



Interim Skills and Employment findings for the Growth Boroughs 2015-18 Convergence Strategy

Shared Intelligence

January 2015

convergence

Within 20 years the communities who host the 2012 Games will have the same social and economic chances as their neighbours across London



**London's
Growth Boroughs**

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1. Summary and recommendations

The Growth Boroughs: UK economic asset

- 1.1 Today, some 1.6 million people live in the six Growth Boroughs (London Boroughs of Barking and Dagenham, Hackney, Newham, Tower Hamlets, Waltham Forest and the Royal Borough of Greenwich). Over 1 million are of working age (16-64) and by 2022 this will have increased by 160,000. The working age population is growing faster than elsewhere in London and the increase is far larger than the increase in any other UK city. The Growth Boroughs' workforce is one of the UK's most valuable economic assets – now and in the future.

Convergence: The skills and employment challenge

- 1.2 The Leaders and Mayors of London's Growth Boroughs have been working together to ensure that the communities who hosted the 2012 Olympic Games have the same social and economic chances as their neighbours across London. This work is guided by the '*Convergence Framework and Action Plan: 2011-2015*'. Actions are being delivered along three themes: creating wealth and reducing poverty; supporting healthier lifestyles; and developing successful neighbourhoods. The Growth Boroughs will be preparing a new Framework and Action Plan in 2015.
- 1.3 Equipping residents with the skills they need to access jobs in the Growth Boroughs, and in London as a whole, is the key to achieving Convergence. This must be underpinned by a steady programme of improvements in our transport networks.
- 1.4 We must not underestimate the scale of the skills and employment challenge faced. Overall, the employment rate in the Growth Boroughs is well below the London average. There are significant differences across the boroughs, and for different ethnic groups, with some far more disadvantaged than others. Unemployment is high, particularly amongst 16-24 year olds. Growth Borough residents have lower qualifications than in London as a whole; only around 40% of those without qualifications are in employment. In-work poverty is increasing; low pay is a particular challenge.
- 1.5 At the same time, the Growth Boroughs: offer the most diverse workforce in the UK; provide a home for one of the strongest global financial centres at Canary Wharf; and include a cluster of the UK's most ambitious regeneration projects including the Royal Docks, Olympicopolis, Blackhorse Lane, Greenwich Peninsula and Barking Riverside. Moreover each of the Boroughs has their own approach to skills and employment. This diversity is a measure both of the local differences within the labour market and its complexity.

Opportunity – The scale of growth and replacement demand

- 1.6 The jobs now in the Growth Boroughs, and the scale of growth envisaged over the coming decades, provide exceptional opportunities for residents. We estimate that at the end of 2014 there were 620,000 jobs in the Growth Boroughs (we know that in 2012 there were 607,000 jobs). With Canary Wharf, the development of the Queen Elizabeth Olympic Park (QEOP), the Greenwich Peninsula, the Royal Docks, Blackhorse Lane – and investments throughout all six Boroughs - there will be well over 125,000 more jobs by 2022. London as a

whole is home to over 4.6 million jobs and this is likely to increase by 407,000 jobs over the same period. The Growth Boroughs provide the space to locate much of this growth. The Olympics catalysed a shift in London's centre of gravity eastwards, and job increases in the Growth Boroughs alone are likely to exceed the job increases in any other UK city to 2022.

- 1.7 The highest growth in the Growth Boroughs will be in administrative and support services (up to 29,600 jobs), professional, scientific and technical activities (up to 27,000 jobs), wholesale and retail (up to 11,100 jobs), health and social care (up to 9,800 jobs) and information and communications (up to 7,900 jobs). Future demand will be for higher skills and all net growth will be for jobs requiring qualifications at Qualification and Credit Framework (QCF) Level 4 and above as a minimum.
- 1.8 Nevertheless, the number of job openings arising from replacement demand, due to retirement, people leaving the workforce or general churn, will by far outnumber the new jobs created in the future. It is estimated that there will be three times as many job openings to meet replacement needs in London by 2022 than from new jobs created. These jobs will be across the whole skills spectrum, ensuring that lower skilled jobs remain a feature of the London labour market, albeit against a backdrop of increasing demand for higher level skills. Some will be in sectors in which overall employment is expected to decline.

Opportunity – Working together to access funding

- 1.9 The London Enterprise Panel has secured substantial funding from both the Government's Local Growth Fund and European Social Fund and European Regional Development Fund to fund a range of projects in the coming years:
- £236 million from the Local Growth Fund, made up of £151.5 million in 2015 – 16 and a provisional allocation of £84.6 million for projects in 2016 and beyond (including the London Digital Skills Programme and the Further Education Capital Investment Fund); and
 - €785.6 million from the European Social Fund and European Regional Development Fund (€748.6 million to deliver the London Enterprise Panel's 2014 – 2020 European Structural and Investment Funds strategy, plus €37 million for Youth Employment Initiatives).
- 1.10 Both these funding programmes emphasise the importance of collaboration, and of boroughs working together. This is an extremely helpful development for the Growth Boroughs. Although each Borough has their unique labour market challenges, working in collaboration makes sense in developing and implementing a skills strategy. It recognises that individual Boroughs do not represent self-contained economic areas, but are part of a wider economy. It allows for joined up approaches in engaging employers and sector skills councils, aligning provision, identifying areas for specialisation and the sharing of learning. It also allows the Growth Boroughs to capitalise upon the relationships and track record of collaboration built up over the past few years. All of which will be important in ensuring that the Growth Boroughs are able to access and effectively use their fair share of available funding.

A collaborative and strategic approach to skills and employment

- 1.11 There are already many excellent skills and employment initiatives underway in each of the Growth Boroughs. These draw on the Boroughs' in-depth knowledge of their labour markets and businesses, and established relationships with colleges, other training organisations and Jobcentre Plus. This is a strong foundation for the Growth Boroughs to share best practice and to develop new projects together to accelerate Convergence.
- 1.12 This report, which sets out a collaborative and strategic approach to skills and employment which supports Convergence, is intended as an input to the new Convergence strategy and action plan. It draws on extensive discussions with officials in the Growth Borough councils, the Greater London Authority, the London Legacy Development Corporation, further education colleges and universities, Jobcentre Plus, business organisations, sector skills councils, the NHS, and some key employers.
- 1.13 This report recognises that there are no 'silver bullets' to address the skills and employment challenges faced by the Growth Boroughs.
- 1.14 Rather, this report identifies strategically important opportunities for enhancing collaborative action by the Growth Boroughs. Skills requirements across the economy are developing rapidly, in ways which are impossible to keep up with at a purely local level. The development of new programmes to respond to changing employer needs is resource intensive, requires significant employer input, and analysis of trends at local, regional and supra-national scales. These kinds of factors mean there are significant advantages if this work is done at a sub-regional scale.

A focus on five key sectors

- 1.15 We know the labour market is changing. Not only are skills requirements across all sectors increasing, making access to jobs increasingly competitive, but within each sector the business base, business models and services provided through public and private sectors are changing at an enormous pace. Within many sectors the skills requirements are new and diverse. The only way for colleges and universities to respond to these changing needs is for them to develop collaborative networks with employers, supported by the Boroughs and their partners in the GLA and other agencies.
- 1.16 Based on the importance to the Growth Boroughs' economy now, the prospects for growth, and the scope for impact through collaborative intervention, this report identifies the following five sectors as priorities. The combination of actions taken to support skills development within these sectors will help businesses across the economy of the Growth Boroughs:
- **Health and social care**
 - **Creative and digital industries**
 - **Construction**
 - **Retail and hospitality**
 - **Finance and business services**

1.17 Moreover, in light of the labour market challenges faced, this report recommends focused action on three further cross-cutting challenges – again at a scale not matched elsewhere:

- **Inspiring young people**
- **Workforce development**
- **Collaborative employment support**

1.18 Finally, to reflect the leadership role of the local authorities, the growth of apprenticeships can be driven through their increased use as a tool for workforce planning within local government, as well as through local government supply chains. The commitment to doing this sends a strong signal to public and private sectors of the seriousness with which the Leaders and Mayors take their role in relation to skills and employment, and the importance of these to Convergence.

Recommendations

1.19 To achieve Convergence in skills and employment, the Growth Boroughs' strategy should identify a series of programmes that respond to the specific ways in which industries in the priority sectors are changing, and their consequent need for new and higher level skills. These are set out for each of the sectors below. The sector-based programmes are supported by a number of thematic priorities and cross-cutting interventions. Together these provide a comprehensive approach to skills development and employer brokerage in the Growth Boroughs.

Health and social care

1.20 The health and social care sector is in transition, as financial and social pressures drive a move towards integration. Improving patient care, responding to the needs of diverse communities and integrating health and care can only be achieved through upskilling the workforce. However, the courses and qualifications are not yet in place to train staff and apprenticeship routes are still in development. Both need to respond to advances in health and care practice as research into effective treatments and processes come on stream.

1.21 There are 76,400 jobs (11.1%) in health and social care in the Growth Boroughs and this will continue to be one of the fastest growing sectors, with an increase of some 10,000 jobs envisaged up to 2022. Some occupations in this sector, however, do not currently pay well and many people do not see the prospects for career advancement; this poor image limits recruitment.

1.22 To meet demand, implement health and care integration, respond to the challenges of increased personalisation and deliver improved care standards, this report recommends the Growth Boroughs:

- support the required dramatic increase in training provision, and its alignment to developing health and care needs, through development of an 'Excellence Network' for health and social care providers and employers as one of a set of National Skills Academy for Health pilots, ensuring it links to the Barking Care City proposals;

- meet the new Health Education England targets for apprenticeships in the health sector locally, especially in established career pathways in the NHS, and link these to progression to professional training and roles;
- develop new types of apprenticeships integrating health and social care functions;
- maximise the opportunity for adults from under represented communities to work in the sector by working with employers to improve recruitment and selection and preparatory training; and
- bring care commissioners and employers into the network with Healthcare Trusts to ensure the implications of research into improved treatment are translated into new training for health and care staff.

Creative and digital industries

- 1.23 London is now a global centre in the creative and digital industries – highlighted by the success of ‘Silicon Roundabout’ in Shoreditch and the ‘Here East’ and other developments in the Queen Elizabeth Olympic Park now underway. Moreover, the skills that these industries need are also sought in many other sectors of the London economy.
- 1.24 In the Growth Boroughs themselves there were 34,600 jobs in the creative and digital industries in 2012; this is a particularly fast growing sector. But the industry is new, and firms operate in new ways. It is dependent on young, and highly skilled, recruits who enter employment through connections, by linking into networks, and who may come from across the country seeking highly specific roles. Many Growth Borough residents find it difficult to enter into these networks and obtain the right qualifications, and the industry is impenetrable to large segments of society. Guidance is patchy, and training often lags behind technological advances in the industry itself. Some existing initiatives, such as the Tech City apprenticeship scheme at Hackney College, provide a sound foundation. We know, however, that the Growth Boroughs must mount a much bolder programme.
- 1.25 This report recommends the Growth Boroughs:
- develop a digital/face-to-face networking platform to enable young people from all Growth Boroughs to access opportunities in the digital and creative industries by promoting engagement and communication between businesses, skills providers and schools, building on the Connecting Tech-City platform;
 - encourage colleges across the Growth Boroughs to collaborate to develop and provide specialised courses in digital and creative skills, working closely with employers and sector skills councils (including Creative Skillset and e-skills); and
 - develop expertise on digital careers and facilitate work across schools and colleges to advise young people on sector developments and opportunities.

Construction

- 1.26 There are already severe skills shortages in many construction trades, and the existing skilled workforce is ageing rapidly. A very substantial pipeline of new development projects across East London and the wider Thames Gateway is underway; indeed over 40% of London’s new

housing is being built in East London. In 2012 there were 22,300 jobs in construction with companies based in the Growth Boroughs. When these are added to jobs in the Growth Boroughs with companies based elsewhere, as well as jobs in the 'informal sector' and recent growth, the total number of construction sector jobs is much higher. It is projected that construction will provide some 30,154 jobs at the major developments within the QEOP, at Newham Docks, around Canary Wharf and Growth Borough sites on the River Thames.

- 1.27 The industry is also changing the way it works as technological developments impact on construction methods and design processes, and the sector responds to the environmental sustainability agenda. In addition, it is an industry in which workers face the challenge of continually moving between sites and employers.
- 1.28 In recent years, through the development of the QEOP, Westfield and a very wide range of other projects, the Growth Boroughs have been extremely successful in working with developers and contractors to provide jobs and training opportunities for local residents. This experience provides a sound starting point for the Growth Boroughs to collaborate on the challenges facing the construction labour market in the coming years.
- 1.29 This report recommends the Growth Boroughs:
- use new data at a London and local level on detailed industry skills needs and the timing of development activity to better forecast industry skills needs and agree a Growth Boroughs wide strategic response to new training provision; and
 - extend good practice developed through the LLDC and Borough brokerages to provide training opportunities directly and through Apprenticeship Training Agencies.

Retail and hospitality

- 1.30 In 2012, some 109,600 people worked in retail and hospitality in the Growth Boroughs; one fifth of all jobs. Westfield Stratford, shopping and hospitality at Canary Wharf, Excel, the Royal Docks - and most town centres across the Growth Boroughs – are all planning to expand with some 27,000 more jobs forecast. Retail and hospitality will continue to provide many entry level jobs for Growth Borough residents, and for students and migrants, and those requiring very local and flexible employment. Yet, many of the jobs in the sector are not well paid and career opportunities are perceived as limited. For many employers, staff retention and high staff turnover is both a managerial and financial challenge in this extremely cost-competitive sector.
- 1.31 Moreover, the skills needed by employers generally in the sector are changing - driven by technology, competition and complex supply chains, the changing nature of the retail industry, and the functions of high streets. For companies to succeed in this environment, ever increasing levels of customer care, accuracy and efficiency in response are required.
- 1.32 Building on the successes and learning from the Westfield Stratford experience and elsewhere, including the Hackney Fashion Hub and pre-employment programmes in Tower Hamlets, the Growth Boroughs have a strong foundation for developing and piloting new initiatives to drive employer demand for higher local skills.

1.33 This report recommends the Growth Borough:

- develop Growth Borough-wide relationships with national retailers and hospitality companies, building on individual Borough relationships; and
- work with People 1st (the national sector skills council for these industries) to develop and pilot programmes to provide opportunities for career progression and reduce staff turnover.

Finance and business services

1.34 The finance and business services sectors are driving growth in the UK and in London. In 2012, there were 204,900 people working in finance and business services in the Growth Boroughs; representing one third of all jobs. Most of these work at Canary Wharf where significant expansion is planned, and along with Stratford and other sites across the Growth Boroughs, there could be an increase of up to 70,000 jobs in the Growth Boroughs over the decade to 2022.

1.35 Relatively few Growth Borough residents are employed in the higher paid jobs in this sector. Financial and business services companies in the Growth Boroughs recruit many staff educated and skilled to very high levels, from throughout London, the South East, and the rest of the world. Many of these positions are exceptionally well paid; employers are competing for global talent. This is one of the areas with tremendous opportunity for increasing higher level apprenticeships.

1.36 In recent years, several global companies (including KPMG and PwC) have placed increased emphasis on actively recruiting more local residents, driven increasingly by the business case. Understanding and responding to market opportunities requires an ability to understand different cultures and communities, which a diverse workforce can help provide. To achieve this diversification they are using new methods of recruitment and developing new vocational pathways as a mechanism.

1.37 This report recommends the Growth Boroughs promote and extend these approaches and:

- scale up successful employer-led programmes - increasing the numbers of employers involved through a shared campaign with KPMG and PwC and six other global companies;
- work with employers, including other Canary Wharf, new Westfield office and SME employers, to develop up to 1000 new high quality apprenticeships over three years; and also
- scale up opportunities for people to train in work to NVQ level 3.

Local Government leadership through apprenticeships

1.38 As local authorities, the Growth Boroughs are major employers, directly employing over 20,000 staff. They currently employ around 340 apprentices directly and are offering high quality, fairly paid apprenticeships that are meeting business needs and demonstrating their community leadership. The local authorities can also influence a wide range of suppliers delivering services to the council and encourage them to take on apprentices.

1.39 The Councils are recommended to promote and extend this work by:

- establishing a Growth Boroughs Apprenticeship Academy – a virtual academy – working with Growth Borough skills providers to share good practice in meeting current and future skills shortages by developing more apprenticeships and traineeships;
- extending good practice in creating apprenticeships through Borough supply chains, using procurement policies; and
- increasing the number of apprentices and trainees employed by the Growth Boroughs, directly and indirectly through procurement, to 1000 over four years. (The Growth Boroughs currently directly employ circa 340 apprentices.)

Inspiring young people

1.40 Together the Growth Boroughs know that they have to underpin all of these sector initiatives with a stronger advice and guidance offer to inspire and inform young people. Career choices have become highly complex and, across the entire economy as a whole, skills requirements are shifting and increasing. Competition for jobs is fierce even with the recent recovery, and youth unemployment is still high. Young people are ill informed and unprepared.

1.41 This report recommends the Growth Borough:

- build a cross-borough Careers Education, Information, Advice and Guidance (CEIAG) Network: to share insights and practice; to collaborate on programmes and mount joint events with the sector employer networks; and to develop, or signpost, support for schools developing their approach to careers;
- produce Growth Boroughs labour market information (with the GLA and National Careers Service) and promote its use through the network; and
- work with the University Single Points of Contact to integrate these initiatives with widening participation in higher education.

Workforce development to address in work poverty

1.42 The Growth Boroughs are facing a distinctive, and severe, challenge of in-work poverty. At the same time, companies are experiencing low levels of productivity. These challenges can be addressed by investing in the skills of the existing workforce. This report recommends action on two fronts to tackle this issue.

- support for SMEs to identify needs, source provision and invest in the skills of their workforce, to enhance productivity and take advantage of opportunities for growth; and
- work with the West London Alliance to develop a 'Skills Escalator' pilot targeting employed local authority and private tenants to progress in work.

Collaborative employment support

1.43 Each of the Growth Boroughs provides employment support and brokerage for unemployed residents, together enabling thousands of residents to gain access to new jobs. Boroughs have already collaborated on a number of joint initiatives and are exploring the best way to build on this in the future, including under the forthcoming EU funding programmes.

1.44 In addition, the Boroughs are seeking to improve the employer offer through a higher degree of collaboration, to extend opportunities to a wider range of Growth Borough residents, and meet employer demand more effectively.

1.45 Our recommendations relate to new collaborative activity, this being:

- further collaboration through joint initiatives at scale designed to meet the need of unemployed residents; and
- improvement of the employer offer from the Growth Boroughs through a co-ordinated approach to promotion and engagement in local recruitment, work placement, mentoring and work with young people, schools and colleges.

Implementation – What success means

1.46 Implementing these recommendations will be no mean feat. An action plan will be prepared by the Growth Boroughs Unit that pulls together and builds on the recommendations. Delivery will require the Growth Boroughs to collaborate at a level that surpasses even that achieved through hosting the Olympic Games.

1.47 It is important that work in this area is scaled-up dramatically, and now is the time for that to happen. The LEP is embarking on achieving its growth objectives for London and has identified funding, for example through the New Homes Bonus and the Digital Skills initiative. The LEP, through the GLA, has also worked with London Councils to define the parameters of the next round of EU funding, available from early 2015. There will be additional resources needed for each of the areas above to drive the scale of change required. Some of this funding could be obtained through the programmes just mentioned, or from other funding sources including the National Skills Academy for Health pilot programme. A concerted focus on aligning this funding across the Growth Boroughs seems vital.

1.48 Demonstrating the Growth Boroughs' ability to collaborate with employers across education, health and local government to achieve change through skills and jobs would demonstrate more broadly the ability of the Growth Boroughs to drive significant change in East London through sub-regional local government arrangements. It will position the partnership for increased responsibility as the localisation agenda gathers pace.

1.49 The real prize, of course, is Convergence. As it develops, the new Convergence strategy will identify a focussed set of actions and targets for the next three years. The recommendations in this report will help achieve Convergence in relation to the employment rate, unemployment rate, and resident qualifications. More than that, it will establish the relationships between industry and the public sector that will help drive growth and increase productivity, and it will demonstrate that Growth Borough residents are skilled and equipped in a way unparalleled elsewhere in London.

2. Introduction

- 2.1 The six Growth Boroughs, covering much of East London, provide the greatest potential for growth anywhere in the United Kingdom. The growth in progress across the area, and in particular around Canary Wharf, the development of the Queen Elizabeth Olympic Park (QEOP) and Greenwich Peninsula, the regeneration of the Royal Docks, Blackhorse Lane and the extension and development of London along the Thames Gateway is forecast to provide the location for almost 125,000 additional jobs over the period 2012 to 2022¹.
- 2.2 The Leaders and Mayors of the Growth Boroughs are committed to ensuring that East London residents are given the opportunity to benefit from this growth, through accessing and progressing in employment. A current barrier to this happening is the mismatch between types and levels of skills required by employers as the economy develops, and the skills of Growth Borough residents.
- 2.3 The recommendations set out in this report provide a basis for resolving this mismatch through active collaboration, guided by a strategic approach. To inform the development of this report, the Boroughs brought together employers, sector skills councils, colleges, universities and other partners to identify the main areas of need for skills development, and agree joint priorities for action. The recommended actions have the potential to improve quality of life dramatically for East London residents, by increasing incomes, supporting higher levels of skills and improving services. The recommendations require, and demonstrate, a commitment to collaborative working that will build on the experience of joint working on the 2012 Olympic and Paralympic Games, and in the redevelopment of the Queen Elizabeth Olympic Park.

Background

- 2.4 Shared Intelligence was appointed in July 2014 to work with partners to support the production of a Skills and Employment Strategy that could be used to inform development of the six Growth Boroughs Convergence Strategy 2015 -2018. The brief was to identify collaborative activity and joint projects to support the programmes the Growth Boroughs have already put in place with their partners.
- 2.5 The purpose of this report is to provide a basis for the Growth Boroughs to meet their Convergence ambitions; to respond to the opportunities and responsibilities emerging through the London Growth Deal and ESIF programmes, as well as to the opportunities provided by major developments and investments in the area.

¹ Host Boroughs Economic Model, Oxford Economics

Building on existing programmes

- 2.6 The Growth Boroughs have a long history of implementing innovative employment programmes and working together to maximise their impact. This has included a joint employment brokerage project², and the London Legacy Development Corporation (LLDC) has worked successfully with the Borough brokerages on joint approaches to construction training and employment.

Case study 1: Host Borough Employment and Skills Programme

Since 2014 the Growth Boroughs have been delivering the £13 million Employment and Skills project, the largest of the GLA's Legacy Programme. The project has worked with residents who have been out of work for at least 12 months (6 months for people under 25) and not claiming any active benefit to help them into sustainable employment. The delivery model has enabled local brokerages to respond to needs of their residents and provide accredited training and soft skills support that align to employment opportunities, including those on the Queen Elizabeth Olympic Park.

During the past four years the partnership has supported over 8700 people with pre-employment support, helped over 2500 Growth Borough residents into work with a further 2200 sustaining work for 52 weeks.

Source: Growth Boroughs CWRP group

- 2.7 This report therefore focuses on identifying joint labour market interventions which: are not possible to deliver at the level of individual boroughs, need to take place at scale, or are joint initiatives that can enhance individual Borough interventions. In doing this it does not seek to document every skills and employment initiative delivered by the individual Growth Boroughs.

Context

- 2.8 A number of opportunities are coming together at the time that this report is being written.
- 2.9 The Growth Boroughs are working towards agreement of their Convergence strategy for the next three years. Although a number of the key indicators have moved towards the average for London over recent times, there is still some way to go to reach Convergence. In this context, the Growth Boroughs, working with their partners, are restating their commitment to achieving Convergence.
- 2.10 In the first round of discussions between the Government and Local Enterprise Partnerships over Local Growth Deals, the London Enterprise Panel secured £236 million new funding from the Government to support economic growth, £151.5 million of which is confirmed for 2015/16, while £84.6 million is provisional for 2016 and beyond. The London Growth Deal has three priorities:
- building London's skills base and supporting businesses;
 - helping Londoners into sustainable employment; and

² GLA Host Boroughs E&S Programme was originally funded by LDA and then taken over by GLA

- improving housing supply.

- 2.11 The programmes will include a capital infrastructure investment programme for skills providers, a digital skills pilot programme, and local projects funded through the New Homes Bonus with priorities including apprenticeships, skills and training, science and technology, creative and digital skills programmes.
- 2.12 In addition, the LEP area has been awarded €748.6 million European Social Fund (ESF) and European Regional Development Fund (ERDF) funding to deliver its 2014-2020 European Structural and Investment Funds (ESIF) strategy, along with a further €37 million for the Youth Employment Initiative, which provides additional support for young people through ESF, and is only available in regions with particularly high rates of youth unemployment. 75% of the funding will be ESF, and discussions are taking place currently to confirm the spend priorities for this money. It is anticipated that a prospectus will be issued early in 2015. There will be a number of joint projects for which funding could be sought through this programme to support skills and employment initiatives in the Growth Boroughs.
- 2.13 The Local Growth Deal discussions and the development of a number of pilot employment programmes across London have also incorporated a strengthening of the role of groups of boroughs, including the Growth Boroughs. These groups of boroughs are now acting as the conduit for bids for European Union (EU) funds, New Homes Bonus, and further education (FE) capital funding prior to submission through London Councils. They are also conducting negotiations on these bids with London Councils and the GLA. This increases the potential for joint strategic initiatives, recognising that the boroughs do not reflect self-contained economic areas but are part of the wider London economy.
- 2.14 In terms of building a more collaborative strategically guided approach, the requirement for groups of boroughs to put in joint bids has been extremely helpful. While the boroughs each have their unique labour market challenges, working in collaboration enables them to engage employers and sector skills councils to align provision more effectively, or to specialise or learn from one other.

Approach

- 2.15 The approach to preparing this report has involved:
- a series of scoping interviews with key stakeholders to gain an understanding of local achievements, opportunities to build upon and priorities for development;
 - desk research to supplement the evidence already pulled together in the skills and qualifications baseline report produced by the Growth Boroughs Unit; and
 - a number of focused workshops to explore priority sectors and themes with a wider group of stakeholders.

Structure of the report

- 2.16 The report is written as input material for the next Growth Boroughs Convergence Strategy, 2015 – 2018. As a result, it contains more information about the process that led to the formulation of its recommendations than would normally be the case.

- 2.17 The next chapter provides a brief summary of the evidence base, including the scale of expected growth in London and the Growth Boroughs, the types of jobs it will bring and the reasons for identifying skills as a potential barrier to Convergence. A more detailed exploration of the evidence base is contained in the *Growth Boroughs Skills and Employment Strategy Supporting evidence base*³.
- 2.18 The following nine chapters focus on the five sectors and four cross-cutting themes used in developing this strategy:
- Health and social care
 - Creative and digital industries
 - Construction
 - Retail and hospitality
 - Financial and business services
 - Local Government apprenticeships
 - Inspiring young people
 - Workforce development
 - Collaborative employment support
- 2.19 Each of these sector/theme chapters starts with a brief summary of the evidence relating to that particular sector or theme, along with an indicative list of some of the current programmes, known opportunities and suggested priorities. Each chapter concludes with a summary of the recommendations for that sector or theme. Where a stakeholder workshop was held, additional information about the organisations represented, presentations and issues explored have been included in an Appendix at the end of this report.
- 2.20 The final chapter briefly considers the central or shared resources that will be needed to implement a strategy of the scale and ambition outlined in these pages. These are set out as considerations in developing the next Convergence Strategy and Action Plan.
- 2.21 Throughout this report we have included short case studies showing how the Growth Boroughs and partners are already helping Growth Borough residents develop skills and access employment opportunities created by growth. These are included not only as illustrations of what can be achieved through collaboration but also as a reminder that this strategy is building on relationships which are strong already and on existing good practice.

³ <http://www.growthboroughs.com/s/Growth-Boroughs-Employment-and-Skills-Evidence-Base.docx>

Case study 2: Procurement to Delivery – job and apprenticeships at Queen Elizabeth Olympic Park

Following the 2012 Olympic and Paralympic Games, Queen Elizabeth Olympic Park (the Park) has undergone a significant transformation to turn it into a park for public use with infrastructure, newly landscaped parklands, waterways and world-class sporting venues.

Delivered by the London Legacy Development Corporation (Legacy Corporation), the development and operations of Queen Elizabeth Olympic Park has provided the means to deliver on the public commitments made as part of London's legacy promise: creating employment and skills development opportunities for local people, making the Park a place that drives innovation and growth, and supporting the Mayor and Growth Boroughs' wider Convergence agenda.

Through both the construction and end-use phases of the Park's development, the Legacy Corporation's focus has therefore been on the creation of job and apprenticeship opportunities for local residents, particularly for young people and under-represented groups who face significant barriers in entering or returning to the labour market.

The Approach to Delivering Jobs and Apprenticeships

The Social Value Act 2012 provides the legal framework for public authorities to use the procurement of goods and services as a vehicle for delivering economic, social and environmental benefits. The Legacy Corporation's approach is recognised as leading the way in the delivery of jobs and apprenticeships to local people and under-represented groups through its contracts for the construction, management and operation of the Park. Beginning with procurement and continuing through into delivery phases, the model forms a key part of the Legacy Corporation's commitment to make a contribution to Convergence in the Growth Boroughs.

Procurement

The approach is based on an employer-led delivery model underpinned by effective target setting and partnership working that begins at procurement stage. Rather than adopting a generic 'one-size-fits-all' approach to targets, the Legacy Corporation works with its contractors to secure contract-specific employment and skills commitments, an approach that ensures targets are both employer-led and, crucially, bespoke to the nature of the works being procured.

In addition, in support of the Mayor of London's aspiration and in order for the Legacy Corporation to make a meaningful contribution to the key Convergence objective of raising median earnings, the Legacy Corporation makes it a contractual requirement of its Tier 1 construction and end-use contractors to pay the London Living Wage to their directly employed staff.

These commitments are evaluated through the procurement process and tested for robustness by being assessed alongside contractors' labour histograms. Upon award, these commitments are written into contracts alongside requirements relating to project management, governance, implementation and monitoring.

Case study 2 - Continued

Delivery

In delivery, the Legacy Corporation works with the Growth Boroughs to establish project-specific interventions, working closely with its contractors on proactively identifying emerging job and apprenticeship vacancies, and engaging the Growth Borough brokerages to find appropriately skilled and motivated local candidates for those opportunities. In this way, the Legacy Corporation ensures that its offer adds value to employers' recruitment processes, securing their buy-in through results-based delivery that provides Park contractors with a job-ready workforce sourced through Borough brokerages.

Working closely with employers to understand their requirements also allows the Legacy Corporation to strategically coordinate the commissioning of employer-led training, so that local provision delivers according to the future skills needs of both Park-based contractors and wider industry.

Using this approach the Legacy Corporation's performance in job and apprenticeship delivery has consistently been above industry standards including:

- Lifetime achievement of 30% local people working on Queen Elizabeth Olympic Park in construction (vs. 21% for ODA's build phase)
- A monthly peak of 44% local people working on Queen Elizabeth Olympic Park construction
- A peak of over 60 apprentices on site, 25% of whom were women (vs. an industry standard of 2%¹) and 95% from the local area
- Over 5% of the current workforce on the stadium construction project are disabled
- 51% of the lifetime construction workforce was from a BAME background (vs. 2% nationally²)
- 86% of the workforce recruited to work on the ArcelorMittal Orbit are local residents
- 70% of the Aquatics and Copper Box workforce is local, 45% are women and 3% are disabled
- 54% of the workforce on Queen Elizabeth Olympic Park Estates and Facilities Management contract are women, and 5% are disabled.

¹ <http://www.ucatt.org.uk/women-apprentices-construction>

² University of the West of England, Bristol Department of Architecture and Planning Report for the CIC Diversity Panel Gathering and Reviewing Data on Diversity within the Construction Professions, 2009

Source: LLDC

3. The labour market and Convergence

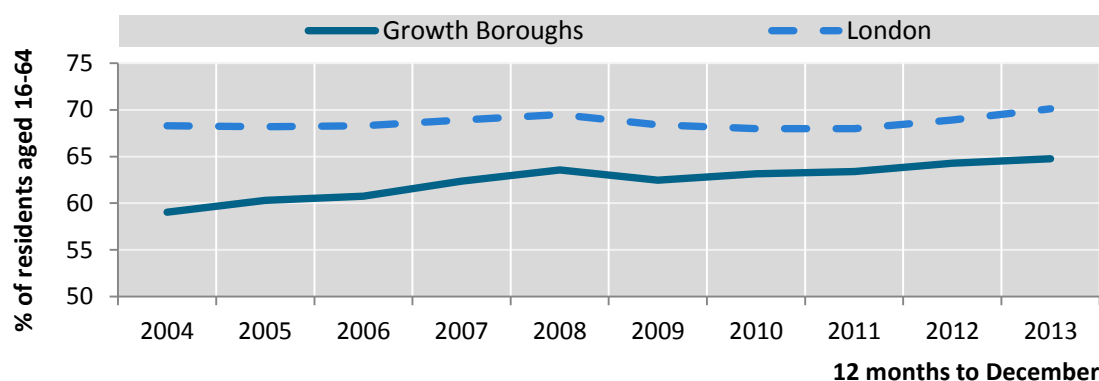
- 3.1 The evidence paints a compelling picture of great opportunity and impressive achievements on the Growth Boroughs' pathway to Convergence, but also of some deep seated obstacles that remain in ensuring that local residents benefit from the massive opportunities arising from growth in the area.

Progress towards Convergence, but important gaps remain

Despite progress, residents have lower rates of employment than the London average...

- 3.2 In the 12 months to December 2013, 64.8% of Growth Boroughs residents aged 16-64 were in employment. While this was the highest employment rate since 2004 (when Annual Population Survey records began), it remains below the 70.1% of working age residents employed across London. It is even further below the national average (71.7%)⁴.

Figure 3.1: Employment rate, Growth Boroughs and London (% aged 16-64)



Source: ONS APS

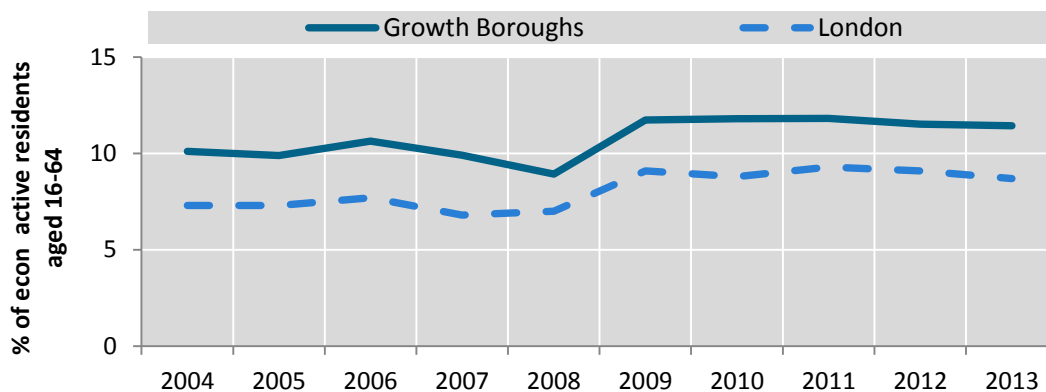
- 3.3 Since 2004 the gap in employment rates between the Growth Boroughs and London has tended to narrow (falling from 9.3percentage points in the 12 months to December 2004, to 5.9pp in 2013), indicating progress towards Convergence.
- 3.4 However, this improvement masks significant variations within the Growth Boroughs. Moreover, while the overall gap with London has improved over the last five years (+1.2pp in the Growth Boroughs versus +0.6pp for London) there have been significant changes in the nature of employment. The rate of part-time working increased at almost double the London average from 2008-2013, while self-employment also increased faster than the London average.

⁴ Despite the relative strength of its economy, London has a lower employment rate than the UK average, and has done for the past two decades.

...and higher rates of unemployment

- 3.5 In the year to December 2013, 11.4% of economically active working age residents were unemployed – significantly higher than the London average (8.5%)⁵. The residents of the Growth Boroughs were adversely affected by the economic downturn, with unemployment rising from 8.9% in 2008 to 11.7% in 2010. Unemployment rose more sharply than for London as a whole and, although it peaked sooner, there has been little improvement since 2010 (see chart below).

Figure 3.2: Unemployment rate, Growth Boroughs and London (% econ active aged 16-64)



Source: ONS APS

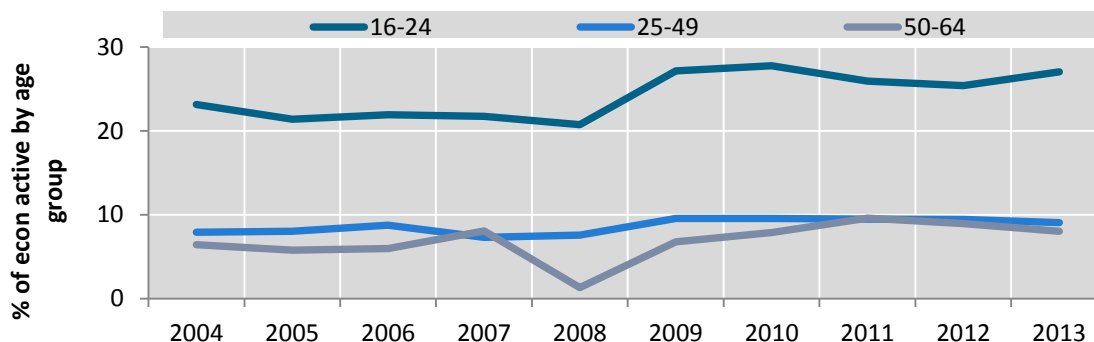
- 3.6 Within the Growth Boroughs, Barking and Dagenham had the highest unemployment rate among all London boroughs during this period (14.0% of economically active residents aged 16-64), followed by Tower Hamlets (13.6%) and Newham (12.0%). Waltham Forest was the only Growth Borough with an unemployment rate below the London average.

...with considerable inequalities in the local labour market

- 3.7 **There are also stark gaps in unemployment rates between people of different genders and ethnic backgrounds.** The unemployment rate for women is above the London average (with a larger gender unemployment gap), and in most of the Growth Boroughs people from Asian, Black and mixed ethnic groups have far lower employment rates than other residents.
- 3.8 **Youth unemployment is also an important issue.** The rate of unemployment among 16-24 year olds increased following the economic downturn, rising from 20.7% in 2008 to 27.8% in 2010. It has come down slightly since, but remains significantly above pre-recession levels.

⁵ ONS (2014) Annual Population Survey

Figure 3.3: Unemployment by age group in the Growth Boroughs (% econ active)



Source: ONS APS

Growth Boroughs residents are less qualified than the London average

- 3.9 Working age residents in the Growth Boroughs are relatively highly qualified compared with England as whole, but significantly less qualified than the average for London. 42.4% of Growth Boroughs residents aged 16-64 were qualified at NVQ Level 4+ in 2013. Across England the rate was just 35.0% of the population, but 49.1% for London as a whole⁶.
- 3.10 The Growth Boroughs also have a relatively high share of the working age population with no formal qualifications (11.4% of working age residents in 2013 versus 7.8% for London)⁷.
- 3.11 Skills deficits mean that local residents often lose out to more skilled workers from other parts of London or from outside the capital altogether. Increasingly, there is a clear link between employment rates and attainment of recognised qualifications. This is true nationally but the differences are accentuated in London and even more so in the Growth Boroughs. In 2011, only 39.4% Growth Boroughs residents aged 25-64 without qualifications were employed compared to 84.3% for those with higher level qualifications.

But there have been considerable improvements and the qualifications gap is mainly among older residents

- 3.12 Recent years have, however, seen considerable progress towards Convergence in qualifications attainment with London. The proportion of residents with higher level qualifications (NVQ4+) has almost doubled, from 23.5% of working age residents in 2004 to 42.4% in 2013. The share of residents without formal qualifications has declined – falling from 22.5% of the working age population in 2004 to just 11.4% in 2013. While both these trends reflect London-wide patterns, they have been relatively rapid in the Growth Boroughs.
- 3.13 Moreover, the ‘qualifications gap’ that does exist between the Growth Boroughs and London is largely among older residents. For example, the proportion of residents without qualifications is higher among older age groups, with the gap between Growth Boroughs and London ranging from 1.3pp in the 16 to 24 year old age group to 10.4pp among those aged

⁶ In order to meet the 2013 London average, the Growth Boroughs would require an additional 87,000 working age residents to be qualified to at least NVQ Level 4 - ONS (2014) Annual Population Survey

⁷ Other qualifications include Vocational/Work-related Qualifications and Foreign Qualifications / Qualifications gained outside the UK

50 to 64. At the same time, a lower proportion of older residents are qualified at Level 4 and above, with the gap just 0.2pp among the 16 to 24 age group, rising to 8.1pp among those aged 50 to 64.

The skills available in the labour market need to be the 'right' skills

- 3.14 Despite the growing supply of higher level skills, the Growth Boroughs economy is characterised by persistent pockets of skills deficiency. Skills shortage vacancies account for a fifth (20%) of hard-to-fill vacancies, while 15% of employers report skills gaps in their workforce. Most commonly these occur in technical, practical and job specific skills. Although softer skills, such as team working and customer handling and leadership skills, including planning and organisation, are also found difficult to obtain⁸. In some sectors of the economy adequate skills supply is increasingly reliant on migration.

In-work poverty is rising with a high rate of low-wage work in the Growth Boroughs

- 3.15 While cities with stronger economies tend to register higher wages for workers at the lower end of the pay spectrum, in London this is also offset by higher costs of living. Indeed, low pay contributes significantly to poverty in London. In the decade to 2012, the number of people in in-work poverty increased by 440,000⁹.
- 3.16 The incidence of low pay is particularly high among Growth Borough residents. Newham had the highest proportion of employed residents being paid below the London Living Wage in London between 2011 and 2013 (36.5% of employed residents), while Barking and Dagenham (26.6%) and Waltham Forest (26.1%) were third and fourth highest respectively¹⁰.
- 3.17 Evidence suggests that higher levels of education and vocational training at the individual level are correlated with a reduced probability of experiencing low pay¹¹. Low-paid staff who receive training also tend to see higher increases in their hourly earnings¹². However, rather than progression to higher levels, the most frequent change in job status for those in low-pay jobs is movement into no work at all, as part of a low-pay-no-pay cycle.

⁸ Data only available for Hackney, Tower Hamlets and Newham

⁹ Trust for London and the New Policy Institute (2013) London's Poverty Profile 2013 – key findings

¹⁰ Trust for London and the New Policy Institute (2013) London's Poverty Profile 2013 – key findings

¹¹ What Works Centre for Local Economic Growth (2014) Evidence Review: Employment Training

¹² CESI (2013) Work in Progress: Low pay and progression in London and the UK

The Growth Boroughs' labour market: growth and opportunities

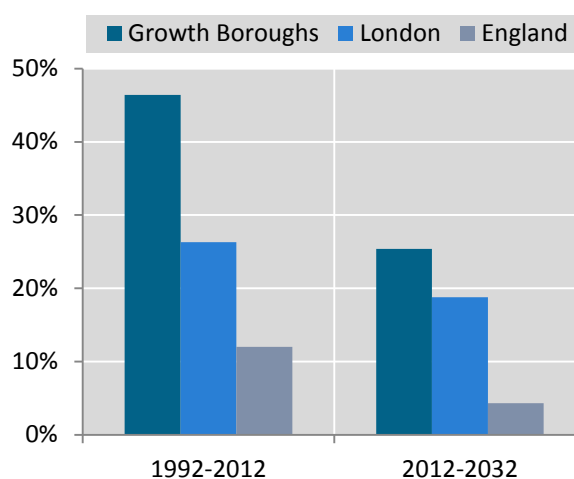
The supply of labour is growing significantly

3.18 The Growth Boroughs area had a combined population of 1.57 million residents in 2013¹³. This includes 1.09 million residents aged 16-64 in 2013 – almost a fifth (19%) of the working age population in London. Moreover, at 69.4% of the total population, the proportion of working age residents is high compared to London (68.4%) and England (63.8%).

3.19 **There has been a significant increase in the working age population of the Growth Boroughs in recent decades.** Across the

Growth Boroughs the population aged 16-64 increased by 340,300, or 46.4%, between 1992 and 2012¹⁴. This is significantly higher than the rate of growth seen across London (26.3%). During this time, there was also a higher rate of growth in residents aged 0-15 (26.4%), while the population aged 65 and over declined to a greater extent than for London as whole.

Figure 3.4: Working age population growth, actual and forecast (%)



Source: ONS MYPE / SNPP

3.20 **The working age population in the Growth Boroughs is also set to increase by over a quarter - 272,600 people or 25.4% - by 2032,** above forecast growth for London as

whole (18.8%). This includes an increase of over 159,800 people by 2022. The sub-region will continue to have a strong supply of people in, or entering, the workforce in the coming years. It is in this context of rapid population change that the Convergence targets will be pursued.

3.21 Natural changes and, particularly, international migration are both key drivers of population growth in the sub-region. Between 2004 and 2012 there was estimated to be a net inflow of 201,100 long-term international migrants into the Growth Boroughs area - partially offset by an outflow of internal migrants. New migrants come from many places, but tend to share characteristics of relative youth and above average qualifications.

The demand for skills in the Growth Boroughs

3.22 Turning specifically to employer demand, it is important to note that Growth Borough residents often work in different parts of London from where they live. Only 39.4% of residents who commuted to work in 2011 were employed in the six boroughs, while 60.6% worked outside the area¹⁵. This is consistent with the spatial distribution of economic

¹³ ONS (2014) Mid-Year Population Estimates

¹⁴ ONS (2014) Mid-Year Population Estimates

¹⁵ ONS (2014) Census 2011

activity in London, with a large number of jobs concentrated in inner city areas¹⁶. It also reflects the relative ease of commuting within the capital. Consequently, it is important to understand skills demand not only within the Growth Boroughs, but for London as a whole.

The London economy

- 3.23 Economically London outperforms the rest of the UK. Over the period 2007 to 2012, the region's nominal Gross Value Added rose by 15.4% compared with 6.9% for the rest of the UK¹⁷. Over the longer 2007 to 2014 period, London also saw the highest growth in workforce jobs in the UK – up by 15.8% (rising from 4.8 million jobs to 5.5 million jobs).
- 3.24 With strong economic growth, the nature of London's labour market has changed significantly in recent years. Jobs have moved away from the primary sector and traditional manufacturing industries towards services and more knowledge-intensive activities.
- 3.25 The capital now has a disproportionately high share of jobs requiring higher level qualifications and specialises in a number of highly skilled, high paying sectors. This includes finance and insurance; professional services; information and communication; real estate; and, business support services¹⁸. However, there are also a number of lower skilled, lower paying jobs, mainly in service industries such as retail and hospitality, which provide an important source of entry level vacancies. In 2012, the leading sectors for employment were:
- professional, scientific and technical – 596,900 jobs or 13.0% of employment;
 - wholesale and retail trade – 578,500 jobs or 12.6% of employment;
 - administration and support services – 466,800 jobs or 10.2% of employment;
 - human health and social care – 460,300 jobs or 10.0% of employment; and
 - education – 371,000 jobs or 8.1% of employment.

The Growth Boroughs economy

- 3.26 The Growth Boroughs include several of the most deprived areas in London. Indeed Hackney, Newham and Tower Hamlets are the boroughs with the highest levels of deprivation¹⁹. However, the area has undergone an accelerated process of urban regeneration during the past decade. A number of recent and upcoming developments, including the Queen Elizabeth Olympic Park, Stratford City, Wood Wharf, Royal Docks, Here East, Greenwich Peninsula, Blackhorse Lane, Lea Bridge Station and Walthamstow Town Centre are significantly changing the local labour market.

¹⁶ Around one third of London's jobs are located in the Central London business district with employment density high in inner London boroughs.

¹⁷ ONS (2014) Regional Economic Indicators, July 2014

¹⁸ GLA Economics (2013) London labour market projections

¹⁹ GLA (2011) English Indices of Deprivation 2010

3.27 **There were 607,400 people employed in the Growth Boroughs in 2012.** Total employment increased by 66,200 jobs (12.2%) from 2009-2012, above the rate of jobs growth across London (7.5%) and significantly higher than for England as a whole (0.5%)²⁰.

3.28 In 2012, the leading sectors for employment in the sub-region were very similar to London as a whole:

- financial and insurance – 80,000 jobs or 13.2% of employment;
- wholesale and retail trade – 72,400 jobs or 11.9% of employment;
- health – 67,400 jobs or 11.1% of employment;
- administrative and support services – 62,700 jobs or 10.3% of employment; and
- education – 62,500 jobs or 10.3% of employment.

3.29 These sectors have all seen increases in employment between 2009 and 2012, with the largest increase in jobs found in the financial & insurance sector (+9,900 since 2009). The total number of jobs in the Growth Boroughs increased by 66,200 (12.2%) between 2009 and 2012, above the rate of jobs growth across London (7.5%). However, some sectors, such as manufacturing (-3,400), transport and storage (-1,700), and public administration and defence (-2,000), have contracted.

Employment will increase significantly in the Growth Boroughs and London

3.30 Between 2012 and 2022, the UKCES forecast that the number of jobs in the London economy will increase by 407,000²¹. The rate of growth anticipated - 8.1% between 2012 and 2022 - is above that for the UK as a whole (5.8%)²². The economic crisis has not altered the main trends in the London economy and sectoral employment changes are expected to continue in the next decade, namely employment growth in the service sectors and a decline in manufacturing activities.

3.31 Looking at specific sectors, the highest demands for additional employment in London between 2012 and 2022 are forecast to come from:

- professional services (+86,000);
- information technology (+70,000);
- health and social care (+52,000);
- construction (+46,000) and
- finance and insurance (+44,000).

²⁰ ONS (2014) Business Register and Employment Survey

²¹ UKCES (2014) Working Futures 2012-2022

²² UKCES (2014) Working Futures 2012-2022

3.32 Oxford Economics analysis indicates that total employment growth in the Growth Boroughs will be in the range of 10.9% (74,500 jobs) and 18.1% (123,400 jobs) between 2012 and 2022²³. This rate of growth is anticipated to at least match that of London, and be ahead over the short term. The potential for local employment to grow at a more significant scale is linked to the number of planned development activities in the area.

3.33 The sectors forecast to see the highest employment growth in the Growth Boroughs between 2012 and 2022 are:

- administrative and support services (19,000 – 29,600 jobs);
- professional, scientific and technical activities (19,000 – 27,000 jobs);
- wholesale and retail trade (6,200 – 11,100 jobs);
- human health and social care (4,200 – 9,800 jobs); and
- information and communication (6,800 – 7,900 jobs).

Employment will increase in higher skilled occupations...

3.34 Sectoral changes will have significant implications for occupational skills needed in the future, as will ongoing technological, regulatory and organisational changes. The main implications across the London economy are for continuing growth in demand for occupations which require higher level skills and some increases in demand in occupations which require lower skills levels.

3.35 Managers, professionals and associate professional roles, which accounted for 56.5% of employment in London in 2012, will provide the most significant increases in employment²⁴. Professional occupations are expected to have the highest potential for job creation to 2022 (+262,000), followed by associate professional & technical occupations (+130,000), and managers, directors & senior officials (+109,000). Together these occupations are forecast to account for 68.9% of employment by 2022.

3.36 Continuing sharp declines in employment are anticipated for skilled and semi-skilled manual roles, particularly in administrative and secretarial roles, contributing to the ‘hollowing out’ of intermediate level jobs. Lower-skilled jobs will, however, remain an important part of the labour market with jobs in caring, personal and other services expected to increase by 59,200 by 2022.

3.37 This reflects trends in the Growth Boroughs economy which has seen an increase in relatively high and low skilled jobs since 2008, but a declining number of intermediate skilled occupations. Going forward, labour market polarisation has implications for career progression. With fewer mid-level occupations, greater polarisation in skills demand is likely to limit the opportunities for those in less skilled occupations to access higher quality jobs.

²³ Host Boroughs Economic Model (HBEM), Oxford Economics

²⁴ UKCES (2014) Working Futures 2012-2022

...increasing the demand for higher level qualifications

- 3.38 As employment in London moves further towards higher skilled occupations, demand for qualifications is set to increase. The average level of qualifications held is rising in all occupations. Between 2012 and 2022, employment projections show an increase of 901,300 jobs requiring a certificate of higher education and above (QCF 4 and above), up by a third (33.9%)²⁵.
- 3.39 However, employment will decline for other qualification levels. Projections indicate there is a total of 494,000 fewer employment opportunities for individuals whose highest qualification is at A level and below (QCF 3 and below), down by a fifth (-21.0%)²⁶. This includes 96,400 fewer jobs requiring no qualifications (-34.8%).

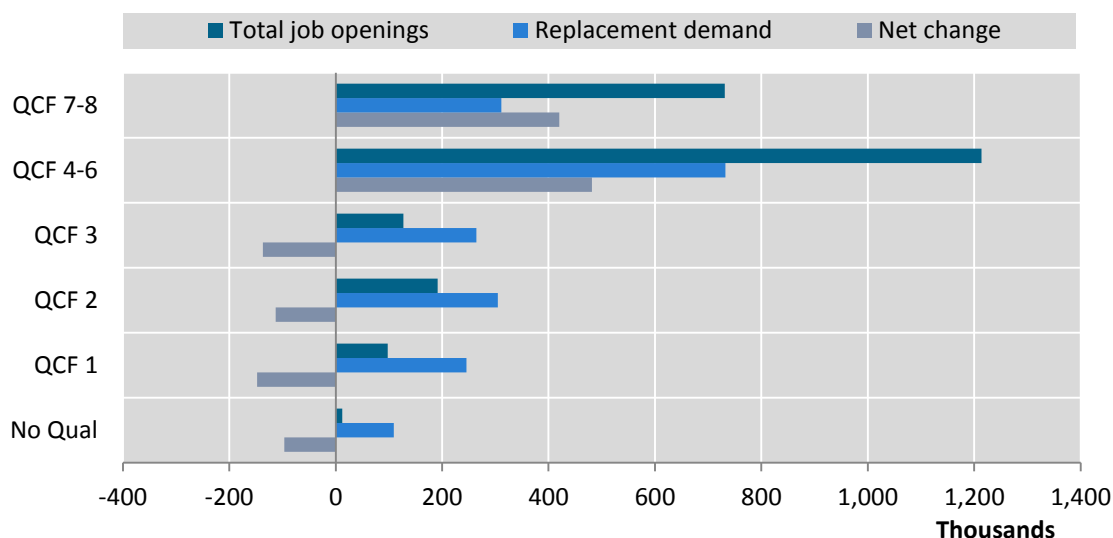
Replacement demands will create three times more job openings than new jobs growth

- 3.40 While business growth will lead, as noted above, to the creation of additional professional and higher skilled jobs, significantly more job openings will be created as a result of people retiring or leaving the workforce. So-called replacement demand will lead to job openings in all industries and occupations, including those in which the net level of employment is expected to decline.
- 3.41 Taken together, replacement demand and expansion demand gives the total number of job openings expected for each occupation group between 2012 and 2022 (see Figure 3.5 below). However, while this will ensure that lower skilled jobs will remain a feature of the London labour market, the demand for skills in London remains extremely high.
- 3.42 Over four-fifths (81.9%) of total job openings forecast in the London economy between 2012 and 2022 are expected to require higher level qualifications of some kind (QCF4 and above), compared to two-thirds (66.9%) across the UK as a whole. Competition for lower skilled work is also set to increase. Less than a fifth (18.1%) of job openings over the decade are likely to require only A-level qualifications or below, compared to 33.1% for the UK.

²⁵ UKCES (2014) Working Futures 2012-2022

²⁶ UKCES (2014) Working Futures 2012-2022

Figure 3.5: Total net requirement by qualification, London (2012-2022)



Source: UKCES Working Futures

The UK labour market and skills: the national context

- 3.43 Stepping back to look at the wider UK economy, the UK economy has recovered from the recession to the extent that GDP is now at a higher level than its pre-downturn peak. The labour market has continued to perform well, with employment near record levels. Unemployment has declined and, on this measure, the UK is faring better than in many EU countries²⁷. Beyond the headline indicators, however, there are a number of on-going challenges.
- 3.44 **Young people have been disproportionately affected** by tough labour market conditions while older people have done relatively better. Between 2007 and 2013, 1.2 million more over-50s found work while 400,000 fewer young people were employed.
- 3.45 There have been significant **changes in the nature of employment** over this period. This includes sustained growth in self-employment, which account for over four-fifths (83%) of the net gains in employment since 2007²⁸, and precarious forms of employment, including short-term, casual and 'zero-hours' contracts.
- 3.46 There has also been a marked **decline in real pay** since 2008²⁹, linked to **falling labour productivity** and rising underemployment. The period since the onset of the recession has seen a sharp decline in output per hour worked (over 4% below pre-recession levels in Q1 2014). This has applied across industries and seems to result from a combination of factors, including mismatches between the skills supplied and demanded in the labour market³⁰.

²⁷ ONS (2014) UK Labour Market, August 2014

²⁸ UKCES (2014) The Labour Market Story: The UK Following Recession

²⁹ The incidence of low-wage work in the UK is relatively high compared to many other European countries while rates of mobility or progression are low.

³⁰ UKCES (2014) The Labour Market Story: The UK Following Recession

- 3.47 Indeed a number of sectors in the economy demonstrate a mismatch between the skills and qualifications needed by employers, and those held by the workforce. For example, 39% of vacancies in skilled trades are caused by skills shortages, and there are emerging shortages in areas such as health and care professionals³¹. At the same time, there are concerns that some people towards the bottom of the occupational ladder have **too high qualifications**. For example, a fifth of all workers in low-skilled occupations have a higher education qualification³².
- 3.48 In the past decade the UK labour market has generated its largest number of jobs in higher skill categories, which include managerial, professional and technical roles. However, while the skills base has steadily improved in relation to the supply of higher level skills³³, **progress on addressing low and intermediate skills is not keeping up**.
- 3.49 Skills mismatches are not only a problem for the economy and for businesses seeking qualified employees; skills play a critical role in shaping individuals' employment and earnings outcomes. Evidence through the recession continues to show that those with higher skills and qualifications are more likely to stay employed and have substantially higher earning prospects³⁴. But individuals also need to have the right skills to ensure they can access good-quality jobs and make good use of their skills.

Priorities for the strategy

- 3.50 Based on an assessment of a combination of the importance to the Growth Boroughs' economy now, the prospects for growth, known skills and recruitment challenges, and the scope for collaborative intervention, this report identifies five priority sectors which should be the focus of collaborative action:
- Health and social care
 - Creative and digital industries
 - Construction
 - Retail and hospitality
 - Finance and business services.
- 3.51 The decision to adopt a sector focus was also recognition that the industries that make up the Growth Boroughs' economy are changing rapidly. Each needs a strategic approach informed by a good understanding of the particular characteristics of the sector, current strengths and achievements of the Growth Boroughs and partners in developing skills and employment in them as well as opportunities for development.

³¹ IPPR (2014) Winning the global race? Jobs, skills and the importance of vocational education

³² IPPR (2014) Winning the global race? Jobs, skills and the importance of vocational education

³³ CESI (2014) Realising Talent: employment and skills for the future

³⁴ UKCES (2014) The Labour Market Story: The UK Following Recession

3.52 Nevertheless, in the course of exploring the needs of sectors it also became clear that there were three priorities that cut across all five, as well as extending across the wider economy. The scale of their importance meant that they also warranted a collaborative approach:

- Inspiring young people
- Workforce development
- Employment support infrastructure.

3.53 Finally a focus on local authority apprenticeships was included. This acknowledges the leadership role of the local authorities, and how the growth of apprenticeships can be driven through their increased use as a tool for workforce planning within local government as well as through local government supply chains. This commitment to grow local authority apprenticeships sends a strong signal to public and private sectors of the seriousness with which the Leaders and Mayors take their role in relation to skills and employment, and the importance of apprenticeships to Convergence.

4. Health and social care

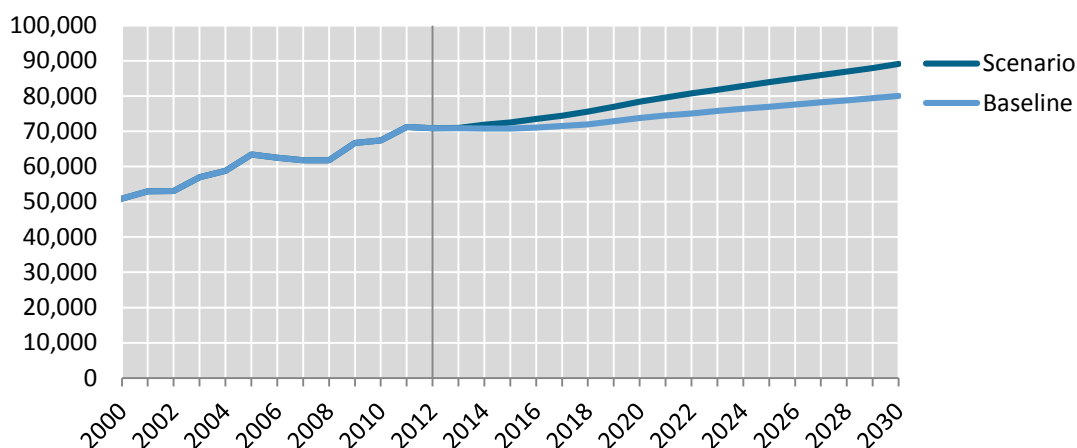
A growing sector undergoing significant change

- 4.1 There are large numbers of jobs in the health and social care sector and these are set to increase with an ageing population requiring higher levels of care in the future. Health and social care are both extremely important growth areas, and ones in which the Growth Boroughs have willing and active partners in the form of the NHS Healthcare Trusts. The Boroughs have a history of effective engagement with the Trusts in placing residents into work and training opportunities, especially in the hospitals covered by Barts Health and other acute Trusts.
- 4.2 Health and social care is also a sector currently undergoing major institutional change, with the integration of health and care services, bringing with it opportunities to work across local government and health employers in developing vocational training and career routes for entrants.
- 4.3 Social care is commissioned by local authorities. Although for the most part they do not employ care workers directly, it is in their interests to support care providers to employ and train staff in a way that supports high quality care provision, as well as the movement towards personalisation and integration.
- 4.4 There are currently 76,400 jobs or 11.1% of the total Growth Boroughs workforce in health and social care. Rates of turnover and skills shortages amongst care staff are high, with skills gaps and skills shortages set to increase as demand for labour increases as a result of the growing and ageing population. There is projected growth in employment of between 4,200 and 9,900 jobs in the Growth Boroughs over the decade to 2022³⁵, with growth of over 52,000 jobs across London as a whole³⁶.

³⁵ Host Boroughs Economic Model (HBEM), Oxford Economics

³⁶ UKCES (2014) Working Futures

Figure4.1: Forecast rate of jobs growth, Growth Boroughs, health and social care



Source: Host Boroughs Economic Model (HBEM), Oxford Economics

Integration and personalisation – changing workforce requirements

- 4.5 Health Education England is developing a national strategic framework to guide development of the healthcare support workforce, under the title of *The Talent for Care*³⁷. It aims to help people to ‘Get in, Get on, and Go further’. The partners, including the National Skills Academy for Health, NHS employers, Skills for Health, Social Partnership Forums and Trade Unions, have proposed ten strategic objectives. These include attracting more young people, increasing workforce diversity, helping employers to develop support staff, ensuring all new staff are qualified through the new Care Certificate and developing a new Higher Care Certificate, and doubling the number of apprenticeships by March 2016.
- 4.6 At the same time, Skills for Care is supporting the implementation of its workforce development strategy for the social care workforce.³⁸ *Capable, Confident, Skilled*, focuses on commissioning, planning and development to enable employers to meet new priorities in adult social care.

Current programmes and opportunities

- 4.7 The National Skills Academy for Health is in the process of identifying a small number of national pilot Centres for Excellence. These will build on the knowledge and experience of partners in the local area and aim to build a consistent quality of training, for example through assessment centres, apprenticeships and traineeships, linked to research and development of new vocational skills pathways and qualifications. Identifying East London as one of these pilots would enable the Growth Boroughs to benefit from the investment in this work.

³⁷ <http://eoe.hee.nhs.uk/files/2014/09/Talent-for-Care-Draft-Strategy-V9.pdf>

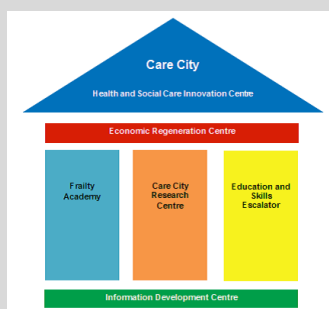
³⁸ <http://www.skillsforcare.org.uk/Document-library/NMDS-SC,-workforce-intelligence-and-innovation/Workforce-development-strategy/Workforce-development-strategy.pdf>

4.8 In addition, there are a number of existing specific projects and national health sector developments that can be built on, including:

- ‘Care City’ – a new unit in Barking developed between the Council and the North East London Foundation Trust (NELFT) with functions including research into care, training for the care workforce in Barking and Dagenham, and remodelling of courses in response to changing needs in health and social care. NELFT has already committed significant capital investment to the unit. (See case study 3);
- existing programmes through Barts Health NHS Trust and other health providers to train and recruit local residents including establishing an NHS talent pool, and certification of existing skills for Homerton University Hospital staff. (See case study 4);
- the North and Central East London Training Board have recently funded two health careers promotion posts to work across the area, and Barts Hospital Trust currently promote health careers in schools with the aim of increasing social inclusion by targeting areas with poor representation in the workforce and with high health inequalities;
- higher education provision, for example at London South Bank University and City University, in health and care related fields and promotion of workforce development in care and mental health and the potential to link to digital skills needs in the care profession;
- the opportunity provided by the growing market for personal care services for older people in the community across the Growth Boroughs (estimated to be in the region of £75m) to evolve a social enterprise model of delivery to increase choice, paying a London Living Wage for carers wherever possible while reducing spend on management costs;
- a commitment by the NHS to increase apprenticeships across the country, which can build on the significant increases already made by Barts Health and Homerton in developing apprenticeships for pharmacy technicians, theatre assistants and other areas of health and care as well as estates and administration staff. There are pre-employment courses designed to support entry to these opportunities;
- a new careers pathway for health and social care with a bursary, and ESF-funded support to work with SMEs to support up-skilling and progression of their workforce;
- development of procurement requirements relating to local employment in care contracts;
- the move towards developing accredited training in social care and for health care assistants, including specialising in geriatrics and mental health; and
- the potential to include consideration of vocational training routes for non-clinical graduate roles, including management and administration.

Case study 3: Care City

Care City is a partnership initiative being developed between the London Borough of Barking and Dagenham and the North East London Foundation Trust (NELFT). It aims to transform people's quality of life by improving the integration of health and social care, by tackling social inequality, developing new opportunities for education and employment, and pioneering research in dementia care and other long term conditions. Care City will consist of five core components: an Economic Regeneration Centre; Frailty Academy; Care City Research Centre; Education and Skills Escalator; and Information Development Centre.



The components will work together as a health and social care innovation centre to build a sustainable model to improve employment opportunities and quality of life for the local community and to drive education and research into practice. These components will provide a powerful resource, working on behalf of local people, commissioners and providers in striving to deliver high quality care to those that need it the most.

A bid led by NELFT has secured funding from Health Education England to establish the first apprenticeship co-ordination post within the Trust, exploring innovative new approaches and a wider apprenticeship offer. The post will work alongside a Programme Manager within the local acute Trust, with recruitment support provided by Barking & Dagenham Council's own Apprenticeship Development Manager. Activities will also include internal and external promotion of apprenticeship opportunities along with enhanced careers advice in secondary schools.

Source: London Borough of Barking and Dagenham

Key partners and workshop discussions

- 4.9 Discussions were held with a number of partners, and a stakeholder workshop was hosted and led by Barts NHS Trust (see Appendix).
- 4.10 These discussions explored a number of the significant challenges facing the sector. Integrating health and social care services, and implementing personalised care support, will require an increasingly flexible and skilled workforce with a shared skills base that enables them to move between health and social care. The resulting skills and employment imperatives for the health and care system in the Growth Boroughs are:
- for skills and employment programmes to improve the quality of patient care;
 - to deliver a larger, more flexible workforce with higher levels of skills and higher wages; and
 - to upskill local residents in order to provide this workforce whilst also meeting the needs of a diverse local population through linguistic knowledge and cultural understanding.
- 4.11 The priorities for the Growth Boroughs' strategy on skills and employment were agreed as:

- engaging employers in the care sector, particularly SMEs, as well as providers;
- supporting the development of functional skills for potential workforce entrants;
- attracting young people and the wider potential workforce to the opportunities in the sector; and
- increasing entrepreneurship, progression routes and apprenticeships across health and social care.

Health and social care

Recommendations for action

To achieve the priorities identified, continued joint working across the Growth Boroughs area will be essential. A network of the type being promoted by Health Education England could link to and build on the proposals being developed through Care City, providing a foundation for collaborative work on scaling up training and employability support aligned with the changing needs of health and care employers and commissioners. Alongside that would be promotion of the sectors within schools and increased apprenticeship opportunities being developed in the NHS.

The Growth Boroughs Leaders and Mayors are recommended to:

- support a dramatic increase in training provision, and its alignment to health and care needs, through development of an 'Excellence Network' for health and social care providers and employers as one of a set of National Skills Academy for Health pilots, ensuring it links to the Barking Care City proposals;
- meet the new Health Education England targets for apprenticeships in the health sector locally, especially in established career pathways in the NHS, and link these to progression to professional training and roles;
- develop new types of apprenticeships integrating health and social care functions;
- maximise the opportunity for adults from under represented communities to work in the sector by working with employers to improve recruitment and selection and preparatory training; and
- bring care commissioners and employers into the network with Healthcare Trusts to translate the implications of research into improved treatment into training for health and care staff.

Case study 4:**Growing apprentices in the NHS - the 1% Apprentice Programme at Barts Health NHS Trust**

Barts Health is one of the biggest Trusts in the UK with over 14,000 members of staff in hospitals and clinics in Newham, Tower Hamlets, Waltham Forest and the City of London.

When the Trust was formed in 2012, its new Board was conscious that the Trust would be operating in some of the most deprived areas in England, and ones suffering from high levels of health inequalities.

To respond to this, it adopted a public health approach that covered health promotion, health and wellbeing and supporting local people into employment with the Trust. *The Community Works for Health* pathway has created opportunities for hundreds of local people to work for Barts Health and start their careers in the NHS.

An area of particular concern was the high levels of youth unemployment in East London. In 2012 the Trust had no apprenticeships that could be offered to local people. The Trust decided to set a target of at least 1% of its staff to be an apprentice by 2015. Barts Health have created apprenticeships across various services since then, including roles in Operating Theatres, Wards, Community Services, Estates and Facilities, Pharmacies, Pathology Laboratories, Out Patients, Education, IT and HR. Apprentices can be in clinical and non-clinical roles and so far over 75% have continued to work with the Trust. Training frameworks are normally at Level 3 and are linked to career pathways. All apprentices received pre-employment training and a one month work trial before starting their apprenticeship.

Barts Health hit its 1% target in 2014 and now has over 160 apprentices. Services are seeing the benefits of hiring apprentices and seeing them contribute to delivering health services to their communities. But there is a lot more the NHS can do to offer apprentice and training opportunities if support is available.

Source: Barts Health NHS Trust

5. Creative and digital industries

- 5.1 London is now a global centre in the creative and digital industries and the sector is an important and growing sector of the Growth Boroughs economy; one that is exciting and inspiring with a wide range of skills needs and job opportunities. But it is also a sector that presents challenges in ensuring that companies get the skilled people they need and that existing Growth Borough residents benefit from the opportunities it brings.
- 5.2 Reflecting the creativity and innovation that is at the heart of much of the sector's work, there are already a range of initiatives in the Growth Boroughs aiming to support local people to take up opportunities in the sector. It is important that this strategy builds on and, where appropriate, extends those initiatives.
- 5.3 The Growth Boroughs, local colleges, universities and other partners have identified a number of areas where joint working and closer collaboration could benefit local residents seeking to enter and develop within this important sector of the Growth Boroughs', and wider London, economies. The GLA has identified digital skills as a London priority and is developing the London Digital Skills Programme in response. The GLA is keen that the new programme should actively support this strand of the strategy.

A significant and fast-growing source of jobs

- 5.4 The focus of this section of the strategy is the development of digital skills for occupations in the Creative Industries. This encompasses both the skills needed for jobs grouped into the 'IT, software and computer services' sub-sector of the creative industries, but also the need for high-level digital skills across the sector more widely.

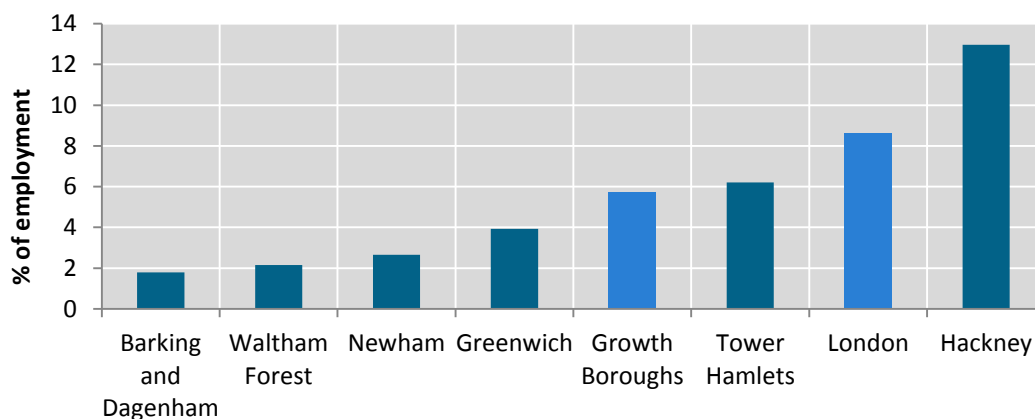
Table 5.1: Table showing the distribution of creative and support jobs in the creative industries as well as creative jobs in the wider creative economy

| Creative Economy Group | "Support" jobs in the Creative Industries | Creative Jobs in Creative Industries | Creative Jobs outside of the Creative Industries | Employment in the Creative Economy |
|---|---|--------------------------------------|--|------------------------------------|
| Advertising and marketing | 68,000 | 75,000 | 322,000 | 465,000 |
| Architecture | 34,000 | 55,000 | 30,000 | 120,000 |
| Crafts | 4,000 | 3,000 | 95,000 | 102,000 |
| Design: product, graphic and fashion design | 43,000 | 73,000 | 50,000 | 166,000 |
| Film, TV, video, radio and photography | 92,000 | 146,000 | 28,000 | 266,000 |
| IT, software and computer services | 316,000 | 242,000 | 233,000 | 791,000 |
| Publishing | 104,000 | 119,000 | 32,000 | 255,000 |
| Museums, galleries and libraries | 68,000 | 18,000 | 22,000 | 108,000 |
| Music, performing and visual arts | 66,000 | 158,000 | 53,000 | 277,000 |
| Total Jobs | 796,000 | 888,000 | 866,000 | 2,550,000 |
| Wider UK Economy Total | - | - | - | 30,150,000 |
| Percentage Share of UK Total | | | | 8.5% |

Source: DCMS

- 5.5 Across the UK the creative industries accounted for 1.68 million jobs in 2012, 5.6% of the total number of UK jobs. There are a further 866,000 people employed in Creative jobs outside the creative industries. The definition of creative industries used here is that defined by the Department for Culture, Media and Sport (DCMS)³⁹.
- 5.6 The creative industries accounted for 34,600 jobs in the Growth Boroughs in 2012, 5.7 % of total jobs compared to 8.6% for London as a whole. Employment within the Growth Boroughs creative sector is also growing fast having grown by 7,200 (26.5%) between 2009 and 2012, a higher rate than for London (16.0%) or for the Growth Boroughs economy as a whole (12.2%).
- 5.7 Within the Growth Boroughs, 'IT, software & computing' is the largest subsector, representing 32% of the creative industries workforce (although it is advertising and marketing which has seen the strongest jobs growth since 2009).
- 5.8 Jobs in the creative industries are not equally distributed across the Growth Boroughs. The greatest number of jobs is concentrated in Hackney (where 13 per cent of people are employed in the creative industries), although this masks the strategic importance of the creative industries to a number of the Growth Boroughs' economies. For example in Waltham Forest and Greenwich (see paragraph 5.11).

Figure 5.2: % of employment in the creative industries, by Growth Borough (2012)



Source: ONS BRES

A dynamic and evolving sector which is moving East

- 5.9 The sector's industries tend to locate in clusters. Moving from West to East London: Film in Pinewood, which is expected to double in size; Television in Shepherd's Bush; Post-production in Central London; Tech City and Here East in Hackney; and a potential TV hub in Thurrock.
- 5.10 Here East is being developed by iCITY London Ltd in the former Press and Broadcast Centre in the Olympic Park. The development is expected to create in the region of 7,500 jobs, at Here East and in the surrounding community, by the time it is fully occupied in 2018. The mix of jobs will depend on tenants, but it's expected to be mostly digital, technology, IT,

³⁹ <https://www.gov.uk/government/organisations/department-for-culture-media-sport>

design, media and TV production. One of the confirmed tenants is Loughborough University. Hackney Community College is also being funded to establish an Apprentice Hub as part of the development to work with tenants to create opportunities for local young people.

- 5.11 There are also creative clusters in development in other parts of the area, including Blackhorse Lane in Waltham Forest, where digital and media firms are moving in from Kings Cross, and there is a proposal for a digital media/design Academy for 16 to 19 year olds. A digital hub is established and growing on the Greenwich Peninsula, around Digital Enterprise Greenwich, providing space and support for Digital SMEs, the Digital Skills Centre in partnership with Ravensbourne and a particular focus on Smart Cities applications.
- 5.12 The growing overlap between the creative industries and digital sectors has seen an increasing number of both individuals and companies ‘fusing’ creative, technical and business skills⁴⁰.

A new industry with new entry routes and career structures

- 5.13 As a whole, the digital and creative workforce tends to be highly qualified and concentrated in the higher-level occupational groups⁴¹. DCMS estimates suggest that 59% of jobs in the Creative Industries across the UK are filled by people who have at least a degree (or equivalent), compared to 31% of all jobs in the UK. Elsewhere it is suggested that this might be as high as 71% for London’s creative media workforce⁴².
- 5.14 The sector is particularly dependent on young, and highly skilled, recruits who enter employment through connections, by linking into networks, and who may come from across the country or indeed the globe, seeking highly specific roles. Many Growth Borough residents find it difficult to enter into these networks and obtain the right qualifications, and the industry is impenetrable to large segments of society. Guidance is patchy, and training often lags behind technological advances in the industry itself. Freelancing is also common. Across the creative industries in London, about 30% of people are self-employed⁴³. This figure rises significantly for particular sub-sectors, for example at a national level TV production is 64%⁴⁴. (Interestingly in the same census Animation and Computer Games are lower, at 13% and 14% respectively).
- 5.15 The sector is also dominated by small businesses, with the vast majority of companies employing ten people or fewer⁴⁵. For those working in it, it can be a ‘lifestyle career’, involving working evenings, meet-ups and networking with others in the sector (online and in person).

⁴⁰ Creative Industries in London, Creative Skillset (September 2014)

⁴¹ UKCES (2012) Sector Skills Insights: Digital and Creative

⁴² Creative Industries in London, Creative Skillset (September 2014)

⁴³ Creative Industries in London, Creative Skillset (September 2014)

⁴⁴ Creative Skillset: Employment Census of the Creative Media Industries 2012

⁴⁵ Creative Industries in London, Creative Skillset (September 2014)

- 5.16 Perhaps because of this, and the speed of its growth, the industry is also currently not particularly representative of the populations it serves, or is based within. Representation of women is particularly low in specific sectors, including Visual Effects (VFX) (19%) and computer games (26%). Whilst representation of Black, Asian and Minority Ethnic (BAME) groups in jobs in the Creative Industries is broadly representative at the UK level, in the creative media sector⁴⁶ it is significantly lower at 5.4% nationally and 8.9% in London. This figure is low when compared to the 33% of BAME workers in the wider London economy⁴⁷.
- 5.17 At the same time, it is an industry that is already experiencing skills shortages that will only get worse without action to grow the pipeline of future talent.

Why local residents need help to access this industry

- 5.18 Growth Borough residents face a number of barriers in getting in to this new, growing sector:
- **People often get into the industry through their networks, or by working for free:** The sector tends to rely on informal networks for recruitment, meaning that if potential applicants or somebody they know isn't already in the network they are at a disadvantage. One common way of making contacts is through internships. But these are often unpaid, which means that if an individual or their parents doesn't have a lot of spare cash it can be difficult to find a way in;
 - **Information advice and guidance is patchy:** Arguably, a lot of those providing advice (either formally or informally) are not particularly familiar with the industry;
 - **Training is not always fit for purpose:** Some courses that sound like they are relevant do not take people to the level, or develop the skills, that employers want. Also, employers tend to look for specific experience or skills, rather than just qualifications. Often skills are in vendor specific products, training for which is not publicly fundable. Colleges are funded on qualifications, which can sometimes lead to a mismatch;
 - **Recruiters often expect degree level qualifications:** Residents of the Growth Boroughs are less likely to have degrees. Offering vocational, foundation degrees, HNC/Ds and higher apprenticeships could help but persuading businesses to consider local non-graduates may prove challenging; and
 - **The current workforce doesn't reflect the local community:** If a potential applicant is a woman or from a BAME background, they may look at the industry and wonder whether it is really one that will welcome them. One of the motivations for employers to seek to employ more women and people from BAME groups is to better reflect their customer base.

⁴⁶ From 'Creative Media Employment Census, Creative Skillset 2012' – Creative media includes: animation, commercials, computer games, corporate production, facilities, interactive media, libraries and archive, radio, television, VFX, film apart from the freelance crew employed by film production companies

⁴⁷ Creative industries in London, Creative Skillset, Sept. 2014

Current programmes and opportunities

- 5.19 The strategy can build upon much that already exists or is in the pipeline, for example:
- Tech City Apprenticeships, developed by Hackney Community College, are available in four occupational pathways, at Level 3 and Level 4. The first cohort started in October 2013. A further 30+ are anticipated to start this summer and the first Here East apprentices will start in 2015;
 - Canary Wharf group is supporting schools to improve digital skills and a Tower Hamlets Code Club is in development – for business mentors to teach young people coding skills. There are also Code Clubs in Hackney schools;
 - London Borough of Tower Hamlets has a digital inclusion strategy and is currently developing improved infrastructure across the borough;
 - the Hackney-based Tech City Stars project offers a level 3 IT infrastructure apprenticeship, a pre-apprenticeship model with work preparation and placement, supported via London Citizens. The project is the result of a Hackney Council commissioned feasibility study into how best to provide Hackney young people with the skills and experience to access opportunities in Tech City. Since launching in Summer 2013, 60 apprenticeships have been employed by a range of Shoreditch tech companies;
 - Create Jobs provides new routes into the arts and creative industries for young people living in the Growth Boroughs by providing work placements, mentoring, apprenticeships and paid internships;
 - Hackney 100 is providing paid work placements for 100 16-17 year olds, often in creative businesses. (See case study 5);
 - Hackney Ways into Work is developing an intermediate labour market for the creative sector, as a way for people to build a portfolio of work;
 - Greenwich Digital Skills is a collaboration between Ravensbourne and the Royal Borough of Greenwich to give residents access to a variety of digital-industry focused courses. (See case study 6.) Waltham Forest College is returning to delivery of digital arts courses from 2015, and Waltham Forest Adult Learning Service already has a creative offer linking directly to employment and self-employment opportunities;
 - Codezoners is a 9 month programme offered by Ravensbourne that enables people to develop coding skills for the creative industries through a combination of paid work placement and training;
 - LLDC are planning to work on Advanced and Higher Apprenticeships in areas including digital technology and arts and culture, designed to address skills shortages;
 - there are also various opportunities to make connections between digital design and the fashion industry, in particular the Hackney Fashion Hub, as well as to digital manufacturing and construction;
 - London Borough of Hackney is planning a ‘Stitching Academy’ to support skills development for the Fashion Hub;

- Hackney Community College offers an advanced clothing manufacturing apprenticeship; and
- Newham College offers fashion and bespoke tailoring apprenticeships.

Case study 5: Hackney 100 – Earning whilst gaining skills and learning about work

Hackney Council has launched **Hackney 100**, an initiative that provides young people aged 15 to 17 with the opportunity to gain valuable paid work over 6 months in high-calibre local businesses predominantly in tech and creative industries in the borough.

Each young person works for four hours a week, and is paid at the London Living Wage by the businesses. The project aims to inspire and inform young people about the career opportunities available within growth sectors and provide real life work place experience. The first cohort of young people has already started their placements and the participating businesses have been extremely positive about the quality of the candidates involved.

Source: London Borough of Hackney

- 5.20 Recognising that there is already a lot going on, but that more connections could be made, Centre for London is developing the ‘Connecting Tech City’ platform (with three work strands: research, an online platform and a linked programme of engagement events). There is scope to use the intelligence gathered and relationships built, as well as the digital platform being created, to further the goals of this strategy.
- 5.21 A major opportunity in developing the strategy is also to make sure it aligns with the GLA’s Digital Skills Programme. This new programme is going to focus on East London with some elements covering the whole of London, and is particularly relevant to the barriers identified in this strategy. The programme includes a number of elements: support for careers co-ordinators in schools, bringing them closer to industry; possibly some teaching bursaries; a ‘kit’ fund; understanding impact of changes in curriculum on coding provision and how best to respond; review of FE provision, working with the Sector Skills Councils (in various ways, including using Creative Skillset’s ‘Tick’); and promoting increased diversity in the sector. £5 million has been allocated to the programme over two years as part of the LEP Growth Deal. The £55 million LEP FE Capital Fund also includes Digital as a key priority sector.

Case study 6: Greenwich Digital Skills

The Royal Greenwich **Digital Skills Centre** opened in November 2010 in the new Ravensbourne building on the Greenwich Peninsula. It promotes innovative routes into training and employment in the digital media sector. Since November 2010 approximately 600 students have benefitted from vocational training.

The Centre's focus is on residents aged 16 upwards, including those excluded from the labour market. Since it opened, courses have been offered in a wide range of subjects, at a variety of levels, including introduction to film and broadcast editing software, building your own website, animation software, graphic and fashion design, introduction to sound design software, architectural 2D and 3D drawing and model making software, and using software and social media for business.

The digital skills training offers a means of re-engaging people in the labour market and a way of moving people along the vocational pathway, most likely into more advanced training and ultimately into jobs. The training offers opportunities from entry level skills through to access routes into higher education, as well as promoting apprenticeships and job opportunities.

Greenwich Digital Skills is part of a more strategic intervention by the Council to promote itself as a leading '**Smart City**' and to position the Greenwich Peninsula as a prime location for the growth of the digital sector.

Source: Royal Borough of Greenwich

Key partners and workshop discussions

5.22 Discussions were held with a number of partners, and a stakeholder workshop was hosted and led by Hackney Community College (see Appendix).

5.23 These discussions explored a range of issues and proposed a number of priorities:

- **Inspiring young residents (and their influencers):** Ensuring young people, their parents, teachers and advisors are aware of the opportunities available in the sector. As well as creating opportunities for young people to directly experience and find out about the sector (one suggestion was 'every 16-18 year old in the Growth Boroughs to go on a digital enterprise day'⁴⁸), it was also suggested that there was a need to consider how to develop the knowledge and skills of Jobcentre Plus and Borough brokerage staff. Recognising that there were limits to what could be achieved through the CPD of individual teachers ('teachers don't learn as fast as children'), it was suggested that FE/HE colleges could have a role in supporting schools and could provide opportunities for peer learning and employer engagement;
- **Creating 'ladders of opportunity':** The current 'funnel into jobs shuts out a lot of local young people'. There is a need to develop new, or scale up existing, routes into the industry: apprenticeships, work experience, paid internships, work subsidies, graduate placements and business start-ups. There are a number of examples of programmes that could be built upon, including Tech City Apprentices, Create Jobs, London Works. Part of the need is to promote the success of non-graduate routes to employers. But it is not just about young people entering the industry. There is a space to identify, or develop, routes into all levels of the industry for unemployed adults, through placements, as well as possibly a joint ESF project. In

⁴⁸ As a possible example, students from Hackney Community College and Barking and Dagenham College took part in the pilot of iDEA www.onemillionyoungideas.org.uk a competition that aims to 'directly support young people to establish successful digital businesses and develop critical digital and enterprise skills along the way'.

developing new routes into the industry consideration should be given as to how employers seeking to get involved can be offered a single point of contact. Consideration may also need to be given to how planned changes in apprenticeship funding could affect existing targeting of provision (and whether the strategy should offset unintended impacts);

- **Making sure training in the Growth Boroughs is not just ‘fit for purpose’ but leads the field:** There is an opportunity to use the increasing profile and importance of the sector in the Growth Boroughs’ economy as a catalyst for positioning the East of London as the place to develop skills to work in the creative and digital industries. Colleges should continue to work closely with local employers, but also use tools like the Creative Skillset ‘Tick’ and e-Skills Information Technology Management for Business (ITMB)⁴⁹ standard. There is also a need to recognise that some areas of tech are highly segmented – fintech, martech, fashiontech, etc. – and that some niches are quite small. To develop provision that responds to these segments may require agreement on specialisation across colleges (perhaps also taking into account commercial trainers). Funders should be encouraged to be flexible and allow vendor specific qualifications to be taught; and
- **Engaging employers:** Whilst there is interest amongst employers, as an evolving sector with large numbers of micro-businesses and freelancers, it is not an easy one with which to engage (particularly if using traditional methods). Initiatives like Connecting Tech City and Tech Connect offer innovative approaches that could be built upon. Consideration should also be given to how ‘single points of contact’ might be developed, in order to prevent employers that want to get involved having to navigate a confusing array of relationships. (See also Creating ladders of opportunity, above.)

Creative and digital industries

Recommendations for action

The Growth Boroughs Leaders and Mayors are recommended to:

- develop a digital/face-to-face networking platform to enable young people from all Growth Boroughs to access opportunities in the creative and digital industries by promoting engagement and communication between businesses, skills providers and schools, building on the Connecting Tech-City platform;
- encourage colleges across the Growth Boroughs to collaborate to develop and provide specialist courses in creative and digital skills, working closely with employers and sector skills councils (including Creative Skillset and e-skills); and
- develop expertise on digital careers and facilitate work across schools and colleges to advise young people on sector developments and opportunities.

⁴⁹ Information Technology Management for Business (ITMB) degree <http://www.e-skills.com/ITMB>

6. Construction

- 6.1 The construction sector is a vital component of the UK economy and was one of eight key sectors addressed in the government's Growth Review in 2011⁵⁰. It makes an important contribution to employment, but also strategically in its impact on the built environment, and in stimulating economic growth and meeting environmental commitments.
- 6.2 Construction is bringing important opportunities to Growth Borough residents through major developments across the area. But beyond construction's role in the physical regeneration of East London, the industry also offers opportunities for employment, both now and in the coming years.
- 6.3 It is an industry of diverse career opportunities, with a wide range of job openings for skilled labour at operative, technician and professional levels. However, this message does not always get through to potential entrants and their advisors. Indeed, the sector is under-represented in terms of employment of younger workers, women and ethnic minorities⁵¹. At the same time, it is also an industry facing severe skills shortages, with over a fifth of all vacancies hard-to-fill⁵².
- 6.4 Looking ahead, like many sectors of the economy construction is getting to grips with the shifting demands and opportunities brought by new technology (including Building Information Modelling, BIM), changing expectations (for example, the need to deliver reductions in carbon emissions and increase sustainability through new construction, and retrofit) and increasing use of smart approaches to delivery (including Modern Methods of Construction, MMC).
- 6.5 The Growth Boroughs are well-placed to benefit from these changes. Within the area, there is a significant amount of good practice to build on in the construction sector. This includes the approaches, understanding and partnerships developed through the phases of construction leading to delivery of Queen Elizabeth Olympic Park (QEOP).

The size of the workforce – current and future jobs

- 6.6 There are 22,300 people working in the construction sector in the Growth Boroughs, which account for 3.7% of jobs in the economy⁵³. Employment has increased by 2,300 – or 11.5% - since 2009, which is above the London average (7.1%).
- 6.7 According to the Oxford Economics forecasts, the number of permanent construction jobs in the Growth Boroughs economy is set to increase by between 4,800 and 4,900 (10.9%) from 2012-2022. Across the London economy as a whole, the construction sector is set to grow by 46,000 jobs (18.6%) during the next decade, compared to 8.1% growth for all sectors⁵⁴. In

⁵⁰ HM Treasury (2011) The Plan for Growth

⁵¹ UKCES (2013) Sector Skills Insights: Construction

⁵² UKCES (2014) Employer Skills Survey

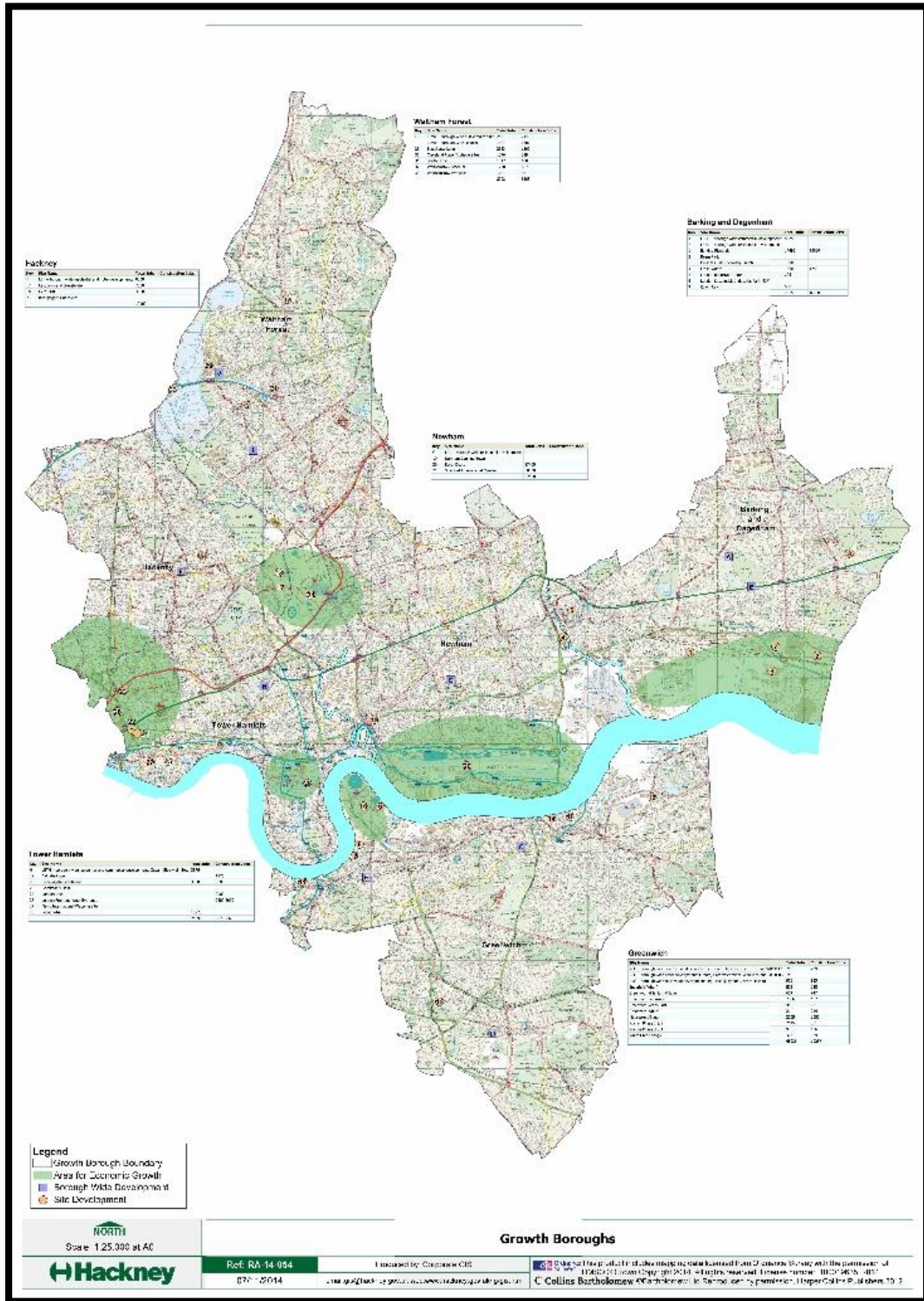
⁵³ ONS BRES

⁵⁴ UKCES (2014) Working Futures

addition to these forecasts, a significant number of construction workers are not readily captured in official statistics.

6.8 At a local level, there are a number of major developments in the Growth Boroughs that are either on site or in the pipeline. The map below shows the principal growth sites in the Growth Boroughs Opportunity Areas, with forecast numbers of resulting jobs and construction jobs.

Figure 6.1: Growth Boroughs jobs forecast at development sites



Changing industry practices and skill requirements

- 6.9 In July 2013, as part of its Industrial Strategy, the government set out, in *Construction 2025*⁵⁵, a vision of a transformed construction industry. The vision seeks to place construction at the heart of the UK's future low carbon, resource efficient, modern and globally competitive economy through a focus on developing Modern Methods of Construction techniques and the use of Business Information Modelling (BIM).
- 6.10 However, the sector faces a number of skills-related performance challenges, including:
- **The cyclical nature of employment.** In recessions, the sector's workforce often drops significantly and this has previously resulted in skills shortages in the recovery period, as workers who have secured employment in other sectors are reluctant to re-join the construction workforce;
 - **Technological advances and the low carbon agenda.** Meeting low/zero carbon requirements, adopting new technologies and satisfying various regulations requires specific skills and alters the importance of particular occupations; and
 - **Skills to fill replacement demand.** The problem of older workers leaving the sector is a particularly important skills issue in construction, given the nature of work and the age structure of the workforce.
- 6.11 UKCES figures indicate that most employment growth in the construction sector over the next decade will occur in intermediate skilled trades (+22,900 or 14.0%) and higher skilled roles (managers, professionals and associate professionals) (+21,000 or 38.2%)⁵⁶. Including replacement demand arising from people leaving the workforce, opportunities exist for individuals at a range of skills levels. Over half (51.2%) of all jobs in the next decade will be open to those without higher level qualifications (QCF4+). Although, recent research undertaken by London Chamber of Commerce and Industry (see notes of workshop in the Appendix, paragraph 14.18), suggests that the skill requirements of the industry in London may be higher than previously anticipated.
- 6.12 The CITB's recent survey of construction firms, published in June 2014⁵⁷, reported a high level of confidence in the economic recovery, but 18% of employers reported that for some or all of the last year they had not had enough skilled workers. Skills shortages were found to be broad-based and affect a range of jobs from labourers and general workers through to the traditional skilled trades and on into technical, professional, and managerial levels. While more than half (57%) of employers provided some staff training, this was below the average across all sectors of the economy (66%).
- 6.13 With a relatively high demand for intermediate skills and an ageing workforce, the sector has the potential to provide a large number of entry level training positions over the

⁵⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/210099/bis-13-955-construction-2025-industrial-strategy.pdf

⁵⁶ UKCES (2014) Working Futures

⁵⁷ CITB (2014) Skills and Training in the Construction Industry 2014

medium term. However, declining engagement with apprenticeships is a challenge⁵⁸ - possibly linked to the changing nature of the construction industry (e.g. higher levels of subcontracting, shorter work programmes). There were 980 apprenticeship starts in Construction, Planning and the Built Environment in London in 2012/13, down by 640 since 2007/08⁵⁹. There are also concerns about the attractiveness of the sector to young people. Almost three-quarters (72%) of respondents in the Construction Industry Training Board (CITB) survey felt that not enough young people are being trained in the construction industry (72%)⁶⁰.

- 6.14 Using knowledge about the construction pipeline and projected skills needs, there are opportunities for the Growth Boroughs and partners to collaborate with each other and employers to develop new pathways into the industry, including for workers 25+. There are also opportunities to encourage those who left the industry during the last recession to return. Both are likely to be important in filling vacancies created as older workers leave the sector.

Current programmes and opportunities

- 6.15 There is much existing good practice in the Growth Boroughs. There are already successful models of supporting Growth Borough residents into job and apprenticeship opportunities, developed through the work that the LLDC and Boroughs have done with contractors on Section 106 agreements for major schemes (both on the QEOP and more widely), that could be further built upon.
- 6.16 Other initiatives proposed and in development include:
- creation of a company in Newham for residential development of market rented properties with the aspiration to deliver 600+ residential units by 2018. Jobs and training opportunities for residents will be maximised;
 - Newham's Job Brokerage (Workplace) staff are embedded with site managers on major developments, including the Stadium Transformation, The International Quarter, Hallsville Quarter (Canning Town) and Royal Wharf;
 - a University Technical College (UTC) specialising in modern methods of construction is being developed by Waltham Forest, supported by the LLDC and several principal construction contractors;
 - expansion of the route-way to construction training programme and specialist construction employment desk in Tower Hamlets;
 - assessing how partners in East London can best respond, through the provision of infrastructure or programmes, to the opportunities presented by the industry's increased use of BIM and modern methods of construction;
 - the Construction Skills Centre in Greenwich. (See case study 7);

⁵⁸ <http://www.construction-manager.co.uk/news/revise-government-stats-show-33-decline-apprentic/>

⁵⁹ Skills Funding Agency / BIS (2014) FE data library: apprenticeships

⁶⁰ CITB (2014) Skills and Training in the Construction Industry 2014

- Jobcentre Plus sector-based work academies, providing pre-employment training and work experience, in partnership with individual or groups of employers, to support young people into sustainable work opportunities;
- the Olympicopolis development at QEOP and the proposed Centre for Education in Engineering will offer important and innovative ways of building on existing LLDC initiatives. The Centre will provide opportunities to further the integration of manufacturing and skills in design with an understanding of engineering and the application of BIM and modern methods to the construction process;
- building on lessons learned from establishing close partnership working and employer engagement through phases of construction work both at QEOP and in the Boroughs more broadly; and
- a commitment by GLA Housing and Land Directorate to encourage registered providers of social housing contracted to deliver the Mayor's 2015-18 Affordable Housing Programme in the Growth Boroughs to provide apprenticeships, and the potential to exploit other opportunities presented by development of the GLA's major landholdings.

Case study 7:

How the Royal Borough of Greenwich's Construction Skills Centre is getting people into jobs

The Royal Borough of Greenwich has developed a Skills Centre strategy which has led to the opening of four Skills Centres in the Borough to meet the skills requirements of key business sectors.

A major growth sector is that of construction, with 25+ live major building sites within the Borough, including Crossrail, Woolwich Arsenal and Abbey Wood, Kidbrooke and the Greenwich Peninsula. Through the auspices of S106 planning agreements, Greenwich Local Labour and Business (GLLaB) work closely with contractors to enable the recruitment of local people, with a continual focus on upskilling. However, to meet the construction industry need for trained staff, as also highlighted in the recent London Chamber of Commerce and Industry Report, *Skills to Build*, the Royal Borough of Greenwich has recently opened a brand new Construction Skills Centre for Royal Borough residents in Kidbrooke.

The **Construction Skills Centre** will deliver flexible training for entry level jobs in the construction sector. It includes two classrooms and will deliver specific training courses, both theory and practical, in a wide range of skills relevant to the construction industry such as kerb laying, drain laying, asbestos awareness and traffic marshalling. It is also highly mobile and if a need arises at another major site in the future, it can be moved if required. It will make innovative use of a range of available funding: S106, Adult Learning, ESF, mainstream SFA and full cost recovery from contractors to deliver the training required.

The first group of 25 trainees, recruited by Greenwich Local Labour and Business (GLLaB), learned a variety of entry level skills, from laying paving to street repairs. These trainees became the first recruits to the Council's new Highways Improvement Scheme – providing jobs for around 100 unemployed borough residents who will receive specialist training to carry out repairs to the boroughs roads – over and above the rolling programme of road maintenance.

Source: Royal Borough of Greenwich

Key partners and workshop discussions

- 6.17 Discussions were held with a number of partners, and a stakeholder workshop was hosted by the London Legacy Development Corporation and led by Barking and Dagenham Council (see Appendix).
- 6.18 These discussions explored a range of issues and proposed a number of priorities for collaborative action by the Growth Boroughs:
- increasing awareness of the opportunities available in the sector;
 - using the data from a range of sources, from contractors to boroughs and wider stakeholders, to review the available specialist training provision and identify and co-ordinate additional provision for the area;
 - reviewing the shape of future apprenticeships with employers and providers, in the light of changing industry needs;
 - pre-employment training for potential applicants;
 - local authorities working effectively with developers and contractors, building on the lessons from the work of the LLDC, to match training provision against identified labour requirements; and
 - cross-borough cooperation on referrals to opportunities (for new entrants and workers moving to new sites), which would increase contractors' ability to recruit from within the growth boroughs, and increase overall local employment.

Construction

Recommendations for action

The Growth Boroughs Leaders and Mayors are recommended to:

- use new data at a London and local level on detailed industry skills needs and the timing of development activity to better forecast industry skills needs and agree a Growth Boroughs wide strategic response to new training provision; and
- extend good practice developed through the LLDC and Borough brokerages to provide training opportunities directly and through Apprenticeship Training Agencies.

7. Retail and hospitality

- 7.1 The retail and hospitality workforce in the Growth Boroughs is sizeable, accounting for almost one fifth of all jobs in the Growth Boroughs. They are also sectors that are projected to increase in employment in the Growth Boroughs, well beyond that for London as a whole.
- 7.2 Apart from their contribution to making the Growth Boroughs an attractive place to live and visit, the retail and hospitality sectors provide large numbers of opportunities for local residents and are an extremely popular sector for entry-level jobs. But they are also sectors beset with low pay and, in some cases, uncertain hours. Retention is also a growing issue, particularly as the sector continues to grow and nationally the numbers of young people entering the jobs market begins to contract⁶¹.
- 7.3 Businesses in both sectors are feeling the impact of increased competition, wider use of technology (in supply chain management, multi-channel shopping, price comparison and consumer review web sites) and increasingly discerning consumers (driven to a degree by frugal consumer spending but also encouraged by the growth in online price comparison and popularity rating). The impact is not only increased importance of good customer care, but also the need for managers to be comfortable using technology and managing increasingly complex supply chain arrangements.
- 7.4 These changes present an exciting opportunity for the Growth Boroughs to be at the forefront of developing the skills and career pathways necessary to secure the future vitality of these important sectors.

The size and composition of the workforce

- 7.5 There are 109,600 people working in Retail and Hospitality in the Growth Boroughs (18% of employment). Of these 72,400 are in Wholesale and retail, which represents 11.9% of employment (compared to 12.6% of employment for London as a whole). The other 37,200 are in accommodation and food services (i.e. hospitality), which accounts for 6.1% of employment in the Growth Boroughs (compared to 7.4% of employment for London as a whole)⁶².
- 7.6 Both sectors are projected to grow significantly in the Growth Boroughs from 2012 to 2022 (between 9,700 and 17,200 additional jobs)⁶³, as they are across London as a whole (73,000)⁶⁴.
- 7.7 The retail and hospitality sectors have a large number of SME and particularly micro businesses. In 2013 90.7% of wholesale and retail enterprises in the Growth Boroughs were

⁶¹ The demographics of the Growth Boroughs do not match the national picture, with a higher proportion of young people in their populations.

⁶² ONS BRES

⁶³ Host Boroughs Economic Model (HBEM), Oxford Economics – baseline and high growth scenario

⁶⁴ UKCES (2014) Working Futures

microbusinesses (employing less than 10 people), as were 84.1% of enterprises in the accommodation and food sector⁶⁵. At the same time, national evidence suggests that the majority of people in the retail sector are employed by the larger businesses⁶⁶.

- 7.8 A significant part of the workforce in these sectors is employed part-time. 50.6% of employees in the accommodation and food sector and 44.9% of employees in the wholesale and retail trade work part-time in the Growth Boroughs economy. This can be linked to the seasonal nature of some work in these sectors. Employees are disproportionately young and the sectors employ a relatively high number of women. Across the UK, almost a third of retail employees are under 25 years of age and 58% of employees are women⁶⁷. In the hospitality, tourism and sport sector, 33% of staff are under 25 and 52% of employees are women (2010)⁶⁸.
- 7.9 A lot of jobs in these sectors are low paid. Around 163,000 low paid jobs in London in 2013 were in retail and a further 137,000 in hotels and restaurant services. Together they account for 49% of low-paid jobs across London, compared to 22% of total jobs⁶⁹.
- 7.10 Retail and Hospitality jobs are projected to continue to grow in the Growth Borough economies, with a number of new developments planned or in the pipeline. For example, in the London Borough of Hackney, where in addition to six new hotels being completed, another 10 are planned.

Recruitment, retention and progression

- 7.11 In both sectors there is a pattern of high staff turnover and, particularly in London, reliance on migrant labour. A national survey of retail employers showed that over a third of employers believed that their staff didn't have a long term commitment to the business⁷⁰. Key reasons cited are complications arising from low wages and a lack of progression.
- 7.12 Both the retail and hospitality sectors are extremely cost competitive and often employ business models that focus on cost minimisation. However, high levels of staff turnover require significant outlay on recruitment and induction training for new staff – which can be at the expense of development training and progression for existing staff.
- 7.13 At the moment employers are generally able to recruit staff with the skills they need to fill vacancies and recruitment is not identified as a particular problem by employers in surveys⁷¹. But the accommodation and food sector has the highest density of skills gaps by sector (8.9%) in the UK, and wholesale and retail (5.8%) the fourth highest⁷². The top three

⁶⁵ ONS (2014) Business Counts

⁶⁶ Retail Sector, Labour Market Review, People 1st, September 2013

⁶⁷ BIS (2013) A strategy for future retail

⁶⁸ Sector Skills Assessment for the Hospitality, tourism and sport sector, People 1st, October 2012

⁶⁹ London Poverty Guide

⁷⁰ UK Futures Programme Competition Brief: Progression Pathways in Retail and Hospitality, UKCES, October 2014

⁷¹ Sector Skills Insights: Retail, UKCES, July 2012

⁷² UKCES (2014) The UK Commission's Employer Skills Survey 2013: UK Results

relate to customer handling skills, technical, practical or job specific skills, planning and organisation skills⁷³.

- 7.14 It is easy to be critical of the sector for offering low skill, part-time work. But for many people the retail and hospitality sectors are a first step into work: 23% of employers in the accommodation and food sector and 18% of employers in the wholesale and retail trade recruited school leavers in 2013 – both above the average for all sectors (14%)⁷⁴. Employment in these sectors can also fit well around other responsibilities (whether family, caring or, often, study).
- 7.15 Nevertheless, People 1st identify retention as a massive issue for the sector⁷⁵. This is undoubtedly linked to the limited progression opportunities from entry level jobs. Recognition of skills acquisition, training for those in entry-level jobs, and the development of quality training which provides the foundation for progress are important issues to address⁷⁶.
- 7.16 Nationally, there is also some evidence of ‘blocking’ by employees in lower skilled roles in accommodation and food services who do not wish to progress into higher skilled work⁷⁷. This can limit entry level opportunities in the sector.

Changing demand for skills

- 7.17 Whilst there are likely to continue to be many jobs in the sector that require lower level skills in the future, there are also a number of factors that are increasing the sector’s need for higher level skills:
- **Technology** has had, and is continuing to have, a major impact on the sector, through the growth of online / multi-channel retailing, and the increasingly sophisticated IT systems major retailers use to manage their supply chains and in-store operations;
 - **Globalisation** is affecting the sector through the capacity to source goods from all over the world, and in providing opportunities to enter foreign markets; and
 - **Consumer preferences and demand** is also shaping the sector. Alongside the increasing number and success of discount stores, some luxury retailers have continued to perform well in the current economic climate. Consumers are becoming more discerning, using price comparison web sites and consumer review sites (like Trip Advisor) to find a bargain or to decide whether to spend scarce money on a more expensive hotel or attraction.

⁷³ People 1st presentation to Retail and hospitality workshop, 30 October 2014 (see Appendix, paragraph 14.12)

⁷⁴ A Green, G Atfield, D Adam and T Staniewicz, Warwick Institute for Employment Research (2013) Determinants of the composition of the workforce in low skilled sectors of the UK economy

⁷⁵ Ditto, People 1st Policy Insights 2: Recruiting our future workforce, People 1st Policy Insight 3: How do we recruit and retain a skilled tourism workforce?

⁷⁶ UKCES (2012) Sector Skills Insights: Retail

⁷⁷ A Green, G Atfield, D Adam, and T Staniewicz, Warwick Institute for Employment Research (2013) Determinants of the composition of the workforce in low skilled sectors of the UK economy

- 7.18 These trends mean the retail sector needs more people qualified to a higher level in managerial roles⁷⁸. Staff in intermediate level positions will also increasingly need to apply their skills in more technology intensive, customer friendly environments which is likely to drive up skills requirements.
- 7.19 There is a well-developed external skills supply infrastructure at Levels 2 and 3. Overall, however, employers in the sector engage less with the external skill system - FE colleges, engagement with HE, etc. - than is the case generally across all employers⁷⁹. Where retailers have engaged with the external skills system they have found it beneficial to their businesses⁸⁰. This includes apprenticeships and the training provision leading to other vocational qualifications.

7.20 **Table 7.1: Qualification requirements in retail and hospitality, London**

| Qualification level | 1992 | 2002 | 2012 | 2017 | 2022 |
|---------------------------------------|------|------|------|------|------|
| QCF 4 and above | 17.6 | 17.0 | 27.8 | 36.2 | 44.2 |
| QCF3 A level & equivalent | 19.0 | 19.4 | 18.1 | 16.5 | 14.8 |
| QCF2 GCSE(A-C) & equivalent | 24.8 | 24.4 | 23.4 | 21.5 | 19.4 |
| QCF1 GCSE(below grade C) & equivalent | 25.1 | 26.1 | 20.1 | 17.9 | 14.9 |
| No Qualification | 13.5 | 13.0 | 10.6 | 7.9 | 6.7 |

Source: UKCES Working Futures

- 7.21 Recently retail apprenticeships have acquired somewhat of a bad reputation following some high profile television coverage of the way a number of supermarkets were using apprenticeships to fund and accredit short, basic level training⁸¹. This has impacted on the willingness of retail employers to take up apprenticeships, but the new employer-led apprenticeship frameworks being developed within the sector will hopefully go some way towards tackling this in the future.

Current programmes and opportunities

- 7.22 In developing a Growth Borough skills and employment strategy for Retail and Hospitality, there is already much existing good practice to build upon. Below is a selection of examples⁸²:

- Skills Place Newham, managed by Seetec, is London Borough of Newham's state-of-the-art retail training centre based within the Westfield Stratford shopping complex. The Skills Place offers residents work-focused training to help them get a job at Westfield

⁷⁸ UKCES (2012) Sector Skills Insights: Retail

⁷⁹ UKCES (2012) Sector Skills Insights: Retail

⁸⁰ UKCES (2012) Sector Skills Insights: Retail

⁸¹ <http://feweek.co.uk/2012/04/02/panorama-to-focus-on-zenos-morrisons-and-subcontracting/> [Accessed 15/10/14] <http://www.theguardian.com/commentisfree/2012/feb/09/apprenticeship-schemes-fail-young> [Accessed 15/10/14]

⁸² This is a representative list, mostly drawn from examples offered by participants at the Retail and Hospitality workshop on 30 October 2014. For brevity, similar projects have not been repeated. So this is not a comprehensive list.

Stratford shopping centre. It also offers training for businesses that would like to update the skills of their current workforce;

- Workplace in Newham has placed over 4,000 residents into employment in Westfield since it opened in 2011. Much of this is the result of pre-recruitment training designed in partnership with John Lewis. (See case study 8);
- sector-based work academies are developed in partnership between Jobcentre Plus, employers and local colleges (or alternative providers). They are created to provide a pathway for unemployed Jobseekers on benefit, generally 18 – 24 year olds and comprise tailored training, meaningful work experience and vacancies. Those who complete the training and work experience are guaranteed an interview with the partner employer for available vacancies;
- Workplace in Newham also delivers ‘Take Off Into Work’ which is designed to enable residents to access employment at London City Airport. The programme includes a two week training course and a two week placement at London City Airport. All candidates attending the course have access to London City Airport vacancies after completion of the programme. Over 400 residents have secured employment via this programme since 2009;
- Greenwich Hospitality and Catering Skills Centre is run in partnership with specialist training providers and uses facilities within Charlton Athletic football club to provide industry led training to prepare local residents for hospitality and catering jobs⁸³;
- Hackney Fashion Hub. This is a major regeneration project on the edge of Hackney town centre that will create a new focal point for UK fashion in the heart of London's East End. The Fashion Hub will also benefit Hackney's textile industry, creating hundreds of jobs for local people across the borough in the shops and stores⁸⁴;
- the Hackney Community Fund involves hotels in Hackney charging visitors £1 a night voluntary donation. Some of the money raised will support schemes helping local people develop skills to work in the hospitality sector;
- In response to growing number of microbreweries, the Hackney Community College has recently launched a brewing apprenticeship;
- London Borough of Barking and Dagenham are currently trialling an intermediate labour market – a waged training programme, with a stepped salary as skills increase. They have also recently been approached by Tesco to help them address in-work progression issues;

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http://www.royalgreenwich.gov.uk/news/article/238/royal_borough_of_greenwich_to_launch_construction_skills_centre [Accessed 31/10/14]

⁸⁴ <http://hackneyfashionhub.co.uk/> [Accessed 30/10/14]

- London Borough of Tower Hamlets has designed pre-employment programmes to support recruitment campaigns, for example with John Lewis/Waitrose, M&S, Nandos, etc. They have also established intermediate labour markets for retail and hospitality with 4 - 5 month wage subsidy, pre-employment to job brokerage, and a graduate employment programme; and
- in Waltham Forest, the Adult Learning Service's successful Rock Into Work programme provides tailored route ways into the sectors, building on successful programmes designed for the Olympics.

Case study 8:

Fernanda Craffa, the 20,000th resident to be placed into work by Workplace, talks about how Workplace worked for her

Fernanda Caraffa from North Woolwich was referred to **Workplace** from Jobcentre Plus. While she was optimistic about finding a job with Workplace's help she could not have imagined just how quickly it could happen.

She said: 'I had my registration appointment on a Monday. Later that day my adviser forwarded me details for a job as head of reception at All Star Lanes in Westfield, Stratford.

'On Tuesday I attended a pre-interview screening at Workplace where I and other candidates got advice on interview techniques and how to shine in a group interview. On Wednesday I had my group interview, made it through and the next day I had a one-to-one interview with my now boss. By the end of the week I had a job.'

Previously an assistant manager within the catering industry, the birth of Fernanda's daughter saw her become a stay at home mum for three years. She said: 'After such a long break I was insecure about finding work and not very confident. My advisor Luke helped me with my CV but more importantly he gave me the confidence to apply for the job.'

After thinking and talking about nappies and bottles for two years, Fernanda is pleased to return to work. She loves her job, her customers and the people she works with. As well as the support she received from Workplace, Fernanda also qualified for 15 hours per week of free childcare. She said: 'As I work shifts, sometimes until 11pm, my husband and I share childcare, so he comes home and I go to work. The nursery place has really helped me out. I wouldn't be able to afford to go back to work without it.'

Fernanda whole-heartedly recommends Workplace. She said: 'At the Jobcentre you don't get a very personal service. They ask you if you have been looking for work, you sign a piece of paper and that's it. It's more about getting you off benefits than helping you into work.

'I'd sent out lots of CVs with no response. When you've been looking for a while and nothing comes up it can be very depressing. There's no excuse not to have a job in Newham. If you want a job and go to Workplace you will get one; they will do everything they can for you.'

Source: London Borough of Newham

7.23 The Boroughs are already active in identifying opportunities to co-ordinate pre-employment training and recruitment through Section 106 agreements with developers and end users of forthcoming retail, hotel and restaurant developments across the area. For example, as already noted earlier, London Borough of Hackney know that a further 10 hotels are planned, to add to the existing six in the borough, and are developing links to ensure local residents have the skills and opportunities to benefit from the employment they create.

- 7.24 It is important that any additional interventions proposed as part of this strategy builds upon and enhances the existing range of initiatives and partnerships at a Borough level.

Key partners and workshop discussions

- 7.25 Discussions were held with a number of partners, and a workshop was hosted and led by London Borough of Newham (see Appendix), to explore priorities for action and identify potential areas for collaboration across the Retail and Hospitality sector.

- 7.26 These discussions explored a range of issues and proposed three potential areas for collaboration:

- **Building on the strengths of the individual borough brokerages:** Each of the Borough brokerages has developed ways of working and relationships appropriate to their context and communities. Each also has strong relationships with Jobcentre Plus locally, which also links them to the Jobcentre Plus national team. Being locally embedded is one of their strengths. Nevertheless there may be a role for some sort of digital platform or app to enable people to search vacancies across borough boundaries. It was also agreed that it is important to ensure that people in work looking for opportunities to progress should also be able to access vacancies;
- **Increasing apprenticeships (and other training pathways):** There was discussion about whether to adopt a Growth Borough's target to increase apprenticeships. There was some concern expressed about this as many apprenticeships currently go unfilled because of the low level minimum apprenticeship wage. It was also felt that focusing too much on apprenticeships could divert attention from other pathways⁸⁵. It was agreed that a goal to increase apprenticeships should include reference to apprenticeships paid at least at the full (as opposed to apprenticeship) minimum wage and that it is acknowledged that apprenticeships are only one of a range of pathways into work⁸⁶; and
- **Exploring opportunities to work with People 1st to achieve shared strategic goals:** The discussions highlighted close alignment between the goals and activities of People 1st and the aspirations of the Growth Boroughs in promoting skills and employment opportunities in the retail and hospitality sectors. Key areas identified for possible closer working in the future included documentation of career pathways in retail (to match work already undertaken in Hospitality), promoting career pathways and opportunities for progression, and increasing the quality of apprenticeships. It was agreed that there could be real value in continuing to work with all sector skills councils for the key sectors⁸⁷, including People 1st, and to explore where the

⁸⁵ There was, perhaps, some concern that a focus on apprenticeships and progression might divert brokerages away from their core role of helping people make the first step in to work. That progression was more the responsibility of employers.

⁸⁶ It is proposed that funding for the new apprenticeships will go direct to employers, who will employ the apprentice and purchase training to support them on their apprenticeship. In this context one of the pathways may be preparing young people to apply for apprenticeships.

⁸⁷ Sector Skills Councils have proved important contributors to a number of the sector workshops, and in each case have been keen to support the work of the Growth Boroughs (Creative Skillset, e-Skills, CITB, People 1st)

Growth Boroughs could be involved with pilot initiatives alongside People 1st.

Retail and hospitality

Recommendations for action

The Growth Boroughs Leaders and Mayors are recommended to:

- develop Growth Borough wide relationships with national retailers and hospitality companies, building on individual Borough relationships; and
- work with People 1st (the national sector skills council) to develop and pilot programmes to provide opportunities for career progression and reduce staff turnover.

8. Finance and business services

- 8.1 Finance and business services is a leading growth sector for London and was identified as one of eight key sectors for the UK economy in the government's Growth Review in 2011⁸⁸. The 204,900 jobs recorded in 2012 (33.7% of all Growth Borough jobs) include a wide range of financial and professional occupations, often recruiting from across the globe into the highest paying jobs.
- 8.2 The sector is critically dependent on the quality of its people. Employees are generally educated to a higher level than the national average and most parts of the sector have relatively few skills shortage vacancies. At the same time there are persistent skills deficits in certain sub-services, for example in insurance and retail finance⁸⁹, and emerging pockets of skills deficiency, such as professional and associate professional roles in business services⁹⁰.
- 8.3 The sector is particularly important to the Growth Boroughs economy. Finance and insurance is the single largest source of employment in the area and offers the highest level of earnings. Canary Wharf is home to many of the capital's core activities and businesses, including international finance and professional businesses. However, a relatively low number of local residents are actually employed in the sector and there are concerns that many professions have become less socially representative in recent decades.

Defining finance and business services

- 8.4 A key challenge in presenting and analysing information from a range of sources about finance and business services is that the sector is defined differently according to the sources⁹¹ used. The definition used in this report encompasses the following industrial groups:
- Financial and insurance activities
 - Real estate activities
 - Professional, scientific and technical activities
 - Business administration and support services.
- 8.5 This definition is similar to the one used in the government's strategy for professional and business services⁹². However, it should be noted that it includes a range of advertising, architectural and computing roles, which may be more relevant to the creative and digital sector (discussed in Chapter 5). It also includes a number of, often lower productivity, support level activities. While these jobs are not the main focus for action in this sector, they

⁸⁸ As 'Professional and business services', HM Treasury (2011) The Plan for Growth

⁸⁹ UKCES (2010) Strategic Skills Needs in the Financial Services Sector

⁹⁰ UKCES (2014) Employer Skills Survey 2013

⁹¹ UKCES Sector Skills Insights (2012) Professional and Business Services

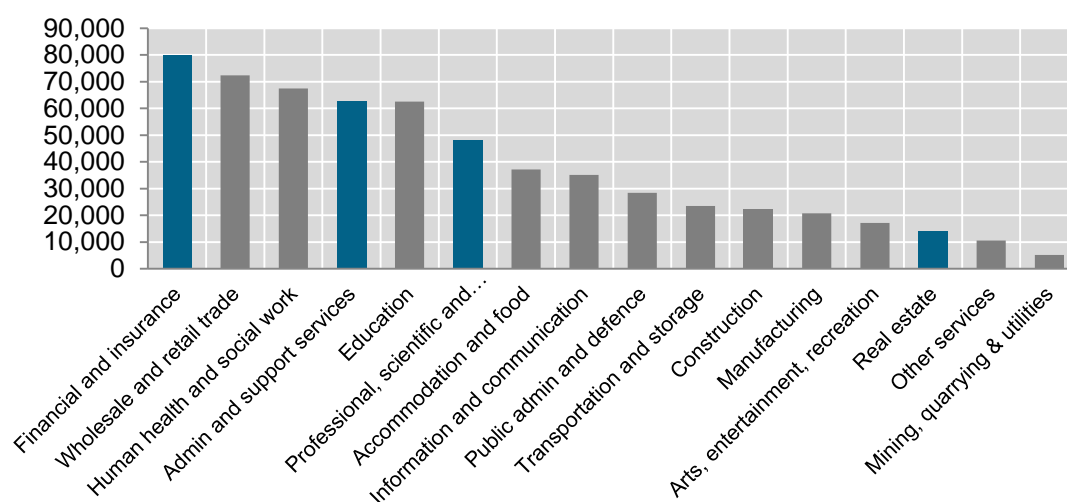
⁹² HM Government (2013) Growth is Our Business: A Strategy for Professional and Business Services

may offer a wider range of entry routes into the sector for those with lower levels of qualifications.

A major source of jobs but often for those living further afield

- 8.6 Using the definition above, 204,900 people worked in finance and business services in the Growth Boroughs in 2012, up by 27,000 since 2009⁹³. Finance and insurance (80,000 people employed) is the single largest sector for employment in the Growth Boroughs economy, while support services (62,700) and professional services (48,100) are also significant⁹⁴.

Figure 8.1: Growth Boroughs, employment by sector (2012)



Source: ONS BRES

- 8.7 However, the number of Growth Borough residents employed in finance and insurance activities, in particular, is low in relation to number of jobs in the area. In 2011, only 49,200 Growth Borough residents worked in the finance and insurance sector (both in the Growth Boroughs area and elsewhere)⁹⁵ whereas there were around 80,000 jobs in this sector.
- 8.8 This is partly related to the high skills requirements of finance and insurance activities in the Growth Boroughs. Over two-thirds (67.3%) of those employed in the industry in 2011 were qualified at Level 4 or above, compared to 59.2% across finance and business services jobs and 46.2% for all sectors⁹⁶. While Growth Borough working age residents are well qualified compared with England as whole, they are significantly less-well qualified than the average for London. Commuters also raise the level of competition for jobs.

Future trends in the workforce

- 8.9 According to the Oxford Economics forecasts, the number of jobs in finance and business services in the Growth Boroughs is forecast to increase by 45,600 - 69,600 from 2012-2022⁹⁷.

⁹³ ONS (2014) Business Register and Employment Survey

⁹⁴ ONS (2014) Business Register and Employment Survey

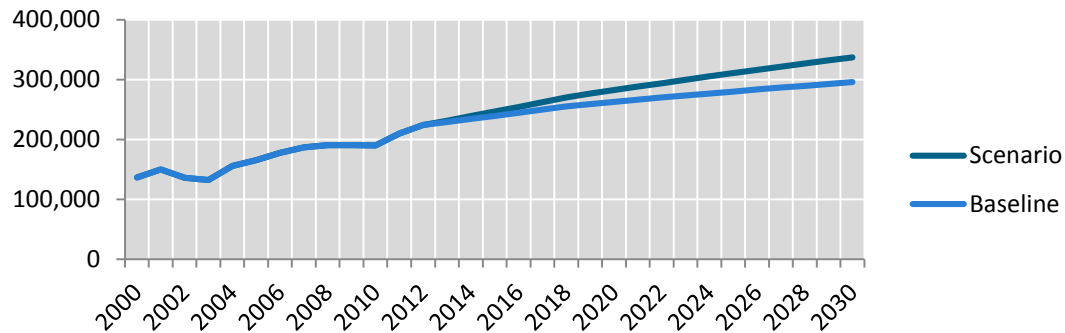
⁹⁵ ONS (2011) Census

⁹⁶ ONS Census 2011 (workplace population)

⁹⁷ Host Boroughs Economic Model (HBEM), Oxford Economics - high growth scenario

The forecast rate of jobs growth is particularly high in real estate (up to 55.6% growth in jobs between 2012 and 2022) and professional services (up to 50.3%)⁹⁸.

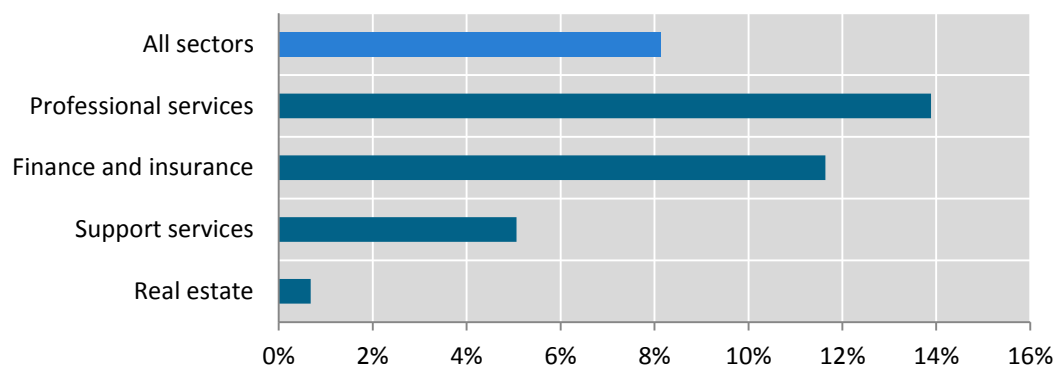
Figure 8.2: Forecast rate of jobs growth, Growth Boroughs, finance and business services



Source: Host Boroughs Economic Model (HBEM), Oxford Economics - high growth scenario

- 8.10 Across the London economy, total employment in finance and business services is set to grow by 157,000, or 9.7%, between 2012 and 2022, compared to an average rate of jobs growth of 8.1% for all sectors⁹⁹. Growth is expected to be especially strong in professional services (13.9%) and finance and insurance activities (11.6%). There is expected to be an increase in the number of people employed in higher skilled occupations in the sector (+19.4%) and a decline in both intermediate (-18.7%) and lower skilled (-4.1%) positions¹⁰⁰.

Figure 8.3: Jobs growth, London, by sector (% 2012-2022)



Source: UKCES

Changing recruitment patterns and skill requirements

- 8.11 In July 2013, as part of its Industrial Strategy, the government published *Growth is Our Business*, a Strategy for Professional and Business Services. It sets out a vision to support the UK as the main global hub for knowledge intensive professional and business services.

- 8.12 Improving access to a wide range of advanced skills, both to meet current demands and future growth opportunities, is seen as vital for achieving this ambition. UKCES figures

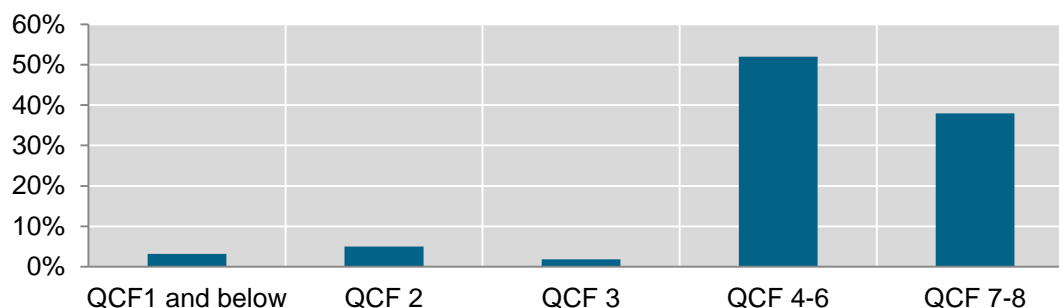
⁹⁸ Host Boroughs Economic Model (HBEM), Oxford Economics - high growth scenario

⁹⁹ UKCES (2014) Working Futures

¹⁰⁰ UKCES (2014) Working Futures

suggest that the vast majority of London’s employment in finance and business services will require individuals with higher level qualifications. Including replacement demands arising from people leaving employment, 90.0% of job openings in the sector between 2012 and 2022 will require a QCF Level 4 qualification or above. Almost 40% of job opportunities will require a qualification at QCF Level 7-8¹⁰¹.

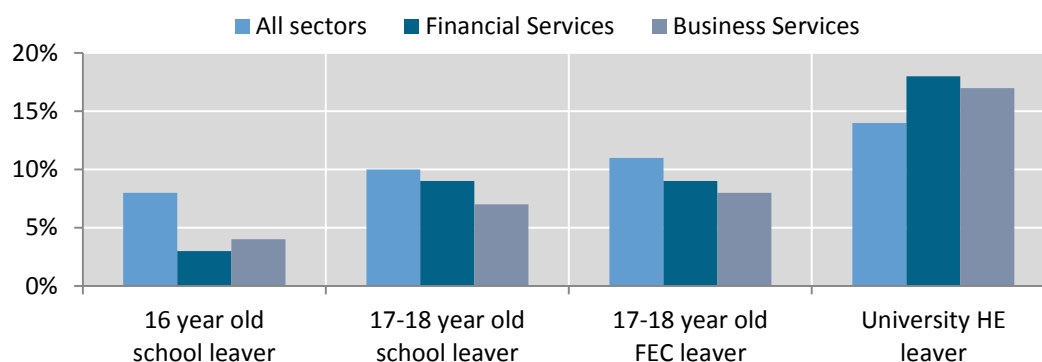
Figure 8.4: London, total job openings by qualification level (2012-2022)



Source: UKCES

- 8.13 The sector often recruits from leading universities with significant investments made in internal recruitment processes, particularly in higher value sub-sectors¹⁰². While the number of apprenticeship starts in business administration and law have increased considerably in recent years (rising from 470 in 2005/06 to 3,190 in 2012/13 in the Growth Boroughs)¹⁰³, employers have tended not to recruit young people leaving school or FE Colleges.

Figure 8.5: UK Recruitment of education leavers in the past 2-3 years, by sector (2013)



Source: UKCES

- 8.14 This has contributed to parts of the finance and business services sector historically employing from relatively narrow social strata and there are concerns that many professions have become less socially representative in recent decades¹⁰⁴. Beyond general barriers to opportunity in the sector – such as lower skills levels – the government’s Panel on Fair Access to the Professions highlights a number of additional obstacles for access to

¹⁰¹ UKCES (2014) Working Futures

¹⁰² UKCES (2012) Sector Skills Insights: Professional and Business Services

¹⁰³ SFA / BIS

¹⁰⁴ Panel on Fair Access to the Professions (2009) Unleashing Aspiration

professional jobs. These include the shortcomings of aspiration-raising programmes, limited work experience opportunities, non-transparent internships, outdated recruitment processes, and inflexible entry routes¹⁰⁵.

- 8.15 However, a number of drivers present challenges to the sector's recruitment model over the medium-term. Changes in the regulatory environment in particular are increasing demand for junior level staff while an ageing population is beginning to diminish the pool of available talent. At the same time, increasing regulation of immigration is a potential issue for parts of the finance and business services sector that have been 'migrant-intensive' in the past¹⁰⁶.

Case study 9: Tower Hamlets College students feel well prepared for opportunities at KPMG and other finance and business service companies

Tower Hamlets College have worked with KPMG over the last three years to help develop the STAR and Business Services Apprenticeship programmes. In order to help talented BTEC and A Level students gain the skills and confidence to land entry-level City roles in a very competitive environment, the College has set up the Internship Preparation Programme (IPP) to respond to the demand for bright school leavers in the City and Canary Wharf.

KPMG's STAR Programme is an 11 month paid work experience programme designed to attract talented young people from local boroughs and give them direct experience of working for a prestigious multinational company, often including responsible client-facing roles early in the programme. Whilst for many it can lead to employment with KPMG, more important is its role in raising aspirations and developing employability amongst those who participate. During their 11 month placement participants work as part of teams on real, chargeable, projects and in the process develop a range of valuable transferable skills. For KPMG the programme is driven both by commitment to the local community and genuine business need. Through the programme they have recruited 43 permanent members of staff over the last three years.

KPMG was initially frustrated by the lack of preparedness of the young people applying to STAR. Applicants found it difficult to demonstrate the required employability skills to get the most out of the programme, and often fared poorly at interview. Acting on this feedback Tower Hamlets College developed the IPP as a one year part-time programme to run alongside final year A Level or BTEC studies. Now in its third year, the IPP has placed 49 students with KPMG, mostly on the STAR programme, the majority of whom found permanent roles with the company. The college now has alumni making rapid progress in the Tax, Advisory, Forensics and Transactions and Restructuring departments of the company.

The STAR and IPP programmes have proved so successful that other businesses are developing similar internship opportunities and recruiting students from Tower Hamlets College. So a programme that started as preparation for one internship programme is now able to offer participants a range of progression opportunities, including EY, ING, Catlin, Rabobank and CapGemini.

Source: Tower Hamlets College

- 8.16 There is, therefore, a growing need to bring in younger recruits to meet the demand for junior staff and replace skills lost through retirement¹⁰⁷. Widening recruitment channels can

¹⁰⁵ Unleashing Aspiration: The Final Report of the Panel on Fair Access to the Professions

¹⁰⁶ UKCES (2012) Sector Skills Insights: Professional and Business Services

¹⁰⁷ E.g. the proportion of staff described as lacking proficiency in the financial services sector has doubled from 4% to 8% between 2011 and 2013 - UKCES (2014) Employer Skills Survey 2013

also help ensure that the sector's workforce is representative of the increasingly diverse client base it serves.

- 8.17 In response to these and related pressures some global companies with a presence in the Growth Boroughs, such as KPMG and PwC, have launched programmes to recruit more local residents. As case study 9 above illustrates, this is leading to new methods of recruitment and the development of new vocational pathways as a mechanism to diversify their workforce.

Key partners and workshop discussions

- 8.18 Discussions were held with a number of partners, and a workshop was hosted by Tower Hamlets College and led by London Borough of Tower Hamlets (see Appendix) to explore alternative entry routes into the sector.
- 8.19 These discussions explored a range of issues and suggested a number of priorities for the Growth Boroughs to use in developing a strategy:
- developing and expanding existing good practice on alternative routes into finance and business services;
 - increasing awareness of the range of different opportunities and entry routes into the sector;
 - working with employers to raise the aspirations of local residents; and
 - pre-employment training for potential applicants to improve their work-readiness.

Finance and business services

Recommendations for action

The Growth Boroughs Leaders and Mayors are recommended to:

- scale up successful employer-led programmes - increasing the numbers of employers involved through a shared campaign with KPMG and PwC and six other global companies;
- work with employers, including other Canary Wharf, new Westfield office and SME employers, to develop up to 1000 new high quality apprenticeships over three years; and also
- scale up opportunities for people to train in work to NVQ level 3.

9. Local Government apprenticeships

- 9.1 The Growth Borough councils are keen to lead by example through their own apprenticeship programmes. There are opportunities to do this through some of the other strands of work as well, in particular the social care work stream. As well as through their own workforce of more than 20,000 employees there is potential for the councils to encourage apprenticeship programmes with their suppliers.

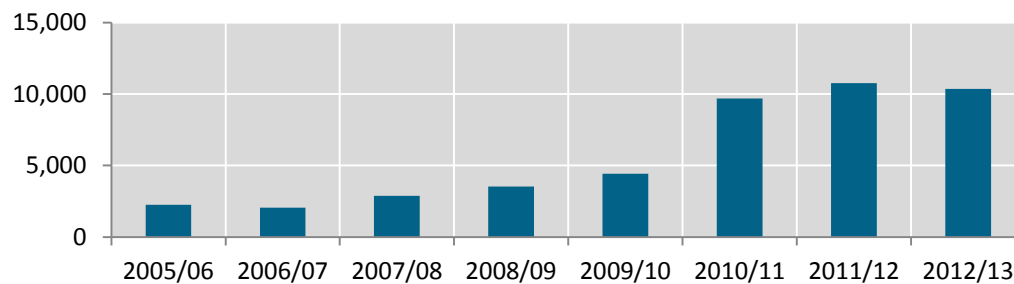
The growth and development of apprenticeships

- 9.2 Apprenticeships have been recognised widely as a highly effective vocational training and employment route, and have been increasing in numbers steadily over recent years. With concerns raised some years ago around the quality of apprenticeship training, there have been a number of reviews and reports on the subject, and a clearer definition of apprenticeships set out. This requires that an apprenticeship must be a job, in a skilled occupation, with substantial off-the-job training that is to an apprenticeship standard and lasts a minimum of 12 months, and that develops transferable skills including English and Maths.
- 9.3 The Richard Review¹⁰⁸, which highlighted the lack of quality and poor employer engagement, made a series of recommendations for improvements. In response, the government published its Implementation Plan¹⁰⁹ setting out its approach to the development and implementation of new employer-led apprenticeships. It introduced measures to establish clarity and simplicity within the system and puts employers in the lead. Subsequent funding reforms mean that employers will be responsible for the apprenticeship grant under the new apprenticeships. A series of trailblazers for different sectors is in the process of developing new standards, and identifying effective practice. From 2017/18 all apprenticeships will be based on these new standards.
- 9.4 There were 10,360 apprenticeship starts in 2012/13 in the Growth Boroughs area – an increase of over 8,000 in seven years, as shown in the chart below.

¹⁰⁸ Richard Review (2012) <http://www.schoolforstartups.co.uk/richard-review/richard-review-full.pdf>. November.

¹⁰⁹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/253073/bis-13-1175-future-of-projects-in-england-implementation-plan.pdf

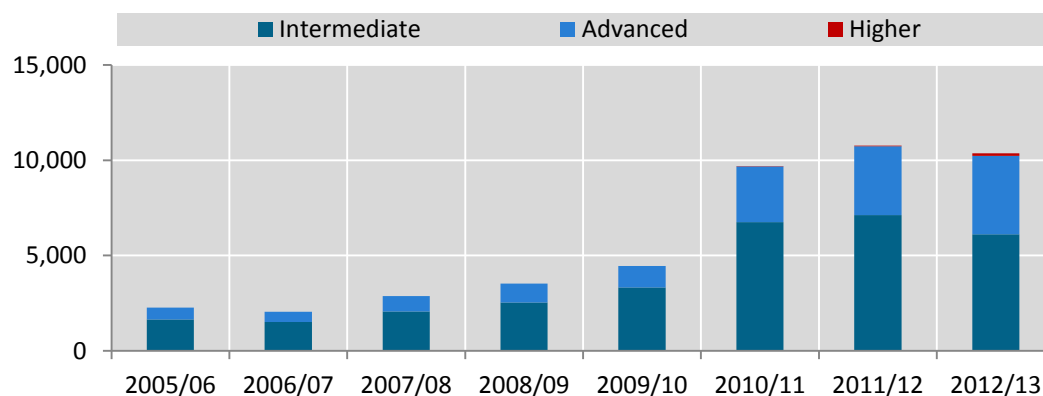
Figure 9.1: Total apprentice starts in the Growth Boroughs area



Source: SFA / BIS

- 9.5 Similarly, the number of achievements increased by nearly 350% over that period – a higher rate than London as a whole.
- 9.6 There has also been an increase in the proportion of apprenticeships undertaken at advanced level, over intermediate level, although the proportion of higher apprenticeships is still small. As shown in the chart below, there were 6,120 (59.0%) apprenticeship starts at **intermediate level** in 2012/13, up by 2,800 (84.3%) since 2009/10. There were 4,110 **advanced level** apprenticeship starts in 2012/13, accounting for 39.6% of total starts, up from 25.6% in 2009/10. **Higher level apprenticeships** (which were only introduced in 2006/07, accounted for 140 starts in 2012/13, 1.4% of total starts.

Figure 9.2: Apprenticeship starts by qualification level, Growth Boroughs



Source: SFA / BIS

The local authority role – direct and indirect apprenticeship creation

- 9.7 There are currently around 340 apprentices working directly for the Growth Boroughs – approximately 1.8% of their total workforce numbers. The apprenticeship route provides many advantages over other forms of training or employment, and as such is widely used by local authorities and training providers. For local authorities, there are two principal purposes for creating apprenticeship positions within their workforce. The first is as a workforce development and succession-planning tool, particularly in areas of council service currently experiencing skills shortages, or with an ageing workforce. The second is as a tool for increasing opportunities for training and work experience for local residents. These are of course equally valid reasons for creating apprenticeships, but the latter reason is harder to justify when Councils are facing serious funding pressures and are making reductions in their

overall workforce numbers, and tends to militate against the use of apprentices for the former purpose.

- 9.8 The direct employment of apprentices by the councils is important, as a reflection of how seriously they take the issues of skills and training and local recruitment, and also as a foundation for the requirements they make on their partners and suppliers.
- 9.9 The Growth Borough councils themselves are major employers, with over 20,000 staff between them¹¹⁰.
- 9.10 All the Boroughs currently provide apprenticeship opportunities. The largest proportion are on 12 months contracts, and undertaking training in Business Administration – mostly at level 2, although there are a number of advanced apprenticeships at level 3; e.g. within Waltham Forest Council the Adult Learning Service is used as an in-house training provider to ensure that on and off the job training is seamless, increasing achievement and progression rates.
- 9.11 These have been seen as a useful route into work for local residents and have had extremely positive outcomes, with a high proportion of apprentices going on to employment either within the authorities or elsewhere. Existing initiatives include:
- the employment of HR co-ordinators, working to support service managers with the process;
 - the use of an Apprentice Training Agency (ATA) – which can increase the numbers of apprentices taken on (although it can also reduce sustained job outcomes);
 - variations in the rates of pay, ranging from training allowances, increasing over time, up to London Living Wage;
 - successes with priority residents including previously looked-after children and people with disabilities;
 - the development of higher apprenticeship routes within services, such as in highways engineering; and
 - the placing of large numbers of people into apprenticeships with council suppliers, particularly in Tower Hamlets, Hackney and Waltham Forest.
- 9.12 It would make business sense for the local authorities to work together on using the apprenticeship route to provide at least part of the solution to the skills shortages experienced in a number of council service areas, including social work, planning, technical and engineering roles and environmental health. The advantage of working together on this would be to increase the intake for potential training providers, and share the work involved in managing the development of new frameworks where required. The approach could involve working with Growth Borough colleges and universities on the learning frameworks, and potentially support FE/HE progression for Growth Boroughs residents as they progress in local government careers.

¹¹⁰ Hackney 2985 FTE; Newham 4335 FTE; Greenwich TBC; Tower Hamlets 4438 FTE; Barking and Dagenham 2868 FTE; Waltham Forest 2199 FTE (Figures supplied by GBU)

- 9.13 This approach, if combined with a shared approach to marketing and recruitment, could also increase the likelihood of securing high quality applicants, and enable the creation of a Growth Boroughs Apprenticeship Academy brand.
- 9.14 Councils can also increase work experience and apprenticeship opportunities through their supply chains. Some of the Growth Boroughs have had particular successes in this area, and created hundreds of apprentices through their procurement policies. Since 2012 and the introduction of the Social Value Act, Hackney and Waltham Forest Councils have included apprenticeship and local labour requirements in procurement contracts over £100,000, unless inappropriate. They have also engaged with existing suppliers, contracted prior to the Act and negotiated voluntary agreements with them.
- 9.15 One example is the partnership work with suppliers delivering housing refurbishment works for the borough, who work through a National Skills Academy on a shared apprenticeship scheme called 'Building Lives'. The partnership uses disused run down community facilities as training venues and renovates them as part of the multi-skilling training. 62 residents have so far been placed into apprenticeships under this programme.
- 9.16 Tower Hamlets Council has rewritten procurement policy to install apprenticeships as a key output from its annually commissioned spending of £425 million. During negotiations with contractors for three key contracts, the council secured commitments to deliver over 550 new apprenticeships through this supply chain, more than doubling the 1 per £million guideline previously used. Last year this work resulted in 130 apprenticeship starts with suppliers.
- 9.17 The Council has worked with 50 employers to create apprenticeships across sectors including Housing; Waste; Arts; Business; and ICT. The Tower Hamlets Decent Homes programme supported 250 new apprenticeships across contracts paid at London Living Wage. The contractors have delivered 138 apprenticeships to date.

Local Government apprenticeships

Recommendations for action

The Growth Boroughs Leaders and Mayors are recommended to promote and extend the Growth Boroughs' existing work by:

- establishing a Growth Boroughs Apprenticeship Academy – a virtual academy - working with Growth Borough skills providers to share good practice in meeting current and future skills shortage by developing more apprenticeships and traineeships;
- extend good practice in creating apprenticeships through Borough supply chains, using procurement policies; and
- increasing the number of apprentices and trainees employed by the Growth Boroughs, directly and indirectly through procurement, to 1000 over four years. (The Growth Boroughs currently directly employ circa 340 apprentices.)

10. Inspiring young people

Changes in careers and implications for advice and guidance

- 10.1 Career paths have become increasingly complex. There are jobs that exist today that weren't even imagined 20 years ago. Competition for jobs is fierce and youth unemployment remains stubbornly high. At the same time in a number of the sector discussions carried out as part of this work, employers also expressed frustration that young people don't understand the opportunities and requirements of their sector. For example, in the health and social care, construction and creative and digital sectors.
- 10.2 The last two years have also seen some major changes in the way careers information, advice and guidance are provided in schools.
- 10.3 Since September 2012 *'schools have been legally responsible for securing access to independent and impartial careers guidance for all their students in Years 9 to 11'*¹¹¹. [The duty was extended down to Year 8 and up to age 18 in September 2013.] For most of the preceding forty years the legal responsibility to ensure that a careers service is provided for young people has resided with the Secretary of State for Education¹¹².
- 10.4 It is widely accepted that many schools are struggling to fulfil their new responsibility. Two reports in particular, both published in 2013, highlighted the problem to the government. Between them they made 20 recommendations to government, employers, the National Careers Service (NCS), local authorities, schools and Ofsted
- 10.5 In brief, they called for: the government to play its part in supporting culture change in the delivery of careers guidance, for them to clarify statutory guidance and strengthen the collection and publication of destination data; for greater support and encouragement to be given to employers and employees to work with schools, for LEPs to work with the NCS to ensure schools and advisers have access to good local labour market information; an expanded role for NCS in working with schools and improvements to its web based resources; clarity over how local authorities will meet support needs of vulnerable young people; that individual schools should develop a clear strategy for careers guidance, use destination data and ensure different routes are given equal status in information and guidance for students and parents; and that Ofsted take greater account of careers guidance and student destinations in judging the effectiveness of school leadership and management.
- 10.6 The government published its response to the reports' recommendations in September 2013¹¹³. Then in April 2014 the government published revised statutory guidance for schools. Similar guidance was produced for colleges in August of the same year. Subsequently, the National Careers Service (NCS) has been given an enhanced role in

¹¹¹ Going in the right direction? Careers guidance in schools from September 2012, Ofsted September 2013

¹¹² Schools taking on responsibility for careers guidance: emerging models, David Andrews January 2013

¹¹³ Careers Guidance Action Plan: Government Response to Recommendations from Ofsted's Thematic Review and the National Careers Council's Report, September 2013

coordinating support for schools and young people as part of the process of re-procurement. LEPs are working with the NCS to make more local labour market information (LLMI) available. Ofsted has announced plans for inspections to give greater focus to the quality of careers work in making their judgments.

- 10.7 As part of their response to the two reports in 2013, the Government also published a Careers '*Inspiration vision statement*'¹¹⁴, explaining how employers, schools, colleges and careers advisors should work together to inspire young people about the world of work.
- 10.8 The statement emphasises the importance of complementing access to careers information and advice with opportunities for young people to get inspired.

'We need to provide more inspiration for young people, more real-life contact with the world of work so that when they come to make big decisions, they understand where different choices could take them in the future.'

- 10.9 The quality of careers guidance in schools is clearly critical to any strategy to inspire young people about the world of work and encourage them in making well thought through choices about their career.
- 10.10 But it is also a dynamic field. Individual schools continue to develop their internal systems and external relationships. The NCS is gearing up to fulfil a broadened remit in support of careers guidance in schools. LEPs are taking a more active role in ensuring young people have access to information about the local labour market.
- 10.11 It is beyond the scope of this strategy to try and 'solve' the problems schools are having in deciding how best to fulfil their new responsibility for careers. This is something that each school will need to develop in the context of their own ethos, approach to learning and resources. At the same time there is much that Growth Boroughs and their partners can do to enhance the environment, specifically:
- ensure schools in the Growth Boroughs, and their pupils, have access to good quality information about the local labour market that can be used in a variety of ways;
 - support schools to connect with employers, and vice versa, to increase opportunities for young people to learn through and about work; and
 - look for ways to complement the work of schools in raising individual career aspirations with opportunities to be inspired by and explore the breadth of choices available, recognising that inspiring young people often means inspiring parents, teachers and other people with influence.

Population growth and young unemployment

- 10.12 Total employment in the Growth Boroughs is expected to increase by between 10.9% and 18.1% (123,400 jobs)¹¹⁵ over the 10 years from 2012 - 2022, compared to 8.1% across London¹¹⁶.

¹¹⁴ <https://www.gov.uk/government/publications/careers-inspiration-vision-statement> [Accessed 091014]

- 10.13 The total population of the Growth Boroughs is also set to grow, by 15.8% (234,000 people) between 2012 and 2022, compared to 13.0% for London as a whole. Perhaps most notable is the growth in the population aged 16 – 64 which is set to grow by 14.8% (168,000 people) in the Growth Boroughs, compared to 10.8% across London and 2.6% across England as a whole.
- 10.14 Youth unemployment remains a major challenge, with the unemployment rate of young people aged 16 – 24 in the Growth Boroughs running at 27%, compared to the London average of 23.9%. This compares to an overall unemployment rate of 11.4% for Growth Borough residents aged 16 – 64.¹¹⁷
- 10.15 Attainment levels, as measured by attainment of 5 GCSE grades A* - C (including Maths & English), in Growth Borough schools have increased considerably over the last few years, but so have attainment levels in schools across all of London. For most of the last five years the gap in attainment level between Growth Borough schools and other schools in London has been closing.
- 10.16 Young people face particular challenges in entering the labour market which have been exacerbated by the recession. When up against other job seekers with higher qualifications and skills, and more experience, they are at a distinct disadvantage. Those that find work are more likely to find work at the lower end of the labour market where jobs are less secure. For those that did not do well in their academic qualifications, options for further and vocational education are often poor. Although not a solution to all the problems, in this context the importance of creating inspiring experiences of work and good, timely careers guidance become clear.

Current programmes and opportunities

- 10.17 There is much in the Growth Boroughs that already exists, or is in the pipeline, for the strategy to build upon, for example:
- the ‘Legacy Careers’ programme is an LLDC programme delivered with Future Foundations¹¹⁸ through businesses to year 8 and 9 pupils;
 - ELBA programmes connect corporates with schools and include: ‘Business Action Groups for Schools’, ‘Mentoring works’ and ‘Career Capital’;
 - ELBA/Accenture’s ‘Skills to Succeed Academy’ offering 35 online employability modules. (See case study 10); and
 - Tower Hamlets EBP, which offers a range of programmes developing employability, aspirations, interpersonal skills;
 - Action by local universities (based on existing UEL and Queen Mary programmes):

¹¹⁵ The higher percentage uses an all developments, high growth scenario. The lower percentage is the baseline.

Source: OE Model

¹¹⁶ UKCES (2014) Working Futures

¹¹⁷ ONS Annual Population Survey, 2013

¹¹⁸ <http://www.future-foundations.co.uk/>

- widening participation programmes, providing information, advice, events, immersive experiences of HE and partnerships with local schools, support for particular groups, opportunities to develop academic skills;
- careers and enterprise, brokering relationships between students and employers, internship opportunities with local SMEs, career advice, mentoring.
- Action by local colleges (based on Newham College and Hackney Community College programmes):
 - Newham College Centre for Innovation and Partnerships offers work experience, a taster curriculum for NEETs and support to stop young people leave education ; it develops entrepreneurial skills, works with SMEs and provides industrial experience for teachers;
 - colleges are also major providers of careers guidance, for potential students as well as existing ones. Hackney Community College has achieved the whole college Matrix Standard. There may be scope for the National Careers Service in London to signpost accredited providers like colleges.
- Action by the Growth Boroughs (based on London Boroughs of Barking and Dagenham, Hackney, Newham, Tower Hamlets, Waltham Forest and the Royal Borough of Greenwich):
 - traded careers services to five schools (Waltham Forest); work in all schools across (Tower Hamlets); a traded service (London Borough of Barking and Dagenham);
 - provision of National Careers Service to Waltham Forest through WFC, Jobcentre Plus, Waltham Forest Adult Learning Service;
 - 14 – 19 partnership (Tower Hamlets); Run IAG and WRL forums for schools, also Aim Higher forums (Barking and Dagenham);
 - converting LLMI to understandable formats for young people, parents, teaching staff, schools (Tower Hamlets);
 - work experience programme (Barking and Dagenham, Greenwich); Hackney 100 Employer Engagement scheme (See case study 3); Job brokerage/management of vacancies to all age client group, promoting apprenticeships through vacancy management (Waltham Forest);
 - apprenticeships, traineeships, pre-apprenticeships (Greenwich);
 - ‘N-GAGE’ programme for young people in schools 14 – 16 at risk of becoming NEET (Greenwich); Targeting needs groups: NEETS, Gangs, ex-offenders through collaborative strategy (Waltham Forest); Some alternative provision (Barking and Dagenham);
 - work with partner employers engaged through Section 106 agreements (Waltham Forest);

- strategic partnership with DWP to identify young people unemployed, collaborative, collocated at Youth Hub (Waltham Forest);
 - the Newham Business Action Groups provide annual programmes of employer activity and engagement in 12 schools for Years 7 – 12. Activities undertaken include: visiting workplaces and learning about careers within that industry; mentoring from employee volunteers; entrepreneur projects; workshops on employability skills; talks from large employers. The activities are run in collaboration with ELBA Corporate Members; and
 - London Borough of Tower Hamlets is launching a ‘Business Charter’ with leading companies which includes the generation of inspirational work experience opportunities (Tower Hamlets).
- Action by the Growth Boroughs Unit based on their experience of running the Future Jobs Fund. The scheme ran for two years and placed 411 people into jobs which lasted for at least six months. Participants were paid at the London Living Wage. Over 80% of participants were kept on by their employers at the end of their placement. Another 11% were signposted to other opportunities.

10.18 The GLA also have plans to work with Prospects, the National Careers Service contractors, to extend the service they offer in London, as part of the London Growth Deal.

Key partners and workshop discussions

10.19 Discussions were held with a number of partners and a workshop was hosted by ELBA and jointly led by ELBA and UEL (see Appendix), to explore priorities for action and identify potential areas for collaboration.

Inspiring young people

Recommendations for action

The Growth Boroughs Leaders and Mayors are recommended to:

- build a cross-borough Careers Education, Information, Advice and Guidance Network, CEIAG, Network: to share insights and practice; to collaborate on programmes and mount joint events with the sector employer networks; and to develop, or signpost, support for schools developing their approach to careers;
- produce Growth Boroughs labour market information (with the GLA and National Careers Service) and promote its use through the network; and
- link with the University Single Points of Contact to integrate these initiatives with widening participation in higher education.

Case study 10: Skills to Succeed - a local collaboration with wider impact

In developing the *Skills to Succeed Academy*, Accenture and ELBA have worked across a multitude of partners, during pilot, content development and deployment. This has involved working with the hardest-to-reach as well as those closest to the labour market. As an example, the pilot in April 2012 involved the University of East London, ELBA, Jobcentre Plus East London District, NewVic and Tower Hamlets Colleges, Poplar Harca, Careers Development Group and the charity Fight for Peace.

The technology and community partnerships built as part of the project have resulted in 3 courses, 35 modules, over 40 hours of bite-sized learning and a mobile phone app. The Academy is currently being delivered within more than 27 schools, colleges, universities, charities and job brokerages within East London and to date has reached over 4,500 learners.

For our delivery partners The Academy offers a flexible solution on a single platform that has been integrated into existing jobseeker programmes and education curricula. This saves money, frees up resources and helps practitioners focus their time on having impactful conversations with jobseekers and students.

- Because this is e-learning, scale can be achieved cost effectively and with minimum ongoing investment.
- Training material and resources have been developed to enable corporate volunteers and employability practitioners from across London to deliver the training.
- By training staff and embedding Academy modules within the curriculum we are providing a sustainable solution to funding cuts for school and college careers services.

'The S2S Academy is not only invaluable in improving the employability prospects of our students, but through its offer of interaction with real characters, I believe its modules will also better equip our students to develop general life skills, particularly their use of language.'

Sarah Jacobs, Headteacher, Sarah Bonnell School, Newham

Find out more: <http://www.accenture.com/gb-en/company/citizenship/Pages/skills-succeed-academy-online-learning.aspx>

Source: ELBA

11. Workforce development

- 11.1 Growth Borough residents already in work also need opportunities to learn new skills and progress, to improve their own incomes as well as the prosperity of local businesses and productivity of the wider Growth Borough economies.
- 11.2 As reported by the Living Wage Commission, the majority of people in poverty in the UK are working¹¹⁹. This is an increasing problem as wages have barely increased following the recession, while housing prices, food and energy costs are rising steadily. This is related to the stagnation in productivity, and slows growth through reducing consumption and increasing benefit costs. For some people, low paid jobs are an entry-route into a career, and as they progress they will increase their income levels. More seriously, many people stay in low paid jobs, experiencing chronic in-work poverty; added to this these jobs are also blocked to new entrants.
- 11.3 Addressing in-work poverty involves engaging both individuals and employers in workforce development. This means encouraging employers to provide training and development for their staff, leading to increased productivity and pay, and also supporting individuals trapped in low wage jobs to develop their skills and confidence independently so that they can progress at work, or indeed to move elsewhere into better paid employment.
- 11.4 Rewards of investing in workforce development are also shared. People in low-paid work that do receive training tend to see higher increases in their hourly earnings¹²⁰. A study of practices in retail, catering and care also suggested that employers that changed practices to help low earners progress at work could expect to see result in improved customer service, better decision making abilities, reduced turnover/higher retention, better morale and increased customer spending¹²¹.

The low pay challenge in the Growth Boroughs

- 11.5 In most of the Growth Boroughs the proportion of residents employed in 'low paying' jobs is relatively high compared to the London average. The proportion of residents earning less than £7 an hour is particularly high in Barking and Dagenham (20.1%) and Newham (27.1%)¹²². Compared to the London average (13.3%), only Hackney (12.1%) and Waltham Forest (11.4%) residents are less likely to be employed in low paid jobs.

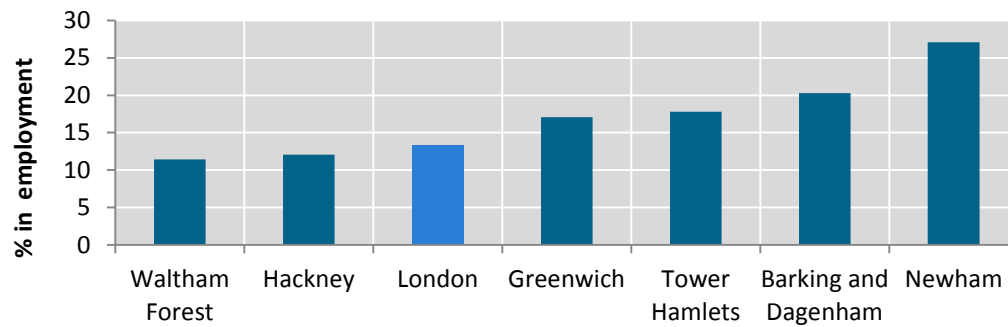
¹¹⁹ http://livingwagecommission.org.uk/wp-content/uploads/2014/02/Living-Wage-Commission-Report-v2_f-1.pdf

¹²⁰ CESI (2013) Work in Progress: Low pay and progression in London and the UK

¹²¹ Devins, D et al (2014) Improving progression in low paid low skilled retail, catering and care jobs, Joseph Rowntree Foundation (quoted in UK Futures Programme Competition brief)

¹²² GLA / ONS (2014) Percentage of People on Low Income, Borough

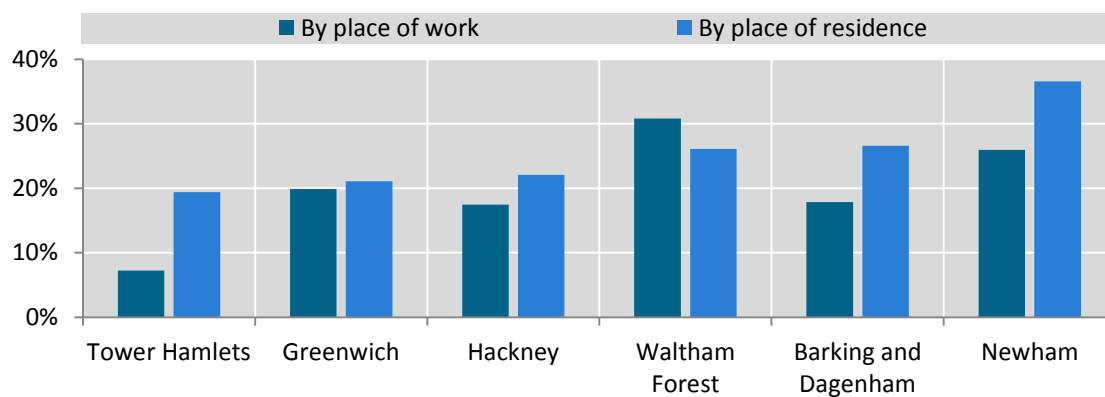
Figure 11.1: % of employed residents earning less than £7 an hour, Growth Borough and London (2012)



Source: ONS - the data is based on where people live rather than where they work

- 11.6 Newham had the highest proportion of employed residents being paid below the London Living Wage in London in 2013 (36.5% of employed residents), while Barking and Dagenham (26.6%) and Waltham Forest (26.1%) were 3rd and 4th highest respectively. With the exception of Waltham Forest, all of the Growth Boroughs have a higher proportion of low pay by place of residence than place of work.

Figure 11.2: % of jobs paying below the London Living Wage by Growth Borough (2013)



Source: London Poverty Profile / ONS ASHE

- 11.7 In general pay penalties tend to be higher for women than men, for those in part-time work¹²³, and for people employed in some low skilled service occupations¹²⁴. Young people in London are particularly at risk of low pay¹²⁵. While low-paid work in London is also more prevalent amongst employees of Pakistani and Bangladeshi origin (44% of employees) and Black African origin (41%).

¹²³ In 2013, 43% of part-time jobs were low paid compared to 11% of full-time jobs - London Poverty Profile (2014)

¹²⁴ IPPR, Resolution Foundation (2013) Beyond the Bottom Line

¹²⁵ Between 2011 and 2013, over half (53%) of working 16 to 24 year olds were paid below the London Living Wage - London Poverty Profile (2014) data is average for 2011 to 2013.

Businesses in the Growth Boroughs: numbers, size, distribution

- 11.8 Businesses in the Growth Boroughs tend to be smaller than the London average, with more than nine out of ten (90.3%) enterprises employing fewer than 10 people in 2013, above the rates for London (89.1%) and England (88.3%)¹²⁶. There were 155 large enterprises (250+ employees) in the local area in 2013, accounting for 0.3% of the business base, compared to 0.5% for London as a whole.

Table 11.3: Size of enterprises, Growth Boroughs and selected areas (2013)

| Size | Growth Boroughs | | London | England |
|--------------------------|-----------------|-------|--------|---------|
| | No. | % | % | % |
| Micro (0 to 9) | 41,765 | 90.3% | 89.1% | 88.3% |
| Small (10 to 49) | 3,680 | 8.0% | 8.7% | 9.6% |
| Medium-sized (50 to 249) | 665 | 1.4% | 1.7% | 1.7% |
| Large (250+) | 155 | 0.3% | 0.5% | 0.4% |

Source: ONS Business Counts

- 11.9 There were a total of 46,720 active enterprises in the Growth Boroughs area in 2013¹²⁷. This equates to 42.4 businesses per 1,000 working age population, significantly below the rate for London (64.7) and also England as a whole (54.2). While Hackney and Tower Hamlets had enterprise densities closer to the London average, the rest of the Growth Boroughs have significantly lower rates.

Table 11.4: Total number of enterprises, Growth Boroughs and selected areas (2013)

| Area | Total no. of enterprises | Enterprises per 1,000 population |
|------------------------|--------------------------|----------------------------------|
| Barking and Dagenham | 3,850 | 31.4 |
| Greenwich | 6,430 | 36.0 |
| Hackney | 11,360 | 61.2 |
| Newham | 6,295 | 28.2 |
| Tower Hamlets | 11,455 | 56.9 |
| Waltham Forest | 6,880 | 38.0 |
| Growth Boroughs | 46,270 | 42.4 |
| London | 372,375 | 64.7 |
| England | 1,862,100 | 54.2 |

Source: ONS Business Counts

- 11.10 The size and make-up of the business base varies across London. However, most parts of the Growth Boroughs have a relatively low share of 'Business to business' (B2B) firms, which tend to sell goods and services that can be purchased by firms located not only within their own city but also in other cities both nationally and internationally¹²⁸. B2B businesses tend to be more productive than 'Business to consumer' (B2C) businesses, which provide local

¹²⁶ ONS (2014) Business Counts

¹²⁷ ONS (2014) Business counts

¹²⁸ Tower Hamlets is the main expectation— see Centre for Cities (2012) Size matters: The importance of small firms in London's economy

consumer markets with goods and services. They also have a higher demand for skilled employees.

- 11.11 Despite the large proportion of smaller businesses in the sub-region, most employment in the Growth Boroughs is found in large businesses. Enterprises employing 250+ people accounted for 61.1% of employment in the Growth Boroughs in 2012, compared with the London average of 56.5%.
- 11.12 Employment in large businesses is boosted by high rates of employment in financial and insurance activities in Tower Hamlets, which makes up almost a fifth (18.2%) of employment in large enterprises in the sub-region¹²⁹.
- 11.13 Between 2004 and 2012 the number of registered businesses in the Growth Boroughs increased by over 15,400¹³⁰. At 39.0%, the increase in active enterprises was significantly above that seen across London (22.5%). Growth was particularly strong in Newham (50.2%), Barking and Dagenham (46.8%) and Tower Hamlets (43.3%).
- 11.14 Compared to London, there is a higher level of enterprise churn (births and deaths) in the Growth Boroughs relative to its business base, indicating a dynamic business environment. However, this is partly a reflection of the Growth Boroughs' low existing base of active enterprises. Relative to its working age population, the Growth Boroughs have a lower rate of enterprise births than London.
- 11.15 In 2013 the professional, scientific & technical activities sector accounted for the largest number of businesses in the Growth Boroughs, with 19.1% of all enterprises registered, overtaking wholesale, retail trade and repair of motor vehicles with 18.0% of all enterprises registered¹³¹. The third largest sector was information and communication (14.2%).
- 11.16 The professional, scientific and technical sector also had the largest growth between 2011 and 2013, an increase of 1,840 businesses. This was followed by the information and communication sector which increased by 1,400 businesses during this time.

Response 1: Supporting employers to develop their workforce

- 11.17 A sub-group of the Growth Boroughs skills partnership met to start developing proposals for a workforce development project that would build on the two current ESF projects (see case study 11) and involve the Growth Borough colleges and other partners.
- 11.18 The resulting outline Growth Boroughs workforce development project discussed at the meeting included a number of elements:
- **Training needs assessment:** Offering employers support to undertake a Training Needs Assessment, making initial contact through the use of a mix of existing contacts, referrals and promotion. Rather than everyone try and

¹²⁹ ONS (2014) Business Register and Employment Survey

¹³⁰ ONS (2013) Business Demography. The definition used in Business Demography of an active business is based on activity at any time in the year, whereas Business Counts is based on an annual snapshot at a point in time.

¹³¹ ONS (2014) Business counts

do everything, to explore scope to centralise some aspects of initial contact generation (perhaps targeting particular sectors or geographies known to be hard to reach), but ensuring subsequent allocation of contact is transparent;

- **Training starts:** Working with employers to develop and deliver training provision that is tailored to their needs. Being able to draw upon a local innovation fund to develop responsive curricula;
- **Progression:** Although progression opportunities are funded externally, the outcome payments associated with staff progressing from initial training is important to project viability. There is a need to build in support for progression throughout the chain of contacts; ensuring that clear, consistent messages are delivered about the availability of support for progression throughout the process (see web resource below). Where appropriate using the strategic local innovation fund to make provision more flexible, to encourage progression;
- **Capacity building for partners:** Building a wide network of partners to signpost and support delivery, including colleges, DWP, Borough brokerage advisors and business support organisations, like East London Business Place, ELBA, FSB, etc. Ensuring a common understanding of requirements and opportunities throughout the chain of contacts, right from the start; and
- **Web based resource:** To promote opportunities, making it easy for employers to see the relevance of the programme to them (with news, information and case studies) and easy for them to sign up.

11.19 In developing the proposal, links will need to be made to the ERDF bids currently being developed. Development of the proposal will also need to be informed by the final ESF specification and will be taken forward by the Skills partnership, working with the Growth Boroughs Unit.

Case study 11: College collaboration to up-skill the workforce

In recent years, the colleges in the Growth Boroughs have delivered ESF-funded programmes, providing support to enterprises to develop the skills of their workforce.

Skills Support for the Workforce, led by Newham College and delivered with support of the other colleges, helps small and medium sized companies get a training needs assessment to identify their business's training needs, and then access to a range of free training programmes. These included complete courses at level 2, or a mix and match of modules at level 2, 3 and some 4, delivered flexibly to fit in with business needs.

A **workplace basic skills programme**, led by Barking and Dagenham College and again involving the other colleges, delivers a programme of English and Maths provision for people in employment. This programme includes engaging with employers, assessing needs, developing tailored responses and encouraging progression.

Both programmes are great examples of colleges in the Growth Boroughs working together to meet employers' needs, and raised employees' skills - thus contributing to the core goal of increasing and converging wage levels in the Boroughs with the capital.

Source: Growth Boroughs skills partnership

Response 2: Collaboration across London - the Skills Escalator

- 11.20 The London Boroughs of Hounslow and Harrow, working through the West London Alliance, recently secured funding under the Transformation Challenge Fund to initiate a project targeting Local Housing Allowance claimants to support them to progress in work.
- 11.21 The programme is being developed as a pilot and using the fact that the majority of Local Housing Allowance claims in London are now from working households. It is targeting employed private sector tenants, and those in local authority temporary accommodation, claiming housing benefit, and has identified that there are over 36,000 individuals and households in West London in these circumstances. Their details are known, including wages, employer, rent levels and address, through the benefit claim process, and the model being established will offer support through skills advisers working with the housing team. It will provide training, mostly at no cost to the individual, where they would otherwise have to pay, and focus on support for the household - that is the partner of the claimants will be included whether in work or not. The objectives are that of the people supported, 15% will come off benefits, 30% will reduce dependence on benefits moving from minimum wage to London Living Wage, and there will be knock on benefits through releasing entry level jobs for unemployed people.
- 11.22 Discussions are starting to take place with the Growth Boroughs about extending the pilot to East London for the purposes of submitting a joint ESF bid.

Workforce development

Recommendations for action

The Growth Boroughs Leaders and Mayors are recommended to:

- support for SMEs to identify needs, source provision and invest in the skills of their workforce, to enhance productivity and take advantage of opportunities for growth; and
- work with the West London Alliance to develop a 'Skills Escalator' pilot targeting employed local authority and private sector tenants to progress in work.

Case study 12: Adult Education unlocks potential to achieve the strategy

The contribution of adult education providers based in each of the Growth Borough Councils cannot be underestimated for its potential to contribute to the Convergence strategy. Estimates suggest that providers engage over 20,000 people each year and, with up to £8 million in Community Learning money, many of those engaged are Growth Borough residents with low or no skills seeking to learn in order to get and keep a job. By developing our pool of untapped talent across the Growth Boroughs adult education providers are fundamental to achieving convergence targets.

Adult education providers also enjoy access to Adult Skills Budget money from the Skills Funding Agency; as well as Study Programme, Apprenticeships and Traineeships for young people, including funding from the Education Funding Agency. Providers are able to use this funding to up-skill residents, particularly those with low or no skills. For example, Waltham Forest Adult Learning Service engages over 6,000 residents each year with many residents enrolling on two or more courses.

For the majority the second enrolment is for a course at the next level up especially from entry level to level 1, with residents using their time in adult education as a gateway into learning at level 2 and work.

Source: London Borough of Waltham Forest

12. Collaborative employment support

- 12.1 We know from the evidence base accompanying this report, and the summary of evidence in Section 3: The labour market and Convergence, that the Growth Boroughs area as a whole has a relatively weak labour market and some 49,600 additional residents would need to be in employment to achieve Convergence with London, based on employment rates in the 12 months to December 2013.
- 12.2 We also know that there are a number of common issues and a number of very different circumstances facing the individual Growth Boroughs in tackling unemployment and worklessness. The common issues are that each of the boroughs is experiencing continuing high rates of growth - higher in terms of population than employment growth; and there is a consistent picture of extreme levels of deprivation, poverty and lower skills level than the London or national average.
- 12.3 However, there are also very stark differences, in for example the speed and scale of population growth and the ethnic composition of the boroughs, that means that the priorities for employment support services are different across the area.
- 12.4 Each of the boroughs has an existing employment brokerage and support service for its residents. Each uses a slightly different approach to provide the service, and each has a slightly different relationship with Jobcentre Plus and Work Programme providers; some are Work Programme contractors themselves. The brokerages are seen by the Boroughs as their principal mechanism for supporting unemployed people into work in their area and many of the Boroughs are looking to develop their services further.
- 12.5 Now however, the boroughs are seeking to improve the employer offer through a higher degree of collaboration, to extend opportunities to a wider range of Growth Borough residents, and meet employer demand more effectively.
- 12.6 One project the Boroughs are hoping to pilot through ESF funding is a joint programme to support people in work to escape poverty through increasing their hours, or developing their skills in order to access higher paid work. As an increasing number of people in poverty are in work, and wages are not keeping pace with inflation, this is becoming an increasingly urgent additional task for local authorities and their partners to consider.
- 12.7 The Boroughs have already worked together on a number of joint employment projects through the Borough brokerages. The most recent programme is in the process of being evaluated, and the evaluation provides an opportunity to re-think the focus, scale and operation of future joint bids.
- 12.8 Plans are already in train for Borough employment leads to review their priorities for joined-up work in the light of the evidence from this report, the evaluation of their previous joint project, and to identify ways in which they can strengthen their joint arrangements in the future. The goal being to ensure that no vacancy is lost from the Growth Boroughs needlessly.

Collaborative employment support

Recommendations for action

The Growth Boroughs Leaders and Mayors are recommended to:

- further collaborate through joint initiatives at scale designed to meet the needs of unemployed, underemployed and low waged residents; and
- improve the employer offer from the Growth Boroughs through a co-ordinated approach to promotion and engagement to hide the wiring.

Case study 13: Helping more 19-24 year olds into work

The London Borough of Waltham Forest is tackling high levels of unemployment amongst young people by operating a Youth Employment Hub. The hub is a joint partnership forged through a Service Level Agreement with Jobcentre Plus, Waltham Forest College and the three Work Programme providers. Since the partnership began in April 2013 there has been a 41% reduction in the number of young people claiming JSA in the Borough – one of the highest falls across London (top quartile) and representing 900 young people whose lives have been turned around through opportunities to work.

The partnership has provided 36 staff to give intensive employment support to 652 local residents who have gone on to get a job or further training, with over 700 vacancies successfully filled amongst the overall target group.

Source: London Borough of Waltham Forest

Case study 14: Steps into Work – generating employment growth in Waltham Forest

The Council has significantly ramped up the jobs and apprenticeships provided by developers through Section 106 Agreements and by employers occupying premises post construction. A dedicated employment team link recruiting employers to residents, with the Council's Adult Learning Service providing pre-employment training to ensure residents are job ready. Over the last 12 months this work has resulted in over 1,000 residents finding a job. On two sites alone the Council saw the creation of 180 jobs and 48 apprenticeships with 21 residents securing a job with Travelodge post construction.

Action like this has helped the Council cut unemployment in the Borough by 31% amongst JSA claimants. The focus in the future will be to use ESF money to create a skills escalator that will help those in a low skilled and low paid job to get the skills they need to find better paid work, helping to tackle in work poverty.

Source: London Borough of Waltham Forest

13. Delivery and co-ordination

- 13.1 It is intended that the strategic approach to skills and employment set out in this report be put into action through a series of collaborative initiatives that will help to change the skills and employment landscape in the Growth Boroughs. This collaborative programme will:
- develop new vocational routes into core Growth Boroughs industries and enhance pre-employment training and preparation;
 - provide improved labour market information and increase employer engagement with young people in schools, colleges and universities;
 - provide closer connections between colleges and employers and support providers to be more responsive to employer need;
 - increase the number and quality of traineeships and apprenticeships provided by local authorities and through their supply chains; and,
 - support workforce development through piloting a targeted approach to support for low-paid residents, and helping SMEs to train their staff.
- 13.2 An action plan will be prepared by the Growth Boroughs Unit that pulls together and builds on the recommendations at the end of each of the preceding chapters. Some of the recommendations are clear and the resources to deliver them already in place. Others are more aspirational and depend on attracting additional resources for delivery.
- 13.3 What is very clear is that to implement the recommendations will require continued commitment and active working from across the Boroughs, education providers and other partners, with an adequate level of central resource focussed on driving the plan forward and co-ordinating inputs from those partners.
- 13.4 In addition, there are a number of recurring themes in the recommendations in this strategy that would be best addressed through a central resource:
- **Web resources** to support delivery of the strategy by: highlighting information about local industries and the careers they offer; providing a central source of information to help engage employers, clearly setting out opportunities to get involved in inspiring young people; as well as the help available to employers in recruiting and training local residents, and signposts to sources of support;
 - **Sector specific careers activities** to inform and inspire: cross borough collaborative events to promote opportunities in key industries; and a specific proposal to seek to appoint an expert on digital careers to develop resources and work across Growth Borough schools and colleges in support of the London Digital Skills programme; and
 - **Supporting networks:** a number of the sector workshops proposed the development or re-establishment of networks to support delivery of actions; and the Inspiring Young People strand also proposed a central resource to support a new cross-borough IAG and careers network.

- 13.5 It is anticipated that some of the funding for these resources can be secured through forthcoming funding programmes - specifically ESF, ERDF and the GLA Digital Skills initiative. There is also a proposal to request some support from skills providers in the area.
- 13.6 In response to the need for a strengthened central resource to coordinate and support delivery of the strategy, consideration should now be given, in parallel to the implementation of this strategic approach, to ways in which the Growth Boroughs Unit itself should be structured to fulfil the additional roles outlined above. The resulting strengthened team would be better positioned to help drive forward the collaborative and strategic approach to skills and employment across key sectors set out in this strategy, and to actively support the level of cross-borough collaboration necessary for its delivery.

14. Appendix – Workshops notes

- 14.1 This Appendix contains additional supporting information about the stakeholder workshops, including organisations represented, contributors and summaries of some of the presentations.

Health and social care

- 14.2 A workshop hosted and led by Barts NHS Trust in the Great Hall at Barts Hospital on 25th September received presentations on the changing nature of the health and care workforce from the National Skills Academy for Health, and the North and Central East London Training Board. The workshop brought together representatives from:

- Newham College
- City University
- Barking and Dagenham College
- Waltham Forest College
- Barts Health Trust
- National Skills Academy, Skills for Health
- Skills for Care
- Health Education England – North and Central East London Training Board
- London South Bank University
- Hackney Community College
- Care City (North East London Foundation Trust/London Borough of Barking and Dagenham)
- Homerton University Hospital
- Greenwich Council Public Health
- Jobcentre Plus
- Adult College at Barking and Dagenham
- London Borough of Tower Hamlets
- London Borough of Hackney
- Growth Boroughs Unit

- 14.3 The National Skills Academy for Health set out the issues for the sector, including the low priority given to developing support workers and the lack of recognition of skills and competence through formal training and qualification structures. New skills will be needed as health and care services become better co-ordinated. There are particular difficulties with introducing and increasing apprenticeships, as they are not seen by managers as addressing a current business need.

- 14.4 The Academy is starting to pilot a local partnership approach to tackling the problem, which could be introduced (with NSA funding support) in the Growth Boroughs. This is a local base hosted by a health sector employer, from which learning and development can be arranged for healthcare support workers from health and care employers, and from which new training courses can be developed to meet employer needs. The centres will also help broker training for employers and quality assure training in the area. These hubs will share best practice with a national network which will support the process of designing new training programmes.

- 14.5 The group identified a number of significant challenges for the sector. Integrating health and social care services, and implementing personalised care support, will require an increasingly flexible and skilled workforce, with movement between health and social care, and a shared skills base. The skills and employment imperatives for the health and care system in the Growth Boroughs are to:

- improve the quality of patient care;
- deliver a larger, more flexible workforce with higher levels of skills and higher wages; and
- upskill local residents in order to provide this workforce and meet the needs of a diverse local population through linguistic knowledge and cultural understanding.

14.6 There are challenges here for training providers, to recognise and respond to the need both to increase the scale of provision and provide a consistently high quality of training. There are also challenges for employers, to support training by engaging in course design, offer opportunities for pre-employment experience as well as increase the employment of apprentices.

14.7 The challenges faced in the sector include the image of the sector, which comes across as a poorly paid sector, particularly for care assistant entrants, without attractive career opportunities. There are difficulties in recruiting because of a lack of functional skills in potential entrants, and huge variation in course entry requirements and consistency.

14.8 Particular priorities for the Growth Boroughs strategy were agreed as:

- engaging employers in the care sector, particularly SMEs, as well as providers;
- supporting the development of functional skills for potential workforce entrants;
- interesting young people and the wider potential workforce in the opportunities in the sector; and
- increasing entrepreneurship, progression routes and apprenticeships across health and social care.

Creative and digital industries

14.9 A workshop was held on 26 September to explore priorities for action, and identify potential areas for collaboration. The workshop was hosted and led by Hackney Community College.

14.10 The workshop brought together representatives from:

- | | |
|---|---|
| • Hackney Community College | • LB Greenwich |
| • Barking and Dagenham College | • Centre for London |
| • Newham College of Further Education | • Create/Create Jobs |
| • Ravensbourne | • Creative Skillset |
| • Waltham Forest College | • DWP |
| • Waltham Forest Adult Learning Service | • GLA |
| • LB Hackney | • Growth Boroughs Unit |
| • LB Tower Hamlets | • London Legacy Development Corporation |

14.11 The workshop started with a presentation from Creative Skillset, the industry skills body for film, TV, radio, fashion, animation, games, visual effects, textiles, publishing, advertising and marketing communications. Creative Skillset is also a member of the Creative Industries Council. Having explored some of the known barriers to people getting in to the industry,

Creative Skillset identified a number of examples of good practice that they are supporting to prompt discussion:

- **Career navigator**¹³²;
- **Tech Connect** – replicating industry meet-ups, but targeting 18-24 year olds with an interest in the industry. Held in industry settings, and including pizza and job boards¹³³;
- **Intermediaries** – working with employers, helping them navigate training choices;
- **Trainee finder** – matches employer demand with Tick approved or other reputable courses¹³⁴;
- **Creative Skillset Tick** – Employer-led course inspections, leading to award of a ‘Tick’. To date mostly used at university level. People from the industry are given training on the skills sector, then visit and inspect courses. 24 courses and four apprenticeships across London have received a ‘Tick’. Creative Skillset are looking to roll the initiative out to FE¹³⁵;
- **Creative Access** – Creating more opportunities for young people from BAME backgrounds¹³⁶; and
- **HIVE** – An online platform for 18 plus to post profile and ‘swarm’ around opportunities, employers can post vacancies¹³⁷.

14.12 The next section of the workshop comprised three, quick-fire presentations on local responses Tech City Apprenticeships (Hackney Community College), Here East (London Legacy Development Corporation) and Connecting Tech City (Centre for London), each drawing out key messages or lessons of importance in developing the strategy. The final short presentation was from GLA, outlining the London Digital Skills Programme and ways it could link up with the skills and employment strategy.

Construction

14.13 A workshop hosted by the London Legacy Development Corporation and led by Barking and Dagenham Council was held on 1st October to enable a range of stakeholders ‘to identify ways to increase local training and employment in construction, in order to support the construction industry and help achieve Convergence’.

14.14 The workshop brought together representatives from:

¹³² http://creativeskillset.org/who_we_help/young_creative_talent/career_navigator

¹³³

http://creativeskillset.org/news_events/press_office/2996_tech_connect_launches_to_a_full_house_at_london_technology_week

¹³⁴ http://creativeskillset.org/who_we_help/creative_businesses/access_new_talent/trainee_finder

¹³⁵ http://courses.creativeskillset.org/pick_the_tick_degree_courses/what_is_the_tick

¹³⁶ <http://creativeaccess.org.uk/>

¹³⁷ <http://www.skills-hive.com/>

- Greenwich Community College
- Tower Hamlets College
- Barking & Dagenham College
- Waltham Forest College
- Mace
- CITB
- East Thames Housing Association
- London Chambers of Commerce and Industry
- JobCentre Plus
- LB Waltham Forest
- London Legacy Development Corporation
- LB Tower Hamlets
- LB Barking and Dagenham
- LB Hackney
- LB Greenwich
- LB Newham
- Greater London Authority
- Growth Boroughs Unit

14.15 The workshop started with short presentations from LLDC, CITB, LCCI, East Thames Housing Association and Mace.

14.16 The presentations highlighted a number of specific challenges. CITB challenged the group to consider what could be done to raise the profile of the sector amongst potential entrants. They identified: the need to draw on local intelligence to review whether provision was responsive to the needs of the sector locally and whether new provision should be developed (for example it was suggested there may be a need for a plant training centre in the area). East Thames Housing Association and Mace's challenges also related to entrants, in particular the number and quality of applicants referred for jobs and apprenticeships by Borough brokerages. It was suggested that there was room for more collaboration between the boroughs in sharing opportunities.

14.17 LLDC drew on its considerable experience of developing and delivering construction employment and apprenticeships in partnership at the QEOP, to identify lessons that could be used at other sites across the Growth Boroughs. This included securing contractual commitments, clear communication channels and regular reviews of labour requirements.

14.18 In addition, London Chamber of Commerce and Industry (LCCI) briefly talked about research that they had recently undertaken with KPMG to assess the training requirements of London construction firms, based on known developments in the pipeline. Although carried out at a London-wide level, the projections suggested a higher demand for construction workers than previously forecast. While the report is not yet published¹³⁸, the data could be disaggregated to provide information on job requirements for the Growth Boroughs, or East London, to help with planning of responses to the challenge raised by the CITB.

Retail and hospitality

14.19 A workshop was held on 30 October to explore priorities for action and identify potential areas for collaboration across the Retail and Hospitality sector. The workshop was hosted and led by London Borough of Newham.

14.20 The workshop brought together representatives from:

¹³⁸ The research has since been published: *Skills to build*, LCCI/KMPG Construction Skills Index (London and the South East) 2014 www.londonchamber.co.uk/research/skillstobuild.

- London Borough of Barking and Dagenham
- London Borough of Hackney
- London Borough of Newham
- London Borough of Tower Hamlets
- London Borough of Waltham Forest
- The Skills Place – Westfield
- DWP
- Hackney Community College
- People 1st
- Growth Boroughs Unit

14.21 The workshop started with a presentation from People 1st, the sector skills council for the visitor-led economy (encompassing hospitality, tourism, leisure, travel, passenger transport and retail industries). It is an employer-led charity that ‘identifies industry needs and, in partnership with employers, develops solutions to increase performance through people’. It has existed for 10 years, although its focus has changed in the last two years as the skills environment has evolved. It is now a skills and workforce charity funded largely by the businesses it represents and its focus is on working with employers and local partners.

14.22 The key issues facing the sector are retention of staff, which is a huge issue for the sector, and replacement needs, which are likely to further emphasise the challenges of recruitment and retention over the coming years.

14.23 People 1st activities identified as potentially of interest to the Growth Boroughs in developing a skills and employment strategy for retail and hospitality included:

- ongoing research and policy work to support campaign themes;
- WorldHost: a training programme available to organisations and destinations which can use the WorldHost brand when 50% of staff have been through the programme;
- sector-based work academies (see below);
- talent management support: helping employers make plans to develop, and so retain, staff;
- Return on investment: Collecting evidence that demonstrates how investing in skills pays;
- Apprenticeships: the government sees apprenticeships as being very important in the future and that employers need to be fully engage in developing. programmes from the outset. The Growth Boroughs currently have a relatively low take-up of apprenticeships across all sectors;
- Digital High Street: providing paid for support to help small businesses navigate new market opportunities on-line; and
- Destination assessments: a team assesses the current performance as a place to visit, and then helps the client to respond to weaknesses and opportunities.

14.24 The next section of the workshop comprised two short presentations from local initiatives. The first was from the London Borough of Newham on Workplace and The Skills Place, Newham, and the second was from Jobcentre Plus on sector-based work academies.

- 14.25 The London Borough of Newham described the Workplace programme. It starts with employers' job opportunities, Workplace feeds information about them out, matches local residents seeking work to the employers' requirements and then supports people to get the jobs. They worked with employers offering substantial numbers of job opportunities around the opening of Westfield shopping centre and had to respond quickly to meet employers' needs. They attribute part of the success of the programme to The Skills Place - the high quality skills hub from where the scheme operates, which makes residents feel valued and impresses employers.
- 14.26 A key lesson from Workplace's experience is that retail is not a uniform sector. Different employers look for different things from their staff. For example, with John Lewis the values of staff are all-important, whereas for other fashion outlets interest in the brand and being the 'right demographic' is key. The real key therefore to getting people into jobs is to really understand what employers want in candidates at the outset.
- 14.27 Recruitment was a theme picked up by Jobcentre Plus in its presentation on sector based work academies. Having outlined the model, two retail and hospitality examples from the Growth Boroughs were then described. One was a partnership between Jobcentre Plus, Hackney Community College, People 1st and Premier Inn which led to participants getting interviews for Chef's apprenticeships with Premier Inn. The other example was of partnership working in Newham for a variety of retail jobs.

Finance and business services

- 14.28 A workshop hosted by the Tower Hamlets College and led by Tower Hamlets Council on the 14th of October reviewed alternative entry routes into the sector. The workshop brought together representatives from:
- KPMG
 - PwC
 - Thomson Reuters
 - Financial & Legal Skills Partnership
 - Department for Work and Pensions
 - Hackney Community College
 - Waltham Forest College
 - Tower Hamlets College
 - Sir George Monoux College
 - London Borough of Tower Hamlets
 - The Brokerage CityLink
 - NewVic
 - Growth Boroughs Unit
- 14.29 The workshop brought attention to challenges that many young people in the Growth Boroughs face when looking to enter jobs in finance and business services, including low confidence/aspiration and lack of familiarity with recruitment processes used by larger firms. It went on to review actions that local employers and skills providers are taking to widen their recruitment pool and to help local individuals from adjacent deprived areas.
- A presentation from KPMG discussed the company's STAR programme which offers school-leavers who have just completed A-Levels or equivalent the opportunity to

gain 12 months paid work experience¹³⁹. Candidates move around the business, and support on a range of internal and client facing projects. On completion, they are encouraged to apply for permanent roles at KPMG. This has led to 43 of the 84 STAR alumni successfully securing permanent positions at the company¹⁴⁰.

- A representative from Tower Hamlets College discussed their role in engaging employers and helping young people with pre-application support, including on KPMG's STAR programme. Employers in the sector have often reported high levels of dissatisfaction with new recruits' employability skills, particularly school leavers¹⁴¹. By working in partnership with employers, skills providers can ensure skills development is tailored to meet their needs. They can also help employers to improve their management of apprentices.
- A presentation from PwC highlighted the rising interest in the take-up of apprenticeships as a model of recruitment and staff development which is attractive and accessible to a broader and more diverse talent pool. In 2014 PwC took on 120 apprentices, up from 70 two years ago. After overcoming initial scepticism in some areas of the business, apprenticeships have proven beneficial to the company.
- PwC also led the development of the Professional Services higher apprenticeship in collaboration with over 40 employers, professional bodies and FE and HE partners¹⁴². The company is now developing a number of trailblazer apprenticeships in finance and business services, which seek to make apprenticeships more responsive to the needs of employers by enabling them to lead the development of standards.

14.30 The programmes discussed in the workshop were identified as potentially appealing to talented individuals who may not see university as an option or who wish to avoid the debts associated with higher education. Employers benefit from earlier contact with young people, broadening their talent pool.

14.31 Indeed, employer representatives stressed that 'genuine business need' was the main driver behind these measures, confirming that programmes were sustainable and could be expanded. A representative from Thomson Reuters emphasised the value of recruiting young people with determination and aptitude to learn, and not only strong formal qualifications¹⁴³.

14.32 However, while the use and awareness of alternative pathways is improving, lack of knowledge about opportunities in the sector remains a barrier. This is true for young people themselves, but also parents, school teachers, and smaller employers. For example, there

¹³⁹ KPMG's headquarters is in the LB of Tower Hamlets

¹⁴⁰ <http://www.kpmg.com/uk/en/issuesandinsights/articlespublications/newsreleases/pages/kpmg-expands-its-school-leaver-work-experience-programme.aspx>

¹⁴¹ 44% of employers in the PBS sector that have recruited a school leaver report that they were not sufficiently prepared for work – McKinsey (2012) Education to Employment

¹⁴² The first apprenticeship to take apprentices to chartered status in audit, tax and accounting.

¹⁴³ In the last 18 months, Thomson Reuters have taken on their first apprentices.

remains a perception issue when it comes to vocational education. This is something that programmes offered by large employers could help overcome.

- 14.33 Employers also recognised the importance of skills providers in preparing young people for opportunities in finance and business services¹⁴⁴. A programme being piloted by the financial and legal skills partnership is also looking to improve the availability of work experience for school pupils by conducting placements and mentoring online.

Inspiring young people

- 14.34 A workshop was held on 30 September to explore priorities for action, and identify potential areas for collaboration. The workshop was hosted by ELBA and jointly led by ELBA and UEL.

- 14.35 The workshop brought together representatives from:

- East London Business Alliance
- University of East London
- Newham College of Further Education
- Queen Mary University of London
- Tower Hamlets Education Business Partnership
- London Borough of Barking and Dagenham
- London Borough of Tower Hamlets
- London Borough of Waltham Forest
- Royal Borough of Greenwich
- Growth Boroughs Unit

- 14.36 The workshop started with presentations from ELBA, Tower Hamlets Education Business Partnership and UEL to catalyse discussion. There were a number of common themes that emerged:

- the **importance of inspiration** as well as individual guidance; activities to inspire young people need to start earlier and shouldn't stop at the end of secondary education; there is a need also to engage and inspire parents;
- **communication across networks** to share good practice, ensure people know about initiatives like single points of contact, SPoCs, in higher education¹⁴⁵;
- **scope for increased collaboration** around common agendas, to grow existing models that work as well as to plan new joint efforts (like, for example, sector specific careers activities);
- **cooperation** to avoid duplication and to spread provision to the 'cold spots'; and

¹⁴⁴ As well as Tower Hamlets College, Sir George Monoux College is also active in improving work readiness of young people. This includes working with KPMG on the STAR programme.

¹⁴⁵ National Strategy for access and student success in higher education (BIS/14/516)

<https://www.gov.uk/government/publications/national-strategy-for-access-and-student-success>

- **employer engagement** with schools which may have started as CSR but is increasingly driven by HR, leading to the need to be able to track and communicate impact (for different audiences).

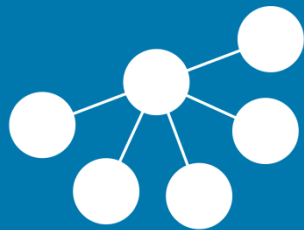
14.37 There was also a brief update from one of the UEL researchers that had recently undertaken an action research project with two East London schools to develop and test ways of enhancing school-based Careers Education, Information, Advice and Guidance (CEIAG) for pre-GCSE pupils. The study was supported with funding from the GLA¹⁴⁶.

14.38 Recommendations for schools included:

- making CEIAG a strategic priority, with oversight of a member of the senior management team and a champion amongst the governors;
- considering having a staff working group, and perhaps a student one too, to raise awareness, ownership and enthusiasm;
- keeping centralised records and ensuring the careers co-ordinator and wider staff team have opportunities to access CPD;
- making CEIAG opportunities and pathways visible around the school, making connections to subjects;
- ensuring that all pupils have the opportunity to find out about all routes open to them;
- having off-timetable activities that can support regular curriculum work and inspire pupils, although they can be resource intensive; and
- that parents remain the most influential group in a young person's educational decision making, so also need information and support.

14.39 The researchers also identified a number of ways in which others organisations could support schools, including better access to local labour market information, help finding local employers and organisations that are happy to input to careers work, information about providers of one-off activities, visits and longer term programmes, and signposting to online resources.

¹⁴⁶ Enhancing school-based careers work for Years 7-9, Charlotte Chadderton and Casey Edmonds, UEL 2014
<http://www.educationandemployers.org/wp-content/uploads/2014/06/Enhancing-School-based-Careers-Work-for-Years-7-9.pdf>



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