

World Class Skills for the Global City

The London Skills Commission Regional Skills Prospectus for 2005/06

Professionalism

Personal Development

Training

Driving Change

Delivering Success

Learning

Increasing Employment

Sustainable Communities

Growth

Training

Key Skills

Shaping Tomorrow

Higher Level Skills

Advice and Guidance

Business Growth

Craft Skills

Promoting Diversity

Foreword

Ken Livingstone Mayor of London

The London Skills Commission
Regional Skills Prospectus
for 2005/6

World Class Skills for the Global City

03

In my Economic Development Strategy¹ launched at the beginning of the year, I set out my vision for London as an exemplary, sustainable World City based on strong long-term economic growth and social inclusion. The strategy analyses the challenges facing London and sets out agreed targets for concerted action from the public, private and voluntary sectors in London that will make a direct impact on the lives of individual Londoners and businesses.

No other UK region can play the unique role London does. London is the gateway to the rest of the UK for foreign direct investment, tourism, trade and contributes to over a fifth of the UK's GDP. It is a world city, renowned for its business and financial services, creative industries and visitor attractions. The size of its economy – at £116.44 billion – is larger than Finland, Portugal and the Republic of Ireland.

London's population is its most important economic asset. Its international standing as a prosperous and vibrant city is enhanced by our determination to improve the quality of life for all who live and work here. The diversity of London's residents has provided real, tangible economic benefits to the Capital's success. One in four Londoners are now from ethnic minority groups, with over 300 languages spoken, contributing to London's unique global city status. London is the focus for migration to the UK and, as a result, its economy and cultural life benefit enormously.

Over 7.2 million people live here making it the biggest city in Western Europe. More Londoners are benefiting from the city's increasing success. There are nearly 4 million Londoners in work today, 700,000 more than in 1999. At the same time, success comes at a cost. London is an expensive place to live or do business and not everyone has benefited. Long-term unemployment, deep-seated deprivation and inequalities affect unacceptable numbers of Londoners.

There are problems of poverty and deprivation in London that are among the worst in Europe. Many of London's residents still find it difficult to gain employment, yet London's businesses have skills needs that remain unmet and employment opportunities that remain unfilled. These are made worse by barriers to work faced by many groups. Policies to tackle these problems – and to ensure everyone can play a part in and benefit from London's increasingly dynamic economy – are vital.

Put simply, the London of the future cannot hope to compete globally or regionally by trying to keep costs down and maintaining high levels of exclusion. Instead competitiveness will have to be maintained by improved levels of productivity and knowledge, as well as year on year improvements in addressing exclusion and poverty.

¹ 'Sustaining Success – Developing London's Economy' (2004)

Contents

The private sector has a crucial role in London. To capitalise on economic growth, employers have to face the twin challenges of upskilling their existing workforce, as well as looking to recruit suitably qualified staff in an increasingly competitive market place.

46% of all jobs in the capital by 2010 are likely to demand higher-level skills² – up from 38% currently. This has major implications for the provision of all learning that enables people to progress. Furthermore, forecasts point to a shortage of skilled young people to fill the expected growth in employment. It is therefore imperative that adults who are already in work have opportunities to improve their skills in addition to giving young people the education, including apprenticeship and training opportunities, to satisfy employer demand.

The public services, crucial to sustaining a good quality of life, must play their part and we must recognise the challenges that they face as London grows and inequality rises. We need to ensure a supply of skilled Londoners to maintain high standards in public service delivery that will benefit every community in London.

To maintain London's success, we need to take action now to reduce skills shortages that could undermine growth and damage London's international competitiveness in the future, never more important as preparations for the Olympic and Paralympics games in 2012 gather pace. This shared skills and employment strategy will help kick-start growth in the parts of the capital that have not shared so far in its successes, and this is essential both for economic prosperity and greater social inclusion. By pooling our skills and resources, across both the public and private sector, we will ensure London keeps its competitive edge.

Skills and employment are one of my top priorities for the next four years and establishing a regional skills partnership is a key plank of my manifesto and my economic development strategy. This is why I am endorsing the work to date of the London Development Agency, the Learning and Skills Council, employers and other key partners who make up the London Skills Commission to become the Regional Skills Partnership for London. The Commission has already made an important contribution in creating a regional skills vision through the Framework for Regional Employment and Skills Action (FRESA). This prospectus updates the FRESA vision and priorities.

For the Partnership to succeed there needs to be a greater dialogue with London's employers and with Londoners to appreciate the value of skills and I urge businesses to respond positively by considering how they might become involved in initiatives outlined in this document.

I look forward to working closely with the London Skills Commission to ensure that learning and skills increasingly contribute to our global competitiveness in a way that all Londoners can share in the benefits of wealth created by a dynamic economy.



Ken Livingstone
Mayor of London

Foreword	3
Introduction	6
World Class Skills for the Global City	7
1 The challenge	7
2 The London Skills Commission's vision	7
3 The Commission's aims and priorities	8
4 Identifying our key actions	9
5 Measuring success	9
6 The structure of the Regional Skills Partnership for London	9
7 Investing effectively in skills, employment and business support	10
8 The task ahead	10

² Defined as Level 4 (equivalent to an HND or first degree) and above

Introduction

The Government's original National Skills Strategy³ and subsequent White Paper⁴ emphasise the need for strong, responsive partnerships to be created to address the twin aims of increasing productivity and social inclusion. Government identified that regional partnerships should be built around those who demand and those who deliver services related to learning, skills, business and employment support.

The Strategy recognised a strong regional dimension to the UK's skills problem. The variations in regions' skills composition explain, to a significant extent, the range of regional productivity. Skills provision therefore must be as relevant as possible to current and future regional needs.

London partners had already jointly recognised the unique regional dimension to the productivity and inclusion agenda. In October 2003 the London Framework for Regional Employment and Skills Action (FRESA) was published. The FRESA started the process of regionally addressing the skills needs of employers and individual learners.

The recent, London Economic Development Strategy (EDS), 'Sustaining Success', supplemented this initial work by placing it within the wider context of the priorities and challenges that London faces. The strategy has four major investment themes and identifies priorities for Investment in People and Enterprise. Barriers to employment must be tackled, disparities in labour market outcomes between groups reduced, the impacts of concentrations of disadvantage addressed and the skills of the workforce improved.

The London Learning and Skills Councils' (LSC) Regional Statement of Priorities illustrates their contribution to achieving London's economic growth and social inclusion objectives.

This prospectus draws together how national and the regional strategies will be delivered by the key London partners through a regional skills partnership, the London Skills Commission.

Led by the London Development Agency (LDA) and the London Learning and Skills Council (LSC), the London Skills Commission⁵ is committed to working in partnership to ensure that learning, skills, business and employment support are more closely-linked to the fulfil the needs of the London economy and it's employers.

The Commission will bring clarity to the way public funding is allocated to skills in London, whilst working with business and individuals to invest in their workforce development and learning needs. The Commission's major task will be to meet the challenges of turning a supply-led system into a demand-led system. The London Skills Commission is committed to

- increasing engagement between the private and public sector
- aligning all funding and resources across the region, both domestic and European
- determining longer term funding priorities
- prioritising pan-London collaboration
- addressing social exclusion and promoting diversity as a business benefit
- increasing regional productivity through skills and business development
- establishing joint forecasting, labour market information and research.

The London Skills Commission is publishing this Prospectus to summarise our approach and a separate **action plan** detailing our planned delivery activities against our priorities.

³ 21st Century Skills July 2003
⁴ Skills: Getting on in business, getting on at work March 2005
⁵ Full membership listed on the inside cover

World Class Skills for the Global City

1 The challenge

London is a leading global city and the driver of the UK economy. The average productivity per person is around 20% higher than in the rest of the UK⁶. London needs an inclusive, flexible and dynamic labour market to sustain and boost its economy in a globally competitive market.

London's challenge is two-fold. We must build upon our foundations. World-renowned institutions of academic excellence coupled with, the highest skilled workforce in Europe, provide a knowledge base and business creativity, which reflects our unique cultural and linguistic diversity. This is the key to strengthening the high value added sectors that underpin our prosperity.

But we must also tackle significant labour market barriers, namely the cost of childcare, a lack of Basic Skills, language barriers, labour market discrimination and an imbalance between the existing skills supply and current labour market demands.

These factors contribute to the low levels of economic inclusion, skill shortages, disparities in employment rates and geographic concentrations of disadvantage that London endures. More than half of London's boroughs rank in the top 50 most deprived Local Authorities in England on at least one of the summary measures of the Index of Multiple Deprivation 2004⁷.

2 The London Skills Commission's vision

To meet the challenges the Commission identified the following vision which places a healthy labour market at the heart of increasing regional productivity and the Mayor's vision:

"A labour force that strengthens London's position as a sustainable world city"

⁶ Sustaining Success – Developing London's Economy
⁷ The Indices of Multiple Deprivation 2004 from ODPM

3 The Commission's aims and priorities

The Commission is committed to four ambitions which underpin our approach and consolidate the objectives of the FRESA.

- To enable London's businesses to recruit from a highly skilled labour market and access the training they really need to maintain growth – training that specifically meets the demands of London's employers.
- To enable all Londoners to realise their potential – providing enhanced support for those currently not in work or learning; and inclusive opportunities to help Londoners find and progress in employment.
- To ensure the delivery of high quality skills and employment provision – a learning infrastructure that is responsive; and skills & employment research and intelligence to inform these aspirations.
- In particular to ensure that our capital's diverse communities are able to contribute to our global competitiveness and benefit equally from the capital's success.

Specific priorities have been identified by the London Skills Commission to deliver our twin aims.

Increasing inclusion through investing in London's future workforce

- A) Maximising opportunities for inclusion
- B) Increasing opportunities for London's businesses and communities close to the major capital projects (Olympics, Thames Gateway, Kings Cross, Wembley, South Central)
- C) A 14 – 19 curriculum offer meeting the current and future needs of all London's young people
- D) Employer driven training for adults in work and entering work

Increasing productivity through investing in London's current workforce

- E) Improved public service delivery and productivity
- F) Key employment sectors having a world-beating skilled workforce
- G) Increasing Management and Leadership skills
- H) Promoting the value of diversity to London's employers

4 Identifying our key actions

For the Commission to deliver all our ambitions we have identified a limited number of activities that we will focus on in 2005/06. These actions have been developed from the work we have developed in concert with the wider Skills Commission membership in implementing the FRESA flagship programmes, the analysis provided in the Mayor's Economic Development Strategy and the London LSCs Regional Statement of Priorities.

Further analysis and detail on this process is contained in the Action Plan, in relation to the rationale around defining market failure, London's competitive advantage and the cost benefit scenario.

5 Measuring success

The Action Plan will contain specific targets and impact measures against our immediate priorities. At a strategic level we will look to measure our collective impact over the economic cycle against the following targets

- To increase the overall employment rate for London.
- An increase the employment rates of key target groups⁸ in London by more than the overall increase in the employment rate in London.
- To increase the employment rate in London's most disadvantaged areas by more than the rest of London.
- To reduce the percentage of businesses reporting a lack of appropriately skilled employees as a significant problem.

6 The structure of the Regional Skills Partnership for London

The political and organisational structures in London are complex. Since 2002, much of the focus for skills work been on creating cohesive and complementary approaches through the establishment of the London Skills Commission. The Commission has sought to meet the skills needs of employers and individual learners by embedding policy developments and public funding changes within the FRESA.

London partners are committed to keeping the London Skills Commission as the strategic heart of our regional partnership approach. We intend to simplify implementation arrangements as we move further towards joint programmes of investment. The London Skills Commission will oversee the direction of our joint activity, supported by an executive implementation group to co-ordinate action. Alignment of public funding to deliver the action plan will achieve the dual key approach with the LDA, LSC, Jobcentre Plus, Skills for Business Network and HEFCE forming a 'funders group' to allocate investment against joint priorities.

⁸ Sustaining Success cites example groups as specific black and minority ethnic groups, disabled people, women with children, older people and other minority groups

7 Investing effectively in skills, employment and business support

The member organisations of the London Skills Commission are committed to a regional partnership that sees learning more closely linked to London's employment needs. We anticipate joint skills forecasting with the private sector, building our knowledge of future labour needs which is shared and used by all.

8 The task ahead

The case for the active involvement of regional agencies and partner organisations in coordinated investment strategies is clear. This is where the London Skills Commission can and will make a difference

This Prospectus calls on London's employers in public, private and voluntary sectors to take advantage of the initiatives and support available under the London Skills Commission. For example, a review of recruitment and training practices can improve productivity. The Commission is confident that its new approach to skills provision will benefit employers and open up more effective ways of working.

The alignment of our ambitions and priorities against the considerable work of joint FRESA flagship programmes and mainstream provision is crucial. We build upon our successes and continually adapt to the changing demands of individuals and employers in London.

Results are being delivered, but much more needs to be done. Removing barriers to work such as lack of affordable and sustainable childcare, will be one way that we can make a real difference. Working regionally to deliver new sector specific training programmes will be another key milestone.

The management of delivery and monitoring of progress against the Action Plan will clearly demonstrate how we are making a positive impact on London's economy and its communities.

The results will provide important guidance to inform future investment and allocation of public budgets. This will be reviewed on an annual basis.



Confederation of British Industry
Business Link for London
Association of London Government
Government Office for London
London Higher
London Voluntary Service Council
London Sector Skills Forum
Greater London Authority
Jobcentre Plus
London First



Learning+Skills Council

Southern and Eastern Region Trades Union Congress
London Voluntary Sector Training Consortium
London Chamber of Commerce
Commission for Racial Equality
Association of Colleges London Region
Department of Health London Region
Higher Education Funding Council for England