

# Response to Proposals for the London Skills & Employment Board's Strategy



Leading learning and skills

## Introduction

- 1 The LSC shares the ambition of the Board to sustain and enhance London's successful and globally competitive economy. Our work contributes to this by enabling people to gain the skills to enter sustainable employment, gain higher level skills and progress to better jobs.
- 2 This response sets out what the LSC will do to deliver on the priorities and actions in the strategy and what we think is required from other agencies. This will be presented in more detail in our draft Regional Commissioning Plan which is due to be published in December.

## What the LSC will deliver and contribute

- 3 The LSC in London will help implement the strategy through investing in:
  - Supporting employers' skills needs through **growth and improvement in the Train to Gain service** – including the introduction of flexibilities making it a more useful and appropriate service for London. Funding for the Train to Gain programme is scheduled to increase from £32m in 2006/07 to £62m in 2007/08. We expect this to rise to around £125m by 2010/11. The Department for Innovation, Universities and Skills (DIUS) has committed to introducing flexibilities about eligibility and 'firstness' which will help to make the service more accessible.
  - **A new account management brokerage service** for the top 1,200 employers. This service will initially offer skills development and provide access to the LSC's employer demand led funding programmes. During 08/09 the LSC will work with the London Development Agency (LDA) and Jobcentre Plus (JCP) to develop and agree an integrated offer for recruitment and skills brokerage.
  - **Increase the volume and achievement of Apprenticeships** to better meet the needs of employers. This will include increasing the range and volume of Apprenticeships available in the public sector.
  - **Investing in more pre-employment training** which is focused on employability and progression to higher level learning, building on the Employment Skills Programme (ESP), Skills for Jobs programme and Employability Demonstration Pilots to support people to gain the skills required for sustainable employment. In 2007-08 we are investing £7m in ESP, over £3.5m in Skills for Jobs and over £2m in Employability Demonstration Pilots.
  - **Supporting current providers of training and skills to change their business model** to be able to respond to employers and employees more

effectively. We recognise that providers are at different stages of making these changes and in 2007-08 the LSC has committed over £4m to capacity building to help with this.

- **Rolling out a skills campaign** that is relevant to London and which will motivate and inspire both unemployed and employed individuals to develop their skills. This will build on the national skills campaign which can be adapted to be more relevant for London and should be sponsored by the Mayor. The national campaign has cost £8m nationally in 2007-08. Any additional funding required for a London campaign would need to come from the LDA. Unions should play an active role in supporting a skills campaign and work with employers to boost take-up of learning opportunities in the workplace.
- **Opening up the provider market** through enabling high quality providers that are already delivering successfully to expand the range of what they can deliver, and continuing to commission provision through open and competitive tender.
- **Continuing to invest in capital projects, which help improve the quality of delivery.** Since 2001 the LSC has invested £479m on capital projects in London. Just over one third (£163m) was approved this year. Approximately 25 per cent of the total floor space has benefited from LSC capital investment and requires no further significant improvement. It is anticipated a further £1.3b is required by 2013 to meet the region's strategic requirements and to create a pan-London network of world class learning environments.
- **Continuing to improve provision for young people** to increase attainment and ensure that young people develop the skills required for work. We will continue to support the development and introduction of the new Diplomas and to work with local authorities to ensure that learners have access to a wide range of provision.

### **What other organisations need to contribute**

- 4 LSC investment alone is not enough to deliver the actions in the strategy and it will be critical for other organisations to contribute resources. We particularly welcome the proposal for a joint investment plan, providing the opportunity to target resources more effectively in London. We consider this to be of critical importance to the success of the strategy.
- 5 The following activities in particular will require an integrated response from a range of partners:
  - **Progressing people into work.** JCP, LSC and LDA all invest in this area but funding needs to be better targeted to maximise impact and minimise duplication. The pre-employment training that JCP funds (the various New Deals) needs to be better integrated with LSC funded provision with JCP personal advisors referring individuals to providers and prioritising skills development. The LDA should only fund what LSC and JCP are unable to and ensure this is part of progression routes from/to LSC and JCP funded provision. The new Local Employer Partnerships are the method through which JCP will engage with employers in the future. The purpose of the Local Employer Partnerships is to ensure more people at a disadvantage in

the labour market can move into the vacancies that those employers advertise.

- **An integrated brokerage service** for skills and employment which will bring together the LSC's account management service and the London Accord to provide an integrated offer for employers. The vast majority of the funding for this would need to come from the LDA.
- **The offer to employers** needs to be responsive to need. Therefore employers, particularly through Sector Skills Councils (SSCs) but also employer bodies including London First and the London Employers Coalition, need to better articulate need. The role of Unions in representing learners in the workplace will be essential to this. Work should be focussed on the five or six key sectors for London initially to identify what works.
- **Supporting progression routes to higher education.** The Higher Education Funding Council for England (HEFCE) already contributes significant resources to this but the LSC would like to see the funding for Lifelong Learning Networks increased and focussed on the five or six key sectors for London. We would also like HEFCE to put resource into examining progression routes from Apprenticeships to Foundation Degrees.
- **The universal careers service.** Support for individuals is vital to increasing demand and the universal careers service will play the central role in this. The service will need to be personalised for individuals, have multiple access points and target those people with most need. The LSC is currently working with DIUS, the Department for Work and Pensions (DWP), the TUC and other partners on what the service will look like at a national level and the LDA, the Greater London Authority (GLA), JCP and the TUC on what the service needs to look like in London. Whilst we anticipate the LSC being able to fund and manage part of this service, we don't expect that the national comprehensive spending review will be sufficient to meet both the needs of London's unemployed and those people in work and wishing to progress. The LSC, LDA and JCP will therefore need to put in additional resources to ensure the service is comprehensive both in terms of what it offers and the groups of individuals that it can support.
- **Qualifications that are fit for purpose.** The national vocational qualification reform programme will result in a more flexible framework that is responsive to the needs of employers. The SSCs representing the five or six key sectors in London should ensure that the right qualifications i.e. those containing economically valuable skills are fast-tracked through this process.
- Joint investment should happen at a local level through the existing **Local Area Agreements (LAAs)** and City Strategy Pilots. Government Office London should adopt the framework of the strategy which local authorities should include in their LAA framework. Organisations including LSC, LDA, NHS, Transport for London and registered social landlords should then work together to overcome the barriers through the LAA process.

## Key issues

- 6 The strategy is important because it puts employers in the driving seat and provides the opportunity to ensure that adult skills provision is geared to

business needs. It is essential that this opportunity is taken and to assist this we offer the following comments and would welcome the opportunity to discuss these in further detail.

- As the strategy identifies, the recent Machinery of Government changes have implications for the planning, funding and delivery of provision for young people in London. Given the evidence on travel to learn patterns within London, we agree with the statement in the strategy that there will still be a need for a regional overview in London to provide strategic regional coordination across all 32 boroughs in order to provide a coherent service for learners.
- We agree that it isn't necessary for skills and employment services to undergo structural change right now to achieve the goals in the strategy. But organisations do need to work together more effectively. Joint planning, including a joint investment plan, will clearly assist with this. However, to really make a difference, public agencies in London need to have joint PSA targets. Without this, joint planning can only go so far as each organisation will ultimately plan provision to achieve their PSA targets. Therefore we believe DIUS, the Department for Business, Enterprise and Regulatory Reform (DBERR) and DWP need to agree joint targets for the public agencies in London.
- The joint plans that are developed will need to be drawn up and monitored through a multi-agency approach. A logical basic structure would be to establish a three-tiered governance structure. At the top, a group comprising the most senior people from the different agencies. This group should report to LSEB and be chaired by a Board member. Below this there should be an executive group which is supported by two operational groups made up of officers, one focussed on Employability and the other on Skills in the Workplace.

## Responses to Questions

### **Are these the right challenges for action by the Board? If not, what key things are the most important for action by the Board to improve the employment and skills of Londoners?**

- 7 The LSC agrees that the challenges outlined are right and that if these challenges are met then progress towards meeting the Board's ambition will be made. We envisage these will provide the context and framework for the LSC's programme of delivery in London to 2013.

### **Do you agree with the Board's ambition?**

- 8 The way that the Board's ambition is articulated on page 14 is clear and succinct and the LSC agrees that this is the right ambition. The importance of sustaining and enhancing the economy is rightly emphasised as the overall aim as are the twin actions to both equip workless Londoners with the skills needed for employment and to support employed Londoners to gain higher level skills and progress through employment.
- 9 The context set in the strategy and in *The London Story* rightly identifies the current strengths of the London economy. However, the rest of the world will not stand still and we cannot and should not take for granted the continued success of the London economy. The wider the pool of available talent employers are able to draw on, the greater chance that the London economy will continue to be successful. However, potential demographic change, such as an ageing population, varying patterns of migration, and industrial or technological changes needs to be considered. Also, whilst the National Skills Employers Survey (NESS) 2005 did identify that employers in London have fewer hard to fill vacancies than employers in other regions, early indications are that this trend has been reversed in NESS 2007<sup>1</sup>.
- 10 We agree with the ambition and it is important that the strategy outlines a coherent offer to employers and a persuasive case for investing in skills. The strategy could outline more clearly what it can provide for employers as well as what employers need to contribute because improving the skills of people in work is key to achieving the overall ambition. To make this clear, it is important that the balance of the strategy is correct. Currently the balance is more towards helping people who are currently unemployed to gain the skills necessary for employment rather than on employees gaining higher level skills.

### **Are these the right supporting targets? If not, what alternative targets would you suggest?**

- 11 The LSC understands why the Board has proposed a target to increase the employment rate. Similarly, we agree that reducing the proportion of Londoners with no qualifications is a key aim for the strategy. However, we envisage difficulties in monitoring either of these targets. In the case of the employment rate, the strategy rightfully identifies macro-economic changes (amongst other variables) as key and for both, migration patterns and

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<sup>1</sup> The outcomes of this research are due to be published in spring 2008.

demographic trends will constantly alter the denominator. Consequently, it is entirely possible that the impact of the strategy will be masked.

- 12 It is our suggestion that the strategy sets out targets for each public agency which together will create the conditions to raise the employment rate and reduce the number of people without qualifications. These targets could be:
- The LSC has targets for the number of adults participating (and then achieving) a full level 2, a full level 3, functional numeracy (entry level 3 or above) and functional literacy (level 1 or above). These would all contribute to the wider, more strategic aims that the strategy would like to endorse and should be included as targets.
  - JCP could contribute by agreeing a target based on the volume of Londoners moving off benefits and into sustainable employment.
  - The LDA could contribute by agreeing targets around creating and supporting businesses and providing employment support.
  - HEFCE could contribute by agreeing a target to increase the number of people accessing higher education. The strategy rightly highlights the predicted future increase in jobs that will require higher level skills and HEFCE is the key supplier of this element.
  - The above is not an exhaustive list and other organisations could also contribute.

**Chapter 3 – Do you agree with the priorities and actions in this chapter for improving the support and services available to individuals to improve their skills and employment opportunities? What further priorities and actions would you suggest?**

- 13 The LSC agrees with the priorities and actions in the chapter and welcomes the opportunity to build on our recent work including Skills for Jobs, the Employability Demonstration Pilots and the Skills Coaching programme to implement the priorities in the strategy. It is absolutely critical that in creating learning and employment pathways for individuals, we address the multiple barriers these individuals tend to face – from low aspirations to poor information to the high cost of childcare – and that we target our interventions on those that need them most.
- 14 The first priority gets to the heart of one of the key points about skills development – individuals need to be motivated to learn. The engagement campaign should build on the national skills campaign ‘Our future it’s in our hands’ and make this relevant and meaningful for London residents through support from the Mayor. It is important that the campaign does not just target workless people but also employed people who are also not always motivated to develop their skills. Learning should be presented as something that successful employed people do in order to create a positive culture about learning.
- 15 The campaign should be led by the Mayor and the LSC, LDA and JCP need to be involved as well. The campaign would be most effective if other organisations such as SSCs, HEFCE and Unions also played an active part.

- 16 The LSC has invested in information, advice and guidance and the new adult careers service should build on this as well as the work carried out by JCP who will play a central role in the new service. The national funding settlement for the new service is unlikely to be sufficient to meet the needs of London and the service we envisage will require contributions from other organisations. This should be a service for both unemployed and employed people.
- 17 We support the priority to improve pre-employment training and support. We are pleased that the strategy acknowledges the work of the LSC's Employability Demonstration Pilots and the joint Skills for Life strategy. Future work should build on these both in terms of the activity carried out and as effective models of joint working between public agencies. Of particular importance is the work we have done with providers to change Skills for Life training, particularly ESOL, to make it more focussed on employability skills. The importance of seamless progression routes is essential and the strategy should acknowledge the process that SSCs are undertaking to identify the economically valuable qualifications for each sector.
- 18 Tackling the needs of people with significant or multiple barriers to learning and work requires a variety of agencies to alter and adjust their strategies and policies to ensure that mainstream services are accessible to disadvantaged and excluded people. We support the action to target those with most severe barriers building on the strategies for people with learning difficulties and/or disabilities (LLDD) and offender learning that the LSC has developed. Areas of work that effect this specific client group include transport, supported employment, social services and care, job brokerage and many others. The LSC's strategy for LLDD learners specifies actions to be taken by LDA, JCP, London Councils and other organisations to ensure that the outcomes to which all the partners aspire can be achieved.

**Chapter 4 – Do you agree with the priorities and actions in this chapter for involving more employers in London's employment and skills challenges? What further priorities and actions would you suggest?**

- 19 The draft strategy could lay out the benefits for employers in investing in skills development more strongly if it was re-framed to answer the question of what the strategy can do for employers, rather than outlining what employers need to contribute. This would involve rebalancing the argument from corporate social responsibility to outline more centrally that skills development increases productivity and improves the bottom line.
- 20 There are clear arguments around increased productivity, for example, training significantly boosts productivity (the effect is around twice as great as the effect of training on wages)<sup>2</sup>. Similarly, higher skilled workers are more flexible, adaptable and innovative and as a consequence, are more likely to provide the firms and businesses of the future, with the skills that they need. The chapter would be stronger if it started by outlining this, and other related arguments.

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<sup>2</sup> Cabinet Office, 2001, Leitch Review, 2006

- 21 We agree with the action for employers to lead the way in employee training and development and the benefits of this could be emphasised. The reason for employers to be involved in development of provision is so that they can ensure that their staff have appropriate skills. Many employers will not contribute to development for broader social reasons, but may well get involved when they understand that provision can be tailored to deliver the specific skills that they need to improve their productivity.
- 22 The LSC supports the implementation of the London Employer Accord, but believes that our long-term objective should be to provide an integrated skills and employment brokerage service that covers recruitment, skills development and business support. The account managers that the LSC will set up will eventually be part of an integrated offer for employers.
- 23 In support of this, the strategy should set out a 'roadmap' for how we move towards this service and potentially support the delivery of an early pilot to test how such a service might work, for example, in a particular sector.
- 24 It is important that the 'employer offer' is differentiated and is able to meet the needs of businesses of different size, nature and location. In order to make this happen, we believe a firm commitment (including resources) from the key public agencies – LSC, LDA, JCP - is critical.
- 25 It is vital employers engage with their SSCs in their newly refocused role outlined by Leitch so that SSCs' decisions about what qualifications are funded meet London employers' needs. SSCs are important to the London economy and need to be sufficiently resourced to undertake their remit, as part of the skills and employment system, and should not be reliant on other parts of the system, for example, the LSC, to do this. The Board and key London employers should look to influence the re-licensing criteria of SSCs to ensure they have the capacity to operate in London.

**Chapter 5 – Do you agree with the priorities and actions in this chapter for creating an education and skills system for the future? What further priorities and actions would you suggest?**

- 26 The LSC supports the priorities and actions proposed in chapter 5 to ensure that the learning and skills system can respond more effectively to employers and to individuals outside work. The LSC has started this through the Train to Gain programme which engaged 7,000 employers last year and over 21,000 individuals. From 2008/09 we are implementing a demand-led funding system which will ensure that we purchase provision that employers need.
- 27 The strategy rightly identifies the reasons why improving attainment below 19 is so important. We agree that London is different from other parts of the country and that when funding responsibility for the 14 to 19 age group transfers from the LSC to local authorities, there will still be a need for a regional overview in London.
- 28 The LSC supports the priority to ensure that provision is aimed at employability and progression. As the strategy recognises, providers in London have been responsive to previous challenges particularly around

widening participation and improving the quality of provision and many providers are already significantly changing the way they do business to become more responsive. The LSC recognises that providers are at different stages of doing this and we have committed over £4million in 2007-08 to a capacity building programme to support providers to make the necessary changes.

- 29 We are pleased that the strategy has acknowledged the significant work that the LSC has commenced through the Employability Demonstration Pilots and the Skills for Jobs programme to focus provision on development of employability skills and progression. We will set out how we will continue to do this through the Regional Commissioning Plan and ESF specifications. The success of this is contingent on the continued involvement of the LDA and JCP through the multi-agency working group.
- 30 It is positive that the strategy includes a section on the specialisation agenda and the LSC is committed to using the New Standard for Employer Responsiveness and Vocational Excellence to enable employers to identify responsive, high quality providers. We are committed to expanding the number of specialist networks to other sectors in the future, based on those providers who achieve the New Standard and on National Skills Academies. This will enable the LSC to focus funding to develop the offer to employers.
- 31 We agree with the action for employers to become more involved in the delivery of higher-level skills through continued involvement in the development of Foundation Degrees and expansion of Lifelong Learning Networks. HEFCE is the agency with main responsibility and the LSC have been working closely with them. In the future we would welcome the opportunity to work with HEFCE to increase the number of people able to progress to higher education through the Lifelong Learning Networks and to focus on progression from Apprenticeships to Foundation Degrees.
- 32 The LSC is keen to further support involvement of employers and other organisations, for example Unions, in the governance of further education providers. As the strategy highlights, this is already taking place through National Skills Academies and we welcome the opportunity to explore different models for this including the roles that the Board and employer organisations such as London First could play in this.
- 33 We welcome the opportunity to work with key partners to open up the learning and skills market. We have committed funding in 2007-08 to start to look at ways of carrying this out. In the future the LSC plans to use the New Standard as a means of identifying responsive high quality provision and including this as criteria for open and competitive tendering to ensure the quality of provision.

**Chapter 6 – Do you agree with the priorities and actions in this chapter for integrating employment and skills delivery systems? What further priorities and actions would you suggest?**

- 34 The agenda set out by the Board will only be achieved if the key regional partners – LSC, LDA, JCP, HEFCE, local authorities etc – are working in partnership. Therefore, we believe the strategy could do even more to tie in

key regional stakeholders to a genuine cross-agency skills and employment system by being more specific about the responsibilities of each public agency. We have started to indicate in this document where the LSC can respond to the priorities, working within the LSC's national framework, and where other public agencies need to play a part. This could be the starting point for the joint plan.

- 35 The LSC's London Regional Commissioning Plan is due to be published in draft in December and through our close involvement in development of the LSEB strategy we will clearly set out where the RCP fully takes into account the priorities of the strategy. We look forward to seeing the equivalent plans from our public sector partners.
- 36 A joint investment plan in London will ensure that other agencies are able to contribute their funding to activities that fall outside of the LSC's remit and/or do not contribute towards PSA targets. If responsibilities are outlined more clearly then the public funding envelope as a whole can be spent more effectively and more can be achieved.
- 37 The strategy rightly identifies that local authorities are critical to this process and we will develop further the models of working in LAAs and City Strategy Pilots. These models of working include the key partners that have been identified as needing to work together to implement the strategy. We suggest that Government Office London integrates the objectives of the LSEB strategy into the LAA framework and that all partners work together to implement this at a borough level.
- 38 We agree with the proposal for the LDA to set up a London Skills Observatory. If public agencies are to work together more effectively then one definitive data source will be essential. However, the merit of setting up a completely new organisation should be considered carefully and a model that builds on the existing good practice of GLA Economics would be preferable. One solution would be for the LDA to fund GLA Economics to do this on behalf of the partners.

**Chapter 7 – Do you support the priorities and actions in this chapter for making the public sector system work for London? What further priorities and actions would you suggest?**

- 39 We agree with the priority and action in the strategy to ensure that the public sector system works for London and are keen that the Government funding settlement does enable the LSC to implement the actions in the strategy.
- 40 The LSC has worked with Government in response to feedback about the Train to Gain programme with the result that increased flexibilities into the programme have been agreed from September 2008.
- 41 Increase the volume and achievement of Apprenticeships to better meet the needs of employers. This will include increasing the range and volume of Apprenticeships available in the public sector.