



## DIUS/DCSF White Paper "Raising Expectations: enabling the system to deliver"

### London First response

June 6 2008

#### 1 London First

London First is a business-led membership organisation, with the mission to make London the best city in the world in which to do business. Our 250+ members, which include the capital's major universities and further education colleges as well as businesses, represent about a quarter of London's GDP.

#### 2 The London Context

London is a city of great contrasts. It is a world-class business centre, attracting the most skilled people available nationally and internationally, whilst at the same time suffering from the highest levels of worklessness of any region or country in the UK. It is one of the foremost international hubs of education, attracting more international students than any other city in the world, yet there are 600,000 adults without any qualifications and 10.9% of young people are not in education, employment or training.

We therefore believe that the prime aims of both the 14-19 and adults skills systems in London must be to reduce the unacceptable levels of worklessness in the capital by enabling learners to gain access to employment or further and higher education that readies them for employment at the highest possible level.

The 2007 Further Education and Training Bill gave the Mayor of London powers to set an employer-led strategy for adult skills in London through the London Skills and Employment Board (LSEB). The Board is about to release its first strategy document setting out its plan to make the adult skills system in London more responsive to employer needs, with implementation due to take place from the start of the next academic year 2009. The Board's principal strategic aim is to raise employment levels from 70.5% to 72% by 2013.

#### 3 Key Issues and Recommendations

London First welcomes this opportunity to respond to DIUS and DCSF's plans to restructure the national skills and education systems as set out in the "Raising Expectations" White Paper. We particularly welcome the White Paper's stated intention to develop the system so that it becomes more responsive to employers' skills needs in the future. However we have significant concerns over the potential negative impact in London of some of the changes that are proposed. We believe that the future development of the system in the capital should be integrated with the work that has already been carried out by the LSEB, and that this requirement has not been fully recognised in the White Paper as it stands.

In summary the main London-specific issues as we see them, together with our proposed actions, are as follows:

### **3.1 Creating a truly pan-London approach to 14-19 skills, responsive to employment needs.**

- The complex travel to learn patterns, in particular for General FE and Sixth Form Colleges, mean that it is inappropriate and impractical to split London into formal sub-regional groupings.
- Instead we propose that London's 33 local authorities should be strategically grouped into a 14-19 London Region Planning Group, chaired by a leading figure from the local authorities, and vice-chaired by an employer from the London Skills and Employment Board.

### **3.2 Creating an employment led skills system in London that provides an integrated offer from 14+.**

We are concerned about the artificial "break point" at the age of 19 in the system, as currently described in the White Paper. In practice, both individuals' and employers' skills needs evolve organically (and at different rates) from the age of 14 to adulthood, and the system needs to be sufficiently integrated and flexible to meet the demands of this marketplace, irrespective of the age of the learner.

- The government's 14-19 and adult skills strategies should have a number of common goals, in particular to ensure that learners are ready for employment, have access to further and/or higher education, and have access to employment-led skill upgrade programmes in the workplace. We believe that DIUS and DCSF must ensure complementary targets for the 14-19 and adult skills systems so that they appear seamless both to individuals and employers.
- To create an integrated employer-led 14+ skills strategy in London, we believe that the London Skills and Employment Board should have overall responsibility for steering the 14-19 as well as the adult skills agendas in London. It should therefore be given statutory powers with respect to the London Skills Funding Agency and the 14-19 London Region Planning Group comparable to its statutory strategic guidance role for the London LSC's adult skills budget today.
- The London Skills Observatory, as proposed in the LSEB Strategy, should take responsibility for data gathering, data sharing and performance monitoring of both 14-19 and adult skills provision in London.

### **3.3 Ensuring that the Skills Funding Agency creates employment led skills provision in London**

- Train to Gain, the National Apprenticeship Service and Skills Accounts are not fully established and we do not believe that they will fully deliver the skills needs of the London economy by 2010.
- We therefore believe that the London Skills Funding Agency must maintain some planning powers after this date, under the direction of the LSEB, to ensure that the system is responsive to the needs of London's unique economy and workplace.

### **3.4 Creating a single employer interface at national and regional level**

Employers are already confused by the multiplicity of public sector bodies that are active in the skills and employment arena. We believe that the complexity of the arrangements outlined in the White Paper will increase this confusion, and hence reduce the effectiveness of the system as a whole. We therefore propose that

- There is a single employer interface agency at national level that incorporates all the skills-related services offered by government to major employers, including the National Employer Service, the National Apprenticeship Service and any future similar offerings.

- The LSEB is recognised as the prime vehicle within London responsible for the strategic integration of all region-wide skills and employment services, and for “hiding the wiring” from employers.

The remainder of this response to the White Paper provides some more details on two of these issues, and on our proposed governance model for an overall skills and employment system in London, based on the LSEB.

## **4 Key Issues**

### **4.1 Creating a truly pan-London approach to 14-19 skills, responsive to employment needs.**

The 14-19 and adult skills responsibilities are currently split at government department level between DIUS and DCSF. The White Paper proposes two bodies to oversee these agendas in London - the Skills Funding Agency and a regional grouping of local authorities to oversee 14-19 funding.

Under this arrangement general FE colleges, of which there are 36 in London, would face both their local authority or a regional local authority grouping, and a London Region Skills Funding Agency for different aspects of their work. This will increase administrative costs and institutional risks for the colleges as they come to terms with two separate strategies and funding methodologies (particularly problematic for their split capital expenditure budgets).

The complex travel to study patterns in London, particularly of 16-19 year olds attending general FE or sixth form colleges means that providers attract learners from across a range of surrounding local authorities and sub-regions. Learners are often attracted to travel considerable distances by the specialist provision from centres of vocational excellence and skills academies, for example. In this environment, we do not believe that it would be possible for a single lead local authority, or a sub-regional grouping of local authorities, to meet the London wide regional demands posed by 14-19 skills provision.

The White Paper suggests that should a regional 14-19 group be formed, the Regional Development Agency would have a co-chairing role. We do not believe that this is appropriate in London, where the LDA has historically played no part in 14-19 provision. Instead, we propose that the local authorities' 14-19 Regional Planning Group should be integrated with the Mayor's London Skills and Employment Board, and also incorporate substantial employer input, as described elsewhere in this paper.

### **4.2 Ensuring that the Skills Funding Agency creates employment led provision in London**

'Enabling the system to work' suggests that the Skills Funding Agency would replace the Learning and Skills Council in overseeing adult skills, but would be a funding rather than planning body. This relies on the concept of funding following the learner through Train to Gain, the National Apprenticeship Service and Skill Accounts. We do not believe that these three programmes will be sufficient on their own to ensure that skills requirements of the London market are met, certainly not by 2010.

Train to Gain is still not sufficiently flexible to meet the full range of employer needs. We understand and welcome the plans to develop the service outlined in the White Paper, but believe that it is still too far from the professional development market (particularly for large employers in both private and public sectors) to be able to address the overall employer demand for skills in London.

The National Apprentice Scheme will similarly take time to embed in the capital, as the number of apprenticeships currently available in London is well below national average. London has 14% of the national population, but only 5% of the apprenticeships.

The individual Skills Accounts are yet to exist, and details of their implementation are still unclear. Furthermore, there are unresolved tensions between the Skills Accounts approach, relying on individuals' choices, and the declared intention in the White Paper to ensure that the system is employment led, focussing on the needs of the economy and employers.

There is little doubt that the data from Train to Gain, the National Apprenticeship Service and Skills Accounts would be valuable in enabling the SFA in London to set a strategy, but this data should not be regarded as complete and would be supplemented by further London-focused research and monitoring.

We therefore believe that the SFA in London would need to retain some planning powers, particularly in the early years, in order to set a strategy for London providers to;

- 1) Enable adults to access employment;
- 2) Develop a successful apprenticeship system, and;
- 3) Meet employers professional development needs.

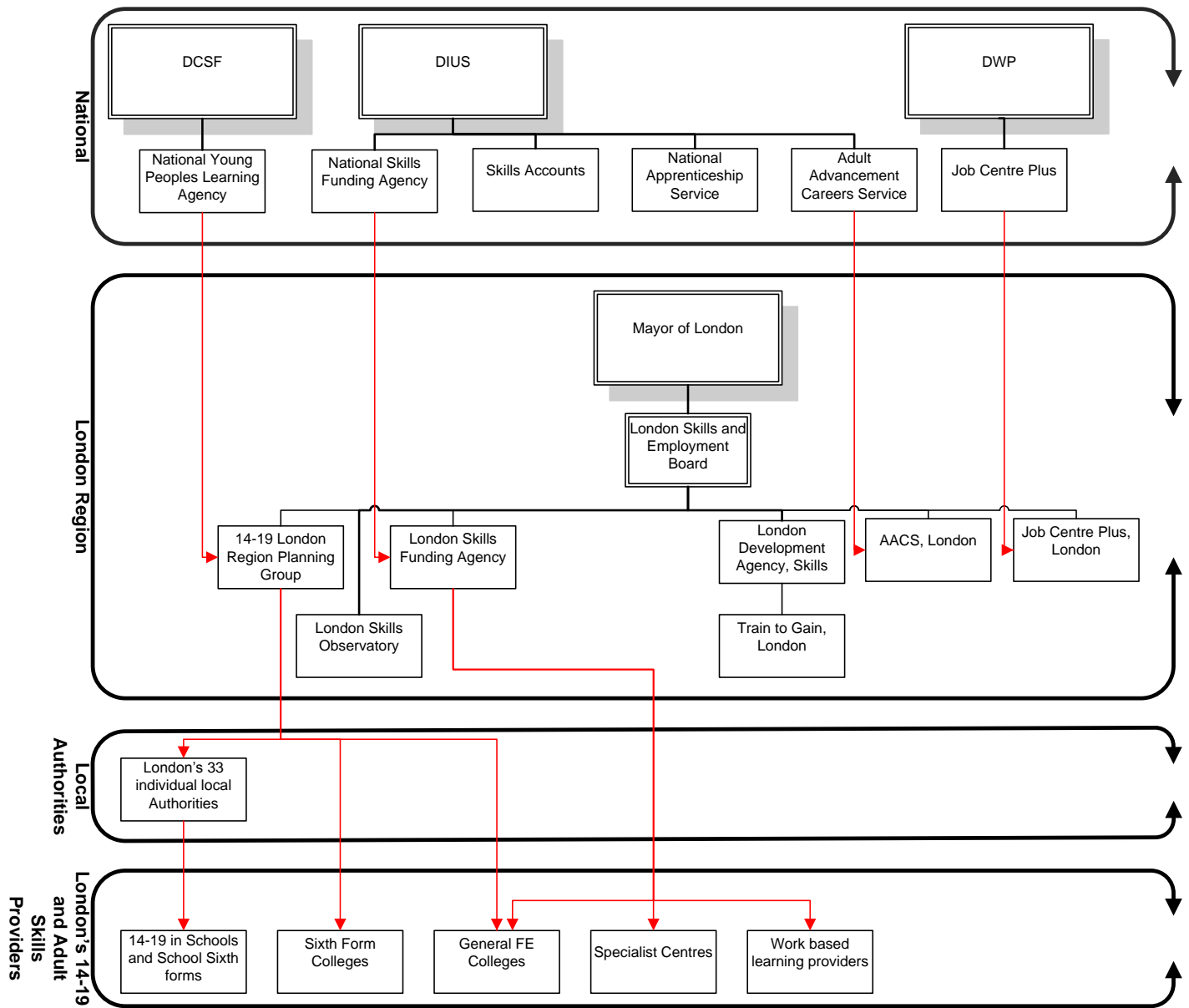
## **5 A solution for London**

We strongly support the Mayor's LSEB as the prime vehicle for driving an integrated skills and employment strategy that meets both individuals' and employers' needs in the capital's highly competitive economy.

Our proposed outline infrastructure for London based on the LSEB is summarised in the attached diagram. For completeness, this includes our recommendations to include the employment and skills related work of the DWP in London, although we recognise that this is outside the scope of this White Paper.

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# Attachment: A Skills and Employment Infrastructure for London



- Key**
- Represents organisational relationships
  - ➔ Represents funding flow