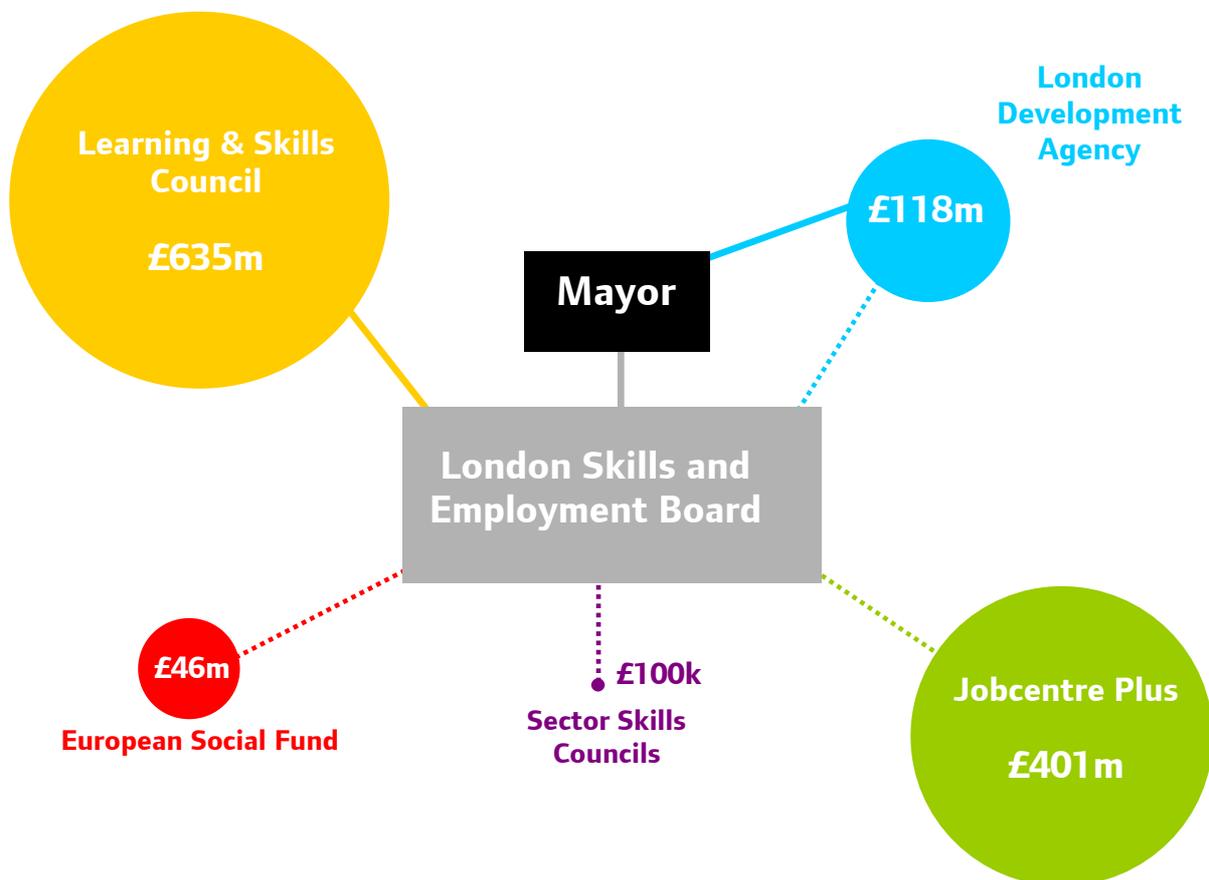
- The production of a London skills and employment strategy.
- The strategic direction of the Learning and Skills Council's adult skills budget for London.¹

The Board was established to oversee and influence the entirety of the employment and skills system in London, although its powers over different parts of it vary. Figure 1 overleaf shows how funding for services (totalling £1.19 billion) is distributed among a number of different bodies. This shows how the Learning and Skills Council represents the bulk of spending. The 2008 Act represented significant devolution of power from central

¹ The Learning and Skills Council will be replaced by the Skills Funding Agency in April 2010; the London Skills and Employment Board will continue have the same powers over the Agency.

government to London, especially in relation to the Learning and Skills Council, the main public body responsible for funding low and intermediate skills development. The Mayor already had control of the London Development Agency, another funder of skills services. In Table 1 overleaf, the relationship of the Mayor to these institutions and the third main delivery agency – Jobcentre Plus – is described in more detail.

Figure 1: Funding for employment and skills services in London



NOTES

1. Based on a submission to the Committee from the London Skills and Employment Board (October 2009)
2. Solid lines represent some power of direction over the agency; dotted lines represent influence over priorities (See Table 1 overleaf). Sector Skills Councils' spending is not shown to scale.
3. European Social Fund spending is for Priorities 1 and 2. It is co-financed by the London Development Agency, Learning and Skills Council, London Councils, Department for Work and Pensions, and the National Offender Management Service
4. Jobcentre Plus spending includes £176 million for frontline services for those unemployed up to 12 months and £225 million for Jobcentre staff; London Development Agency spending includes £78 million for skills programmes and £30 million for business support and skills brokerage; Learning and Skills Council spending represents its adult skills budget. All amounts reflect 2009/10 budgets and are approximate.

Table 1: Relationships with delivery agencies

Agency	Relationship to London Skills & Employment Board	Relationship to Mayor
London Learning & Skills Council (LSC)	The Board has 'strategic direction' over the LSC's adult skills budget. It cannot compel the LSC to fund specific services, but can ensure that the LSC's adult skills programme reflects the Board's strategy.	The Mayor has 'strategic direction' over the LSC via his control of the London Skills and Employment Board.
London Development Agency (LDA)	The Board seeks to influence the LDA's spending on employment and skills services. However it cannot direct the LDA to follow the Board's strategy or fund specific services.	The Mayor has power of direction over the LDA. He appoints the LDA Board and can compel the LDA to implement his priorities and fund specific services.
Jobcentre Plus (JCP)	The Board seeks to influence JCP's spending on employment and skills services. However it cannot direct the JCP to follow the Board's strategy or fund specific services.	The Mayor has no direct relationship with JCP. He seeks to influence JCP through his control of the London Skills and Employment Board.

The Committee wanted to find out what the Mayor had achieved with these new powers so far, and to suggest how he might make more effective use of them in the future. The investigation was conducted by talking to economic experts, representatives from the Mayor's office and the key agencies delivering skills and employment services for Londoners. We also received information from a range of organisations across the public, private and voluntary sectors. The Committee also commissioned new research about how the impact of the recession on the labour market in the

past year.² A full list of those who contributed to the investigation can be found in Appendix Two.

Chapter 1 of the report describes the challenges London's labour market is facing. Thereafter the report is structured around the two questions we seek to answer:

- In Chapter 2, we consider what priorities the Mayor has established and ask whether these are the right ones to counter the short-term impact of the recession and London's longer-term challenges.
- In Chapter 3, we explore whether the Mayor's priorities have been delivered since his election, and ask what he should do to make sure they are implemented fully in the future.

The Committee's recommendations are designed to inform the Mayor's priorities for employment and skills, and help make sure these priorities are implemented. The focus of the investigation was therefore a strategic one. However, a number of more specific issues were raised during the course of the investigation, however. These include the provision of English for Speakers of Other Languages (ESOL) services, the impact of the 2012 Olympic and Paralympic Games on employment and skills, in-work poverty, and the role of the voluntary sector; the Committee may return to these issues in the future.

² This research was conducted by the Centre for Economic and Social Inclusion and is available at:
<http://www.london.gov.uk/assembly/edcst/2009/jul07/item05a.pdf>

1 London's labour market and the impact of the recession

Key points

- London has higher levels of unemployment than the national average: one in five households in London have no adults in work.
- Demand for high-level skills is high and growing in London. Employers are already reporting significant skills shortages. It is estimated that by 2020 around 50 per cent of jobs will require degree-level qualifications, compared to around 40 per cent now.
- The recession has increased unemployment in London from 2.7 per cent to 4.5 per cent. There have been large increases across all boroughs but huge disparity remains: unemployment is three times as high in some London boroughs as it is in others.
- People in low skilled jobs have been hit hardest by the recession but many from professional occupations have also become unemployed.

- 1.1 There is broad agreement among experts, employers and policy-makers regarding the long-term challenges London faces in relation to the skills of its population. There are high levels of unemployment in the capital, especially in particular areas, while at the same time skills shortages persist in the economy and are threatening to widen. This chapter describes these problems in more detail and considers the ways in which the recession has exacerbated them.

Employment

- 1.2 Compared to the rest of the country, London has a high proportion of people not in work. The employment rate in the capital is just 69 per cent, which is below the national average of 73 per cent; only the North East region has a lower rate.³ London also has more long-term unemployment, with more than one in ten

³ *Labour market statistics*, Office for National Statistics, September 2009. These figures use Labour Force Survey data.

unemployed people having been out of work for at least 12 months.⁴

- 1.3 While the recession has worsened London's performance, the gap between London and the rest of the country has remained stable. Unemployment has been very high in London even throughout the long economic boom. London now suffers from the phenomenon of the 'workless household': one in five London households (418,000 households in total) now contain no adults in work. Again this is worse than the national average, which is around one in six.⁵
- 1.4 It is also clear that there is wide variation across London. Average unemployment in the capital is 4.5 per cent,⁶ but this figure masks the differences between boroughs. In Richmond-upon-Thames the rate is 2.3 per cent, while in Tower Hamlets it is three times greater, at 6.9 per cent.⁷ Appendix Four provides information for all boroughs.

Employment and the recession

- 1.5 There have been considerable changes in London's labour market since the beginning of the economic downturn in 2008. Unemployment has increased drastically, with the number of Londoners claiming Jobseekers Allowance rising by 65 per cent between July 2008 and July 2009.⁸ Across Great Britain the number of claimants increased by 83 per cent in the same period.
- 1.6 While the impact has been fairly similar across different age groups in London, the impact on different occupational groups in London shows more variation. People in low skilled occupations have been hit hardest: more new Jobseeker's Allowance claimants have come from administrative and customer service occupations, for instance.

One in five London households now contain no adults in work

⁴ *Nomis: official labour market statistics*, Office for National Statistics, August 2009. 10.3 per cent of London Jobseeker's Allowance claimants have been out of work for 12 months, compared to 9.1 per cent across Great Britain.

⁵ *Work and worklessness among households 2009*, Office for National Statistics, August 2009

⁶ Jobseeker's Allowance claimant rate, July 2009

⁷ Office for National Statistics (July 2009 data)

⁸ Office for National Statistics. Jobseekers Allowance data is used here because it allows for comparison between boroughs. It is a narrower measure than used in the Labour Force Survey, which includes people on other out-of-work benefits such as lone parent benefits.

- 1.7 However, unemployment has risen faster in percentage terms among those from professional and managerial occupations. For instance, in May 2008 the number of new Jobseeker's Allowance claimants from professional occupations was just 3 per cent higher than those ceasing to claim; in May 2009 the number of new claimants from this group was 26 per cent higher than the number ceasing to claim.⁹
- 1.8 Broadly, the impact of the recession on employment levels has been most severe in those boroughs, especially in inner and East London, where unemployment was already high. In Hackney, the Jobseekers Allowance claimant rate has increased from 4.5 to 6.7 per cent of the population, while in Barking and Dagenham it has increased from 3.5 to 5.7 per cent.¹⁰ This compares with a London average increase from 2.7 to 4.5 per cent.
- 1.9 Those areas with relatively low levels of unemployment before the recession have seen the largest percentage increases. For instance, in boroughs with historically low unemployment such as Bexley, Sutton, Havering, and Kingston-upon-Thames, the number of claimants has increased by over 100 per cent, that is, it has more than doubled; Figure 2 overleaf shows the increase in all boroughs (see Appendix 4 for detailed figures). This does not mean the impact of the recession has been more severe in these areas because the numbers are still relatively low, but it does imply a disproportionately large increase in caseload for employment and skills services, with questions over whether services have the capacity to meet demand. The implications of this are discussed further in the next chapter.

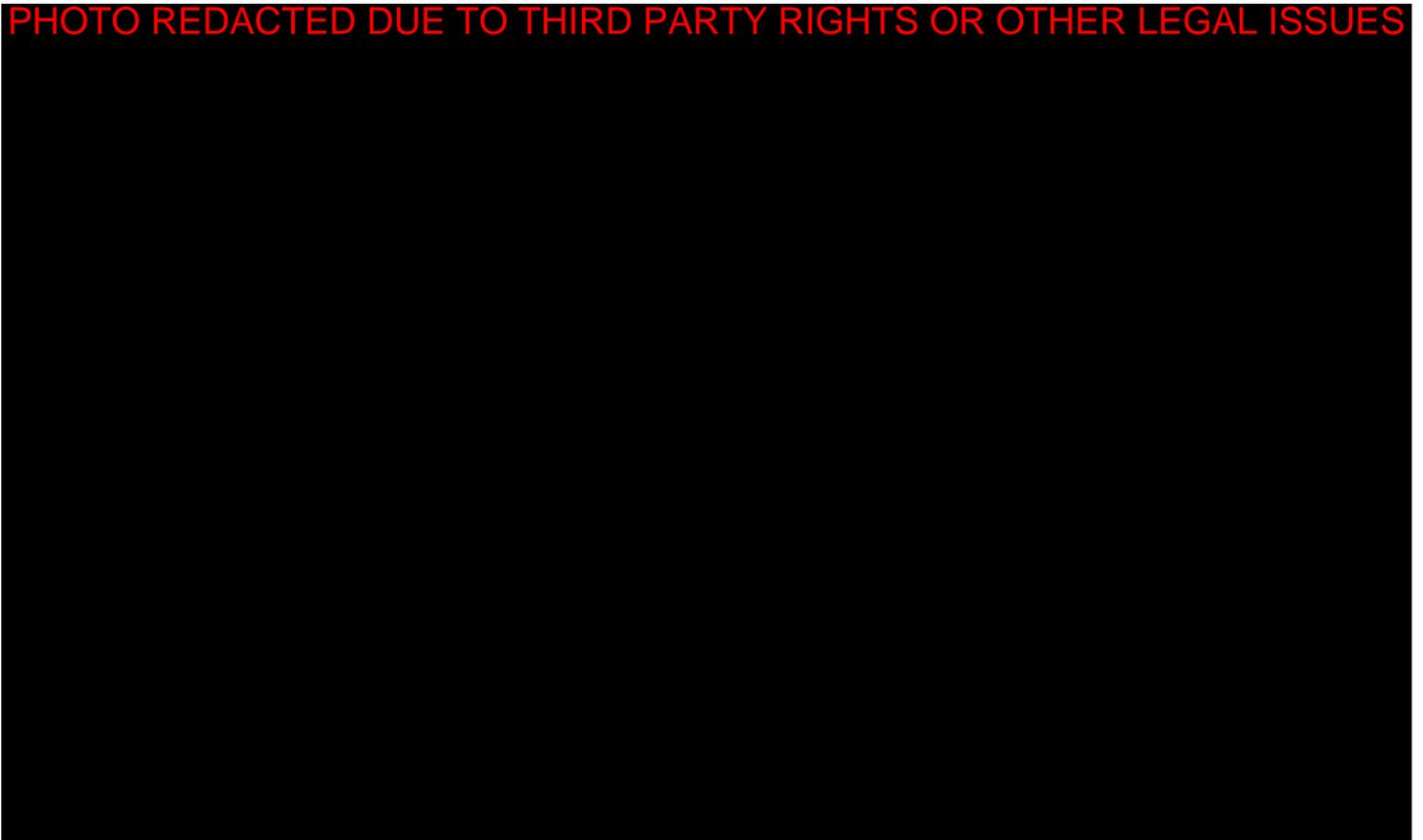
The impact of the recession has been most severe in those boroughs where unemployment was already high

⁹ London's Labour Market during the Recession, Centre for Economic and Social Inclusion, July 2009 (Jobseekers Allowance on-flow and off-flow data)

¹⁰ Office for National Statistics

Figure 2: Increase in Jobseekers Allowance claimants (July 2008-2009), London boroughs

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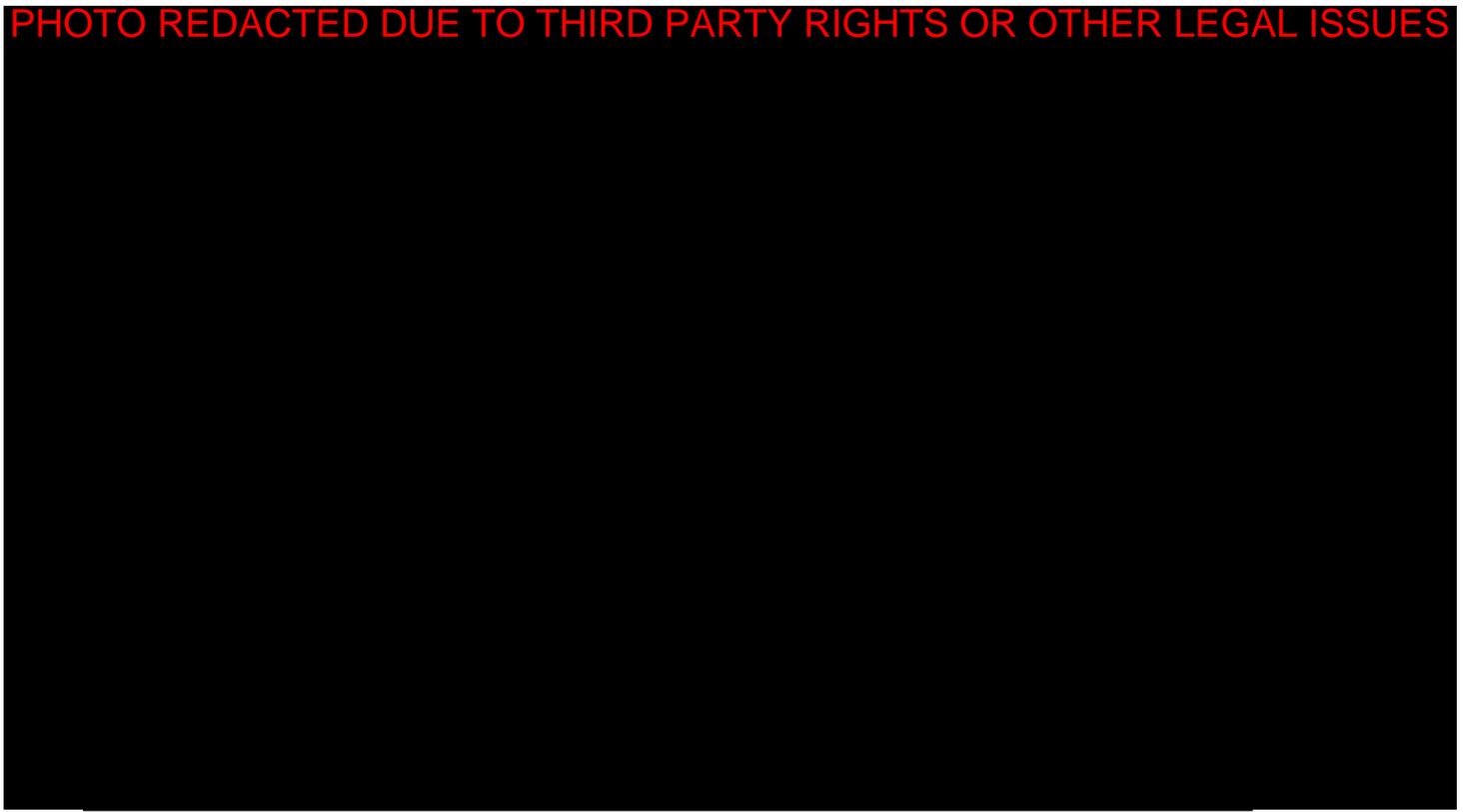
Skills

1.10 Across London the proportion of Londoners with mid-level or better qualifications is only slightly lower than the national average.¹¹ Again, however, we see wide variation in qualification levels across London. In Kingston-upon-Thames 81 per cent of residents have NVQ Level 2 qualifications or higher, compared to just 47 per cent in Newham. Figure 3 overleaf shows the picture across London.

¹¹ *Nomis: official labour market statistics*, Office for National Statistics (2008 data). 63.8 per cent of Londoners are qualified to NVQ Level 2 or above (equivalent to five GCSEs at grades A*-C), compared to 65.2 per cent of the population of Great Britain. London has a similar proportion of people with low-level qualifications to the rest of the country, but fewer people with mid-level qualifications (NVQ2-3). London also has a higher proportion of people with 'other qualifications', mainly people from overseas.

Figure 3: Population with NVQ2+ qualifications (2008), London boroughs

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Greater London Authority, 2009

- 1.11 While there are many Londoners with low or no skills, there are also many who are very highly skilled. 39 per cent of Londoners have NVQ Level 4 qualifications (equivalent to a first degree), which is significantly higher than the national average of 29 per cent.¹² However the demand for high-level skills is growing, with estimates that by 2020 around 50 per cent of jobs in London will require NVQ Level 4 qualifications.¹³
- 1.12 There is already evidence of skills shortages and gaps in London, with the 2007 National Employer Skills Survey showing London was generally the worst performing region in this area:¹⁴
- More employers in London (seven per cent) than the rest of the country (five per cent) reported 'skills shortage vacancies',

¹² *Nomis: official labour market statistics*, Office for National Statistics (2008 data)

¹³ *London's Future: The Skills and Employment Strategy for London 2008-2013*, London Skills and Employment Board, July 2008

¹⁴ *National Employer Skills Survey 2007*, Learning and Skills Council, May 2008

Employers report that London has bigger skills shortages than the rest of the country

where they were unable to fill vacancies because of a lack of skilled candidates.

- More employers in London (17 per cent) than the rest of the country (15 per cent) reported 'skills gaps', where their existing workforce lacked full proficiency.
- London employers reported bigger skills gaps than any other region in the high-skilled occupations – managerial, professional and associate professional – that its economy depends on.

1.13 There is evidence that the recession has eased employers' concerns over skills, although it remains a key issue for many. In the Confederation of British Industry's annual survey of London firms in April 2009, 38 per cent of employers reported skills shortages to be a problem. This was a fall from 72 per cent in the April 2008 survey.¹⁵

Skills and the recession

1.14 There is a risk that the recession will have damaged London's long-term skills base. For example, people made unemployed may discontinue their skills development; this could harm London's long-term economic prospects if there are too few skilled workers – especially highly skilled ones – available as the economy grows again. There is a particular concern over older workers who are made unemployed, who may opt for retirement; their skills would be permanently lost to the economy. As Professor Dan Finn (University of Portsmouth) told the Committee:

*"The other significant group are not just professionals with high skills, but many of them are going to be in their 50s and they are going to be somewhat older. They are going to find it difficult to get jobs because they may not have looked for a long period of time and that is a group – going by historical recessions – that will then maybe drift out into early retirement and you will be losing those kinds of productive skills from the economy."*¹⁶

1.15 Even for those still in work, skills development may not be as high a priority for employers in the near future. The Alliance of Sector

¹⁵ *London business survey: Mid-year review*, Confederation of British Industry, June 2009

¹⁶ Economic Development, Culture, Sport and Tourism Committee, 7 July 2009

Skills Councils has reported businesses are reducing training budgets as part of cost-cutting measures.¹⁷ In London, the CBI's recent survey of employers found that 63 per cent were planning to spend less on 'recruitment and training' in the next year, or nothing at all.¹⁸ Furthermore, we may see a 'bumping down' process, whereby people take jobs for which they are over-qualified:¹⁹ this could also impede the skills development of those staff.

1.16 London's labour market is characterised by two contrasting groups: those with high-level skills who compete well in highly productive, wealth-generating industries, and those with no or low skills who have experienced under-employment over long periods. There are not enough people in the first group to meet the needs of London's economy. The second group suffers from the damaging effect on individuals and families of long-term unemployment and put a large strain on public services.

1.17 The recession has put many highly skilled people out of work in the capital. It has also meant there are fewer jobs available for those with low or no skills, who are competing for increasingly stretched resources to get the skills they need. People in lower skilled occupations and those who live in more deprived boroughs are more likely to have been made unemployed during the recession. However many highly skilled people are also now out of work and there have been large Jobcentre Plus caseload increases in affluent outer London boroughs.

1.18 This is the skills and employment situation that the Mayor, through the London Skills and Employment Board, now has the powers to tackle. The next chapter looks at how he plans to do this.

¹⁷ *The impact of the economic downturn on business and skills in England*, Alliance of Sector Skills Councils, May 2009

¹⁸ *London business survey: Mid-year review*, Confederation of British Industry, June 2009

¹⁹ *Impact of the Recession and the Longer-term Demand for Skills*, Bulletin, Number 91, University of Warwick Institute of Employment Research, June 2009

2 Are the Mayor's priorities the right ones?

Key points

- The Skills and Employment Strategy for London identifies the key challenges for the labour market in London.
- The London Skills and Employment Board is right to prioritise the integration of the capital's fragmented employment and skills system.
- The Mayor's response to the recession is right to try to balance the needs of the newly and long-term unemployed.
- Early action pledged by the Mayor should now be followed up with actions to address increased Jobseeker's Allowance caseloads in outer London and among those from professional occupations.

2.1 This chapter assesses the Mayor's priorities for employment and skills services in London, in particular the Skills and Employment Strategy for London developed by the London Skills and Employment Board. It also considers how the Mayor and the Board have responded to the impact of the recession on the labour market.

The Skills and Employment Strategy

2.2 The Mayor chairs and appoints the London Skills and Employment Board. The Board produces a Skills and Employment Strategy for London, which was first published in July 2008 and updated in October 2009. This is essentially a medium-term strategy, spanning five years, which sets out the challenges London faces and proposes measures to tackle them.

2.3 The strategy recognises the key challenges arising from the high level of worklessness in London and the need to increase the skills of Londoners. The key theme of the document, in terms of the proposed measures to meet these challenges, is the coordination and integration of services. As the Strategy states:

“Employers and individuals still find the employment and skills system in London hard to navigate, incoherent and disjointed.”²⁰

- 2.4 Information received by the Committee from one provider of employment services, Working Links, explained how their clients were affected by the fragmentation of the system.

“In order to support a single client into work we might have to draw on funding from three different sources – assistance with initial engagement through the European Social Fund, skills development through the Learning and Skills Council and then job placement through Department for Work and Pensions. We have to do the joining up at provider level... there would be greater gains from joining up at the commissioning level.”²¹

- 2.5 The strategy sets out the aspiration that the service delivered to individuals looking for work or training, or to employers looking to train their staff, should be ‘seamless’. It also suggests that much of this problem occurs because of the multiple agencies involved in this area, with the three main delivery agencies being the Learning and Skills Council, London Development Agency and Jobcentre Plus. The Board has made it a priority to coordinate the work of these agencies in order to integrate their services.
- 2.6 The strategy criticises the duplication that occurs between agencies. For instance there are multiple points of contact for employers, who may be dealing with sales forces, brokers and providers across several agencies. It also argues that the delivery agencies can pull in different directions because of the different targets they work to. While one agency focuses on getting people into work, another focuses on awarding them qualifications and another on increasing London’s economic output.²² The strategy notes:

“National vertical funding silos with competing targets, (Jobcentre Plus driven by the achievement of jobs, the Learning and Skills Council by qualifications and the LDA by gross value added), in

²⁰ *Recession and Recovery: The Skills and Employment Strategy for London (2009-2014)*, London Skills and Employment Board, October 2009. This document has been approved by the Board and is awaiting publication.

²¹ Written submission, Working Links, July 2009

²² *Recession and Recovery: The Skills and Employment Strategy for London (2009-2014)*, London Skills and Employment Board, October 2009

practice making it very challenging to integrate services to improve performance on jobs and skills across organisational boundaries.”

- 2.7 The strategy is clear that those “at greatest risk of falling through the cracks of fragmented services” are the people already at furthest distance from the labour market.²³ It seeks to address:

“Fragmented customer journeys for the economically inactive and long-term unemployed who face multiple barriers to work and require help from several different organisations to ensure their progression into jobs.”

- 2.8 Particular groups can be difficult for services to reach, and require a tailored approach that is based on their specific needs and takes cultural attitudes into account. A key group emphasised by the Mayor are young people. He wrote in his foreword to the strategy, which focused on how young people excluded from the labour market were more likely to turn to crime:

“Those who have been failed by our education system, having left school with few or no qualifications and without the skills needed to compete in London’s competitive labour market, are pushed to the margins. It is at those margins that the catastrophic choices are made that lead to tragedy.”²⁴

The long-term unemployed are at most risk of falling through the cracks of fragmented services

- 2.9 To achieve integrated services the strategy proposes a number of measures including shared targets based on ‘sustained employment with progression’ as the priority outcome. It also proposes joint commissioning of services across the three delivery agencies, with a ‘single purse’ of funding: it recommends that a Joint Investment Plan be produced by the LDA, Learning and Skills Council and Jobcentre Plus to set out how joint commissioning will be implemented.
- 2.10 The strategy echoed pledges made by the Mayor in his 2008 election manifesto. Arguing that there was little coordination across employment and skills agencies, the Mayor pledged to investigate giving the London Skills and Employment Board more

²³ *Recession and Recovery: The Skills and Employment Strategy for London (2009-2014)*, London Skills and Employment Board, October 2009

²⁴ *London’s Future: The Skills and Employment Strategy for London (2009-2014)*, London Skills and Employment Board, July 2008

power over the London Development Agency's budget and to hold immediate discussions with the government about the creation of a single pool of funding for skills in London.²⁵ The implementation of these and other measures in the strategy is discussed in the following chapter.

2.11 The Committee shares the views of the Mayor and the London Skills and Employment Board – as reflected in the Skills and Employment Strategy for London – about the fundamental challenges facing the labour market in London. London needs to reduce the high levels of unemployment in the capital, addressing in particular the variation between different parts of London and concerns about unemployed young people. Alongside this there must be a continuing focus on equipping Londoners to compete in a highly skilled economy.

2.12 The Committee agrees that the main barrier to success continues to be a fragmented and confusing employment and skills system, with multiple funding streams and commissioning organisations, working to different targets and agendas. This can stop people from getting the skills they need and make it less likely employers train their staff. Coordinating the work of different agencies has to be a high priority to make the system more effective for employers and individuals.

Responding to the recession

2.13 The drastic changes in London's labour market over the past 18 months have clearly necessitated some revision of original assumptions and demanded swift action in response from policy-makers. The original Skills and Employment Strategy was published in July 2008 at a time of economic growth, which was predicted to continue; the revised version published recently recognises the significant problems that have since emerged. Alongside this we have also seen a London Joint Action Plan produced by Jobcentre Plus, the London Development Agency and the Learning and Skills Council, and a range of initiatives by the Mayor under the banner of his Economic Recovery Action Plan.

²⁵ *Backing London Business*, Boris Johnson, 2008

Employment and skills services in outer London may not be equipped to deal with large increases in demand

- 2.14 The Committee has received a range of evidence about how London may need to respond to the impact of the recession on the labour market, especially in areas with less experience of unemployment and among people who place new types of demands on services. Professor Finn spoke about the increases in unemployment in outer London and told the Committee that services in these areas may not be fully equipped to respond:

“Maybe in the inner London boroughs, because of seven or eight years of doing a lot of this work, there are strong networks and strong partnership working in a way that you are not going to be seeing replicated in the outer London boroughs, and that is going to take some real thought about how you respond.”²⁶

- 2.15 In a written submission to the Committee, the London Borough of Bexley suggested there were additional concerns for outer London boroughs. With lower job density in outer London, there is reduced opportunity for those made unemployed to return to work. This may particularly affect lower skilled people in these areas, who will tend to travel shorter distances to work and therefore could have more limited job opportunities.²⁷

- 2.16 The Association of Colleges London Region has also informed the Committee of a recent increase in demand for training from people who are already likely to be highly skilled, which tallies with the increase in Jobseeker’s Allowance claims from people with professional background, as discussed in the previous chapter. The Association told the Committee:

“Middle class unemployed people who have been in regular employment for a large part of their lives have emerged as a significant group of clients. They demand a different style of course delivered by highly skilled professionals.”²⁸

- 2.17 In response, the London Skills and Employment Board has argued for a ‘balanced approach’ to the recession, taking into account the newly unemployed as well as those with long-term barriers to

²⁶ Economic Development, Culture, Sport and Tourism Committee, 7 July 2009

²⁷ *Written submission*, London Borough of Bexley, September 2009

²⁸ *Written submission*, Association of Colleges London Region, October 2009

work.²⁹ The Committee was consulted by the Board when it was updating the Skills and Employment Strategy over the summer of 2009, and endorsed this approach. However, the Committee did express concern that the Board had not achieved the desired ‘balance’ because initially – judging from the draft proposals the Board published – it had not given enough consideration to how the impact of the recession could be countered. The Committee’s submission to the Board can be found at Appendix Three.

2.18 The Committee welcomes the updated strategy, which has a much stronger focus on how the Board could help counter the recession. The key new element introduced to the Strategy was discussion of the need for flexible, short courses to support updating skills or re-skilling for the professional unemployed.³⁰

2.19 The Mayor’s Economic Recovery Action Plan was first published in December 2008, with updated versions then produced in April and July 2009. A number of the actions in the plan concerned employment and skills services, including:

- A Rapid Response Service for individuals and organisations facing redundancy;
- A £10 million increase in the Learning and Skills Council’s ‘Skills for Jobs’ programme, which equips Londoners with skills required to access employment (discussed further in Chapter 3);
- Promoting apprenticeships and maximising the training and employment opportunities from major capital projects such as London 2012;
- Launching a website offering advice and opportunities for recent graduates seeking work and training.

Some of the actions to combat the recession pledged by the Mayor have not been fully implemented

2.20 Some of these proposals have not yet been fully implemented or had the desired impact. For instance, the Learning and Skills Council did increase funding for the Skills for Jobs programme, but only by around £6 million, rather than the £10 million that was pledged.³¹ The major construction work at the Olympic Park has not provided the hoped for opportunities for unemployed people,

²⁹ *Annual review of the London Skills and Employment Board Strategy*, London Skills and Employment Board, July 2009

³⁰ *Recession and Recovery: The Skills and Employment Strategy for London (2009-2014)*, London Skills and Employment Board, October 2009

³¹ Written submission, Learning and Skills Council, July 2009

especially considering the long lead-in time for the work on the Park, with progress since the Mayor's action plan disappointing. By July 2009, only 190 previously unemployed Londoners were employed on the Park, including 112 people resident in the five host boroughs, out of a total workforce of 4,434.³²

2.21 The London Learning and Skills Council, London Development Agency and Jobcentre Plus published an action plan in February 2009, entitled 'London Joint Action Plan: Joint Regional Response to the Economic Downturn'.³³ The main element of the action plan was in setting out how the agencies would work with businesses where redundancies had been announced or were likely, to help their employees back into work as easily as possible. This constituted the 'rapid response service' that the Mayor discussed in his Economic Recovery Action Plan. The plan stated, for instance, that the LDA's Business Link service would support companies at risk of making redundancies, offering a Business Health Check and ensuring a specialist Skills Broker was available to staff.

2.22 The Committee agrees with the London Skills and Employment Board that a balanced response to the recession is needed, with support for the newly unemployed alongside a continuing focus on people and areas that have experienced worklessness over a longer period.

2.23 It should be recognised that problems that might be deemed temporary, such as unemployment among professionals or highly skilled people, could impair London's prosperity in the long term because of the risk of people losing or not updating their skills.

2.24 It is also vital that the early action taken in response to the recession is followed up robustly and updated where necessary. This includes the measures in the Mayor's Economic Recovery Action Plan and the actions proposed by the main employment and skills agencies.

³² *Employment and skills update*, London Development Agency, July 2009

³³ *London Joint Action Plan: Joint Regional Response to the Economic Downturn*, Learning and Skills Council, February 2009

Recommendation 1

The Mayor should clearly set out in the January 2010 update of his Economic Recovery Action Plan:

- a) What actions he expects of the London Development Agency, Jobcentre Plus and the Learning and Skills Council in the short-term to tackle the issues highlighted by the London Skills and Employment Board and the Committee in this report.
- b) What actions he expects from the delivery agencies to address the increased Jobseeker's Allowance caseload in some outer London boroughs.
- c) How he intends to respond to the identified need for short courses targeted at skilled professionals discussed in the revised Skills and Employment Strategy for London.

3 How well are the Mayor's priorities being delivered?

Key points

- The London Skills and Employment Board has been effective at bringing senior representatives of the delivery agencies together to aid coordination between them.
- Implementation of important elements of the Skills and Employment Strategy has been slow, for example moves toward joint commissioning of services.
- The Board's relationships with the Learning and Skills Council and the London Development Agency need to be strengthened to enhance the influence of the Mayor and Board Members.
- Clearer political leadership from the Mayor on employment and skills policy would help promote effective reform and delivery of his priorities.

3.1 The London Skills and Employment Board is still a fairly recent creation, and the Mayor's increased statutory powers over skills and employment are even newer. It is probably too early to base judgements of the Mayor and the Board on skill levels or employment figures therefore, especially considering the effect of the recession on the labour market. Acknowledging this, this chapter reviews the early activities of the Board, primarily the progress it has made in implementing the strategy it first published in 2008. It also recommends a number of changes to help the stated goals of the Mayor and Board – in particular the drive toward more coherent services – be achieved.

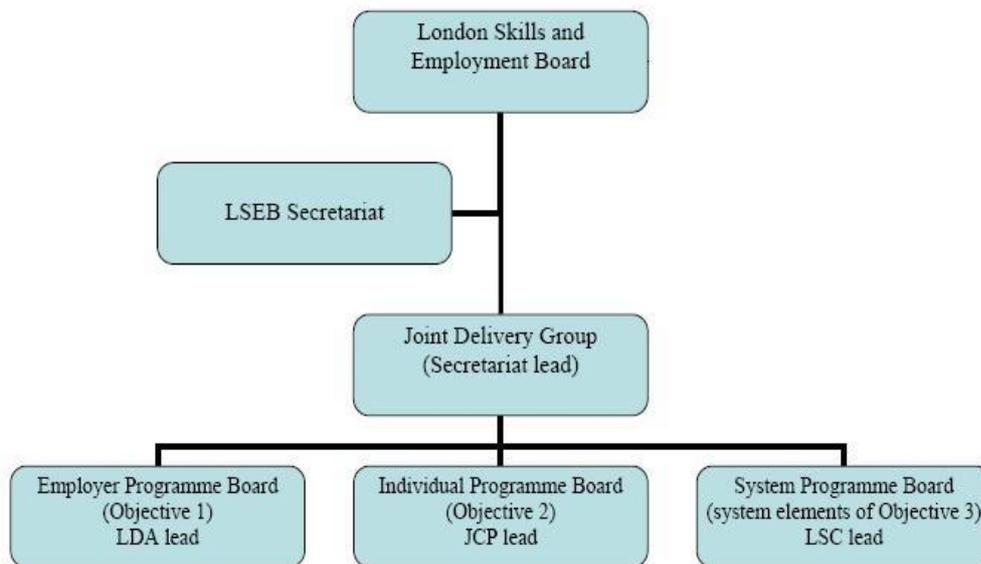
Implementing the strategy

3.2 The London Skills and Employment Board told the Committee that it was 'encouraged' by the implementation of its priorities so far.³⁴ It points to more joint working between the main delivery agencies – LDA, Jobcentre Plus and the Learning and Skills Council. They cooperated, for instance, on the Joint Action Plan published earlier this year in response to the economic downturn. The agencies are also working together in a pilot programme in London called Integration of Employment and Skills which aim to join up skills

³⁴ Written submission, London Skills and Employment Board, July 2009

services between agencies. Although this was a national programme, the agencies in London took the decision to roll it out across the capital.

Figure 4: London Skills and Employment Board structure



London Skills and Employment Board, 2009

3.3 The London Skills and Employment Board has also encouraged a shift in focus at the Learning and Skills Council, towards employability as an outcome rather than just aiming to provide clients with qualifications. This is reflected in the Skills for Jobs programme, which funds services that provides pre-employment training, information and advice primarily for people furthest from the labour market. This programme represents about five per cent of the Learning and Skills Council’s adult skills budget for London.³⁵

3.4 Despite this progress there are still considerable obstacles for the London Skills and Employment Board to overcome. Its progress in following up its strategy by overseeing implementation has been slow. The strategy set out a structure for the Board to ensure this oversight. There would be a Joint Delivery Group consisting of several Board Members, senior representatives from the delivery agencies, and the Mayor’s office. The three Programme Boards

³⁵ *Written submission*, Learning and Skills Council, July 2009

The implementation of the Mayor's strategy has been slower than expected

oversee the actions necessary to implement each of the main objectives of the strategy, and report on progress to the Joint Delivery Group. However, one year after the publication of the strategy only one of the Programme Boards had been established,³⁶ although all three are now operating.

3.5 Progress toward joint commissioning of employment and skills services between the three delivery agencies has also been disappointing. As discussed in Chapter 2, the agencies were asked in the Skills and Employment Strategy to publish a Joint Investment Plan to progress joint commissioning: it was stated this would be published quickly after the strategy, in Autumn 2008.³⁷ However, the Joint Investment Plan was delayed by over a year, and has only recently been produced.³⁸ The plan that was finally produced is limited. Rather than setting out a plan for joint commissioning, it merely sets out the ways in which the agencies have already been working together in the past year, and then explains what issues need to be addressed to allow further collaboration and joint working, without saying how or when these issues will be addressed.³⁹

3.6 The Mayor and the London Skills and Employment Board have made some progress toward implementing the Skills and Employment Strategy, in particular encouraging agencies to work more closely and focusing the Learning and Skills Council on achieving employment outcomes for clients. Progress has been slow, however, and moves toward joint commissioning of services between agencies still appear a long way off.

3.7 The Committee believes the Mayor has to be more proactive in his efforts to drive forward his priorities, setting out clearly his expectation that the delivery agencies work jointly to improve the skills and employment prospects of

³⁶ *Minutes*, London Skills and Employment Board, 14 July 2009

³⁷ *London's Future: The Skills and Employment Strategy for London 2008-2013: Implementation Plans*, London Skills and Employment Board, July 2008

³⁸ *Joint Investment Plan*, Learning and Skills Council, 2009. This document has been approved by the Board and is awaiting publication.

³⁹ These issues include the different financial and contracting practices of the three agencies, and the absence of shared definition of key concepts like 'sustainable employment'.

Londoners. An excellent strategy will be meaningless without effective delivery.

Recommendation 2

The Mayor should from the next financial year:

- a) Set out an expectation that the London Development Agency, Jobcentre Plus and the Learning and Skills Council commission a specified proportion (set by the Board) of services jointly.
- b) Ask the Board to monitor reports and information provided by the delivery agencies about the jointly commissioned services, and hold them to account for their performance against a common target for sustained employment outcomes.
- c) Determine the first priority for joint commissioning to be services that provide skills for people young people at greatest distance from the labour market.

Relationship with delivery agencies

- 3.8 It is clear from the above discussion that the London Skills and Employment Board's relationship with the agencies that deliver employment and skills services is crucial. This relationship varies from agency to agency depending on its powers. Most importantly, the Board has statutory powers with regard to the Learning and Skills Council. The Board does not have the same powers vis-à-vis the London Development Agency, although the Mayor himself has power of direction over the LDA.
- 3.9 The Mayor and the London Skills and Employment Board have a less direct relationship with Jobcentre Plus, with no formal powers over the agency. The Board has expressed an ambition to gain additional influence over Jobcentre Plus services.⁴⁰ It currently seeks to influence the priorities of the agency, which is represented at Board meetings by an ex-officio adviser.
- 3.10 In its strategy the Board has also discussed other commissioners providers of skills services, specifically local authorities and higher education institutions – both sectors are represented on the Board.

⁴⁰ Written submission, London Skills and Employment Board, July 2009

It is not clear how the Mayor uses his powers to influence adult skills spending in London

The Board has again set out its ambition to enhance its influence in these areas, as it is over Jobcentre Plus. With primary responsibility for provision for 14-19 year olds, London boroughs will have a key role in addressing youth unemployment, while higher education providers will be crucial to improving the supply of high-level skills in London. This chapter, however, focuses primarily on the Mayor's and the Board's use of their existing powers.

Learning and Skills Council

- 3.11 The Further Education and Training Act 2007 governs the Board's relationship with the Learning and Skills Council. Essentially this legislation places the Council under a duty to 'act in accordance with' the Board's strategy.⁴¹ It is in this sense that the Board has 'strategic direction' over the Council's adult skills budget. To allow the Board to carry out this function, the Council submits its annual London Learning and Skills Plan and its London adult skills budget for approval by the Board.
- 3.12 However, questions remain about the extent of the Board's influence on the Learning and Skills Council. The Board cannot 'control' the Council's budget or programmes,⁴² and processes for the Board to influence the Council also seem to be less than satisfactory. Last year the Board set up a working group to consider the Council's London Learning and Skills Plan before the Board formally approved it. However at a recent Board meeting when Members were asked to consider the Council's adult skills budget, there were concerns that it "*did not seem possible to suggest changes.*"⁴³ At that meeting the Board resolved to review how it worked with the LSC in future years. Recommendation 3 below is aimed at addressing this point.

London Development Agency

- 3.13 The London Skills and Employment Board does not have any formal powers over the London Development Agency. This is despite a pledge made by the Mayor in his 2008 election manifesto to explore ways of increasing the Board's powers:

⁴¹ *Impact Assessment of London Skills and Employment Board Regulations 2008 and Order 2008*, Department for Innovation, Universities and Skills, January 2008

⁴² *Recession and Recovery: The Skills and Employment Strategy for London (2009-2014)*, London Skills and Employment Board, October 2009

⁴³ *Minutes*, London Skills and Employment Board, 14 July 2009

“The Mayor [Ken Livingstone]... plans to announce proposals for a joint skills appraisal system for the summer of 2008. We believe this approach lacks ambition, and therefore we plan to go further. We will investigate options to give the London Skills and Employment Board more control over the LDA’s budget for adult skills.”⁴⁴

3.14 The Board maintains that it ‘seeks to influence’ the spending and priorities of the LDA, as it also does with Jobcentre Plus.⁴⁵ The LDA does claim that its skills programmes are heavily influenced by the content of the Board’s strategy and there is evidence that the LDA has taken action on key elements of the Skills and Employment Strategy. It has, for instance, begun to move toward ‘sustainable employment’ as the goal of its programmes, which the Board has promoted. The LDA has also established a Skills and Employment Observatory to improve labour market information, and integrated skills brokerage (Train to Gain) with its own business support service (Business Link).

3.15 However, there is less evidence that the Board has more regular input into the LDA’s work on skills and employment; for instance, by influencing the scope and content of its programmes in this area. It may be beneficial for the Board to influence these elements of the LDA’s new investment strategy before it is published early in 2010, to ensure the LDA’s work delivers the Board’s priorities and complements services commissioned elsewhere. The Mayor does have power of direction over the LDA and could, therefore, instruct the LDA to work much more closely with the Board, for instance by submitting draft proposals to the Board for approval.

3.16 The Committee believes the Mayor and the London Skills and Employment Board could and should make more effective use of their existing powers. The relationship between the London Skills and Employment Board and the Learning and Skills Council needs to be strengthened. So, too, does the Board’s relationship with the London Development Agency; there is little justification for why the Board has less influence over the LDA than it has over the Learning and Skills Council.

The Mayor has called for the London Skills and Employment Board to have more power over the London Development Agency

⁴⁴ *Backing London Business*, Boris Johnson, 2008

⁴⁵ *About the LSEB*, www.london.gov.uk/lseb

3.17 The Committee believes the Mayor and the London Skills and Employment Board should see early draft plans and budgets from the both the Learning and Skills Council and the London Development Agency, and use Board meetings to direct and advise on changes which would ensure these plans reflect the strategy. The goal of these measures would be to allow the Board more influence over these key delivering agencies and the ensure coherence between them.

Recommendation 3

a) The Mayor and the London Skills and Employment Board should agree a process with the London Development Agency and the Learning and Skills Council that ensures that the Board has sufficient information at an early enough stage in the planning process to enable it to influence the allocation of funding for adult skills services.

b) The Mayor should report back to the Committee by April 2010 stating how he will ensure that he and the Board intend to influence spending in 2010/11.

Recommendation 4

a) The London Development Agency should consult the London Skills and Employment Board about its proposals for adult skills and employment in its forthcoming Investment Strategy.

b) The LDA should demonstrate how it has taken the Board's comments into account and, where it has decided not to follow the Board's advice, provide detailed reasons why.

The Mayor's role

3.18 The powers and status of the office of Mayor mean that his increased role in employment and skills policy provides a unique opportunity for London. With a fragmented system spanning a number of agencies, the Mayor is ideally placed to drive forward a

coordinated approach based on shared strategic goals.

Arrangements within the Mayor's office and its relationship with the London Skills and Employment Board are vital factors in achieving this.

- 3.19 The Mayor has appointed three advisers with responsibility for employment and skills, including two full-time advisers. Anthony Browne, the Mayor's Policy Director for Economic Development, originally had this portfolio. As part of this he represented the Mayor's office at meetings of both the London Development Agency Board and the London Skills and Employment Board.
- 3.20 In the summer of 2009 the Mayor rearranged the portfolios of his team. Anthony Browne retained responsibility for economic development generally and the London Development Agency. Pamela Chesters, the Mayor's Adviser on Health and Youth Opportunities, was given the responsibility for adult skills in an extension of her portfolio. Ms Chesters also replaced Anthony Browne in attending meetings of the London Skills and Employment Board on behalf of the Mayor's office.
- 3.21 The third Mayoral adviser in this area is Lord Freud, who was appointed by the Mayor in April 2009 as an unpaid 'welfare to work' adviser. At this time the Mayor also announced the creation of a Welfare to Work Steering Group, with Lord Freud as a member.⁴⁶ Lord Freud combines these responsibilities with that of Shadow Minister for Work and Pensions for the Conservative Party.
- 3.22 The Committee met Lord Freud in July to discuss his role; despite his expertise it is far from clear how he has engaged directly in the Mayor's work. There is no evidence that Lord Freud has had any dealings with the London Skills and Employment Board, or any input to the review of the Board's strategy which took place after Lord Freud's appointment. Lord Freud explained to the Committee that the Mayor had asked him primarily for advice on how employment and skills organisations could commission for outcomes and design contracts with providers accordingly.⁴⁷ However there is no evidence that the Joint Investment Plan

⁴⁶ *Welfare reform expert to help capital's long-term unemployed back to work* [Press release], Greater London Authority, 17 April 2009

⁴⁷ Economic Development, Culture, Sport and Tourism Committee, 7 July 2009

produced by the delivery agencies, which discusses these issues, incorporates any specific recommendations from Lord Freud.

3.23 The Committee understands that the Mayor has met Lord Freud only once: the day before his appointment was announced.⁴⁸ Furthermore, the Welfare to Work Steering Group announced by the Mayor in April has never been established. Instead, Lord Freud participates in an informal group that meets to explore ideas on an ad hoc basis. This group has met three times since Lord Freud's appointment; the Mayor's chief adviser on skills, Pamela Chesters, does not attend these meetings.⁴⁹

3.24 Given the size and importance of the budget for skills services that the Mayor now has significant power over, it is important his office is equipped to advance his priorities effectively. The rationale for the division of responsibilities within the Mayor's office is unclear. Pamela Chesters, the Mayor's Adviser on Health and Youth Opportunities, already has wide responsibilities; adult skills should not simply be an 'add-on' to this.

3.25 The Mayor's powers in relation to the London Skills and Employment Board and the London Development Agency are fundamentally linked and should be exercised as coherently as possible; with two advisers covering the two organisations this is not currently the case.

3.26 Furthermore, there is little evidence that the Mayor is actively involving his adviser Lord Freud in helping unemployed Londoners back into work. As of October 2009 Lord Freud had not met with the London Skills and Employment Board, and the Mayor has not met him since his appointment in April.

⁴⁸ Response to Dee Doocey AM [Question No. 2942/2009], Mayor's Question Time, 14 October 2009

⁴⁹ Response to Dee Doocey AM [Question No. 2943/2009], Mayor's Question Time, 14 October 2009; Response to Dee Doocey AM [Question No. 2944/2009], Mayor's Question Time, 14 October 2009

Recommendation 5

To enhance his influence over employment and skills policy the Mayor should appoint or nominate a full-time adviser within his team with lead responsibility for both the London Development Agency and the London Skills and Employment Board.

3.27 London's labour market already faced significant challenges before the recession. The capital has persistently high levels of unemployment, alongside rapidly growing demand for highly skilled workers. The Committee believes the Mayor and London Skills and Employment Board have the right strategy to tackle these challenges. Implementation, perhaps not surprisingly, is proving more difficult.

Appendix 1

Recommendations

Recommendation 1

The Mayor should clearly set out in the January 2010 update of his Economic Recovery Action Plan:

- a) What actions he expects of the London Development Agency, Jobcentre Plus and the Learning and Skills Council in the short-term to tackle the issues highlighted by the London Skills and Employment Board and the Committee in this report.
- b) What actions he expects from the delivery agencies to address the increased Jobseeker's Allowance caseload in some outer London boroughs.
- c) How he intends to respond to the identified need for short courses targeted at skilled professionals discussed in the revised Skills and Employment Strategy for London.

Recommendation 2

The Mayor should from the next financial year:

- a) Set out an expectation that the London Development Agency, Jobcentre Plus and the Learning and Skills Council commission a specified proportion (set by the Board) of services jointly.
- b) Asks the Board to monitor reports and information provided by the delivery agencies about the jointly commissioned services, and hold them to account for their performance against a common target for sustained employment outcomes.
- c) Determine the first priority for joint commissioning to be services that provide skills for people young people at greatest distance from the labour market.

Recommendation 3

- a) The Mayor and the London Skills and Employment Board should agree a process with the London Development Agency and the Learning and Skills Council that ensures that the Board has sufficient information at an early enough stage in the planning process to enable it to influence the allocation of funding for adult skills services.
- b) The Mayor should report back to the Committee by April 2010 stating how he will ensure that he and the Board intend to influence spending in 2010/11.

Recommendation 4

a) The London Development Agency should consult the London Skills and Employment Board about its proposals for adult skills and employment in its forthcoming Investment Strategy.

b) The LDA should demonstrate how it has taken the Board's comments into account and, where it has decided not to follow the Board's advice, provide detailed reasons why.

Recommendation 5

To enhance his influence over employment and skills policy the Mayor should appoint or nominate a full-time adviser within his team with lead responsibility for the London Development Agency and the London Skills and Employment Board.

Appendix 2

Views and information

The Committee held two public meetings as part of this investigation.
On 7 July 2009 we met:

Professor Dan Finn, University of Portsmouth
Stuart Fraser, London Councils
Lord Freud, Mayor's welfare to work adviser
Richard Woolhouse, Centre for Cities

On 15 September 2009 we met:

Pamela Chesters, Mayor's Adviser on Health and Youth Opportunities
Stephen Evans, London Development Agency
Patrick Hughes, Jobcentre Plus
Philippa Langton, Learning and Skills Council
Harvey McGrath, London Skills and Employment Board

The Committee received written submissions from the following individuals and organisations:

Age Concern
Alliance of Sector Skills Councils
Association of Colleges London Region
Centre for Cities
City of London
Confederation of British Industry
Lantra
Learning and Skills Council
London Borough of Islington
London Borough of Bexley
London Chamber of Commerce and Industry
London Development Agency
London Skills and Employment Board
London Voluntary Service Council
Nick Wilson
People1st
Tomorrow's People
Trades Union Congress
Working Links

Appendix 3

Response to the London Skills and Employment Board

In July 2009 the London Skills and Employment Board conducted an annual review of the Skills and Employment Strategy for London, and consulted on proposals to modify the strategy. The Economic Development, Culture, Sport and Tourism Committee's response to the Board is reproduced below.

Judith Rutherford
Secretariat Director
London Skills and Employment Board
Palestra
197 Blackfriars Road
London SE1 8AA

13 August 2009

Dear Judith,

Annual review of the Skills and Employment Strategy for London

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

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

We are particularly concerned that, although you rightly have identified long-term worklessness as London's main challenge in this area, insufficient attention has been paid to how the labour market has been affected by the recession. The problems London is currently experiencing are likely to continue for much of the period of the strategy, and without the right response may well have an impact on

London's long-term prosperity. We believe the Board needs to undertake additional work to learn more, specifically by speaking directly to Londoners and service providers experiencing the effects of the recession.

Do you agree that the broad direction and objectives of the LSEB Strategy London's Future: The Skills and Employment Strategy for London remain relevant and appropriate in the current economic climate?

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

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

Do you agree that in the changed economic climate makes it even more important than indicated in our original strategy to find ways to improve performance and achieve better value for money by aligning, integrating and co-commissioning employment and skills services?

In the Board's submission to the Committee's investigation, you have set out your goal of a single commissioning organisation for employment and skills in London, and the Committee welcomes further discussion on this topic. Devolution of further powers to London from central government may be desirable, although in the first instance it is necessary for the Board to prove it can respond to the upheaval caused by the disbanding of the Learning and Skills Council and the changing investment practices of the London Development Agency. New relationships with the boroughs, the Skills

Funding Agency and the Young People's Learning Agency must be established. Furthermore, while the overlap of functions between the London Development Agency and other organisations may be a subject to address, this should only happen once the Board has a clear picture of who does what in employment and skills, and the respective roles of all relevant agencies.

Do you agree that LSEB should consider how to extend the impact of the Strategy to sub-regional and local level, working with Local Authorities and other partners?

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

Do you agree that to maintain a balanced approach in tackling short term unemployment, worklessness and prepare for a recovery, that the single employer and individual offer outlined in the Strategy in 2008 should be given a higher profile?

The Committee agrees with the Board that we need a balanced approach to the current economic situation, with action to help the newly unemployed alongside support for the long-term unemployed and economically inactive. We also welcome the actions your delivery partners have so far taken, including the Learning and Skills Council's new Response to Redundancy programme; the Joint Action Plan produced by Jobcentre Plus, the London Development Agency and the London Learning and Skills Council outlining the rapid response offer for employees at risk of redundancy; and the increase in funding for the Skills for Jobs programme. Regarding the latter, however, we note that the £6 million Skills for Jobs funding increase for 2009/10 does not match the £10 million pledged by the Mayor in his Economic Recovery Action Plan.

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

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

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

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

Yours sincerely,

Dee Doocey AM

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

Appendix 4

Unemployment in London

Borough	July 2008 claimant count	July 2009 claimant count	Claimant count increase	July 2008 claimant rate	July 2009 claimant rate	Claimant rate increase
Barking & Dagenham	3,612	5,839	62%	3.5%	5.7%	2.2%
Barnet	3,918	7,082	81%	1.9%	3.4%	1.5%
Bexley	2,320	4,881	110%	1.7%	3.6%	1.9%
Brent	6,056	9,278	53%	3.3%	5.1%	1.8%
Bromley	3,152	6,067	92%	1.7%	3.3%	1.6%
Camden	3,832	5,630	47%	2.2%	3.3%	1.1%
City of London	69	117	70%	1.1%	1.9%	0.8%
Croydon	5,311	9,289	75%	2.4%	4.3%	1.9%
Ealing	5,067	9,078	79%	2.5%	4.4%	1.9%
Enfield	5,554	8,922	61%	3.1%	4.9%	1.8%
Greenwich	4,445	7,449	68%	3.0%	5.1%	2.1%
Hackney	6,454	9,550	48%	4.5%	6.7%	2.2%
Hammersmith & Fulham	3,281	5,411	65%	2.6%	4.4%	1.8%
Haringey	6,505	9,451	45%	4.2%	6.1%	1.9%
Harrow	2,312	4,451	93%	1.7%	3.3%	1.6%
Havering	2,508	5,231	109%	1.8%	3.8%	2.0%
Hillingdon	2,867	5,949	107%	1.8%	3.7%	1.9%
Hounslow	2,818	5,397	92%	1.9%	3.6%	1.7%
Islington	4,816	7,427	54%	3.5%	5.4%	1.9%
Kensington & Chelsea	2,088	3,320	59%	1.7%	2.7%	1.0%
Kingston-upon-Thames	1,105	2,568	132%	1.0%	2.4%	1.4%
Lambeth	7,143	10,698	50%	3.6%	5.4%	1.8%
Lewisham	5,746	9,145	59%	3.2%	5.1%	1.9%
Merton	2,098	3,927	87%	1.6%	2.9%	1.3%
Newham	7,130	10,115	42%	4.3%	6.1%	1.8%
Redbridge	4,090	7,077	73%	2.5%	4.4%	1.9%
Richmond-upon-Thames	1,137	2,637	132%	1.0%	2.3%	1.3%
Southwark	6,492	9,292	43%	3.3%	4.7%	1.4%
Sutton	1,766	3,666	108%	1.5%	3.1%	1.6%
Tower Hamlets	7,498	10,501	40%	4.9%	6.9%	2.0%
Waltham Forest	5,515	8,346	51%	3.8%	5.7%	1.9%
Wandsworth	3,860	6,497	68%	1.9%	3.1%	1.2%
Westminster	3,111	4,846	56%	1.8%	2.8%	1.0%
LONDON	132,700	218,800	65%	2.7%	4.5%	1.8%
GREAT BRITAIN	838,100	1,531,700	83%	2.3%	4.1%	1.8%

Source: Office for National Statistics (Jobseeker's Allowance data)

Appendix 5

Orders and translations

How to order

For further information on this report or to order a copy, please contact Richard Berry on 020 7983 4199 or email: richard.berry@london.gov.uk

See it for free on our website

You can also view a copy of the report on the GLA website: <http://www.london.gov.uk/assembly/reports>

Large print, braille or translations

If you, or someone you know, needs a copy of this report in large print or braille, or a copy of the summary and main findings in another language, then please call us on: 020 7983 4100 or email: assembly.translations@london.gov.uk.

Chinese

如您需要这份文件的简介的翻译本，
请电话联系我们或按上面所提供的邮寄地址或
Email 与我们联系。

Vietnamese

Nếu ông (bà) muốn nội dung văn bản này được dịch sang tiếng Việt, xin vui lòng liên hệ với chúng tôi bằng điện thoại, thư hoặc thư điện tử theo địa chỉ ở trên.

Greek

Εάν επιθυμείτε περίληψη αυτού του κειμένου στην γλώσσα σας, παρακαλώ καλέστε τον αριθμό ή επικοινωνήστε μαζί μας στην ανωτέρω ταχυδρομική ή την ηλεκτρονική διεύθυνση.

Turkish

Bu belgenin kendi dilinize çevrilmiş bir özetini okumak isterseniz, lütfen yukarıdaki telefon numarasını arayın, veya posta ya da e-posta adresi aracılığıyla bizimle temasa geçin.

Punjabi

ਜੇ ਤੁਸੀਂ ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਸੰਖੇਪ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਲੈਣਾ ਚਾਹੋ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਇਸ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਉਪਰ ਦਿੱਤੇ ਡਾਕ ਜਾਂ ਈਮੇਲ ਪਤੇ 'ਤੇ ਸਾਨੂੰ ਸੰਪਰਕ ਕਰੋ।

Hindi

यदि आपको इस दस्तावेज का सारांश अपनी भाषा में चाहिए तो उपर दिये हुए नंबर पर फोन करें या उपर दिये गये डाक पते या ई मेल पते पर हम से संपर्क करें।

Bengali

আপনি যদি এই দলিলের একটা সারাংশ নিজের ভাষায় পেতে চান, তাহলে দয়া করে ফো করবেন অথবা উল্লেখিত ডাক ঠিকানায় বা ই-মেইল ঠিকানায় আমাদের সাথে যোগাযোগ করবেন।

Urdu

اگر آپ کو اس دستاویز کا خلاصہ اپنی زبان میں درکار ہو تو، براہ کرم نمبر پر فون کریں یا مذکورہ بالا ڈاک کے پتے یا ای میل پتے پر ہم سے رابطہ کریں۔

Arabic

الحصول على ملخص لهذا المستند بلغتك،
فرجاء الاتصال برقم الهاتف أو الاتصال على
العنوان البريدي العادي أو عنوان البريدي
الإلكتروني أعلاه.

Gujarati

જો તમારે આ દસ્તાવેજનો સાર તમારી ભાષામાં જાણીતો હોય તો ઉપર આપેલ નંબર પર ફોન કરો અથવા ઉપર આપેલ ટપાલ અથવા ઇ-મેઇલ સરનામા પર અમારો સંપર્ક કરો.

Appendix 6

Principles of scrutiny

An aim for action

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

Independence

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

Holding the Mayor to account

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

Inclusiveness

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

Constructiveness

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

Value for money

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

Greater London Authority

City Hall

The Queen's Walk

More London

London SE1 2AA

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