



# Skills for Londoners: A Call for Action

London Councils and the Mayor of London have come together to call on central government to agree a new, ambitious devolution and funding deal on skills and employment. This member briefing explains more about our Call for Action and next steps.

## Overview

The Mayor of London and London Councils have come together to call for a new devolution and funding deal from government to establish an integrated, properly funded skills and employment system that can meet the capital's challenges now and in the future.

*Skills for Londoners: A Call for Action*<sup>1</sup> was published on 16 September 2019 and launched at an event at City Lit by the Mayor of London and London Councils executive member for skills and employment Cllr Georgia Gould. The document calls for a range of skills and employment areas to be devolved to London, including careers advice, apprenticeships and 16 to 18 skills. More work is needed to explore precisely how devolution should work in each of these areas and to establish what roles the boroughs will play. London Councils will be working closely with City Hall, London's boroughs and the sub-regional partnerships to develop these proposals over the coming months.

## Background

One of London Councils' *Pledges to Londoners* is to:

*'Work alongside the Mayor to transform adult skills training through the devolved powers starting in 2019; supporting in work progression and ensuring that we meet the job aspirations of learners and the skills needs of business in each part of London.'*

This reflects the fact that a responsive skills system and a culture of lifelong learning will be essential for Londoners to thrive in a changing labour market. But we cannot hope to meet these challenges in London within the constraints of an under-funded and fragmented skills and employment system at national level.

<sup>1</sup> [https://www.london.gov.uk/sites/default/files/call\\_for\\_action\\_final\\_13.09.19\\_.pdf](https://www.london.gov.uk/sites/default/files/call_for_action_final_13.09.19_.pdf)

London government's local links and knowledge make London boroughs and City Hall best placed to address these failings in the skills system. London is already taking greater control over skills and employment policy, with the devolution of the Adult Education Budget to the Mayor and London's sub-regional partnerships taking responsibility for the Work and Health Programme.

London government - the Mayor and London Councils - is now coming together to make the case for a new devolution and funding deal to give London control over a holistic skills and employment system. This includes the means to keep more of the money raised in London to ensure that such a system is properly funded.

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## Analysis

The Call for Action identifies three key challenges for London's skills and employment system:

### 1. **London has high levels of poverty, exclusion and inequality**

Despite London's economic success, it also has high levels of poverty, exclusion and inequality. London's poverty rate is 31 per cent higher than the national rate, with 2.3 million Londoners living below the poverty line. Inequality is higher in London than anywhere else in the UK, with the bottom 50 per cent of Londoners owning just 5 per cent of the capital's wealth.

### 2. **Brexit and other structural changes put London and the UK's prosperity at risk**

Brexit will dramatically alter London's labour market and create upheaval across many sectors; 14 per cent of jobs in London were filled by workers born in the rest of the European Economic Area (EEA) in 2017, including a third of jobs in the construction sector. Businesses and government will struggle to fill many of these roles after Brexit.

### 3. **London's skills and employment system is under-funded and fragmented**

Further education budgets fell by 40 per cent across England between 2010/11 and 2015/16, and a decade of austerity has left local government stretched to its limits. Much of London's adult skills and employment support funding is split into siloes, inhibiting coordinated interventions to tackle poverty, exclusion and inequality.

A new devolution and funding deal would enable London to start addressing these challenges.

Devolution would allow services to be integrated and tailored to the needs of Londoners. City Hall and London's boroughs would be able to coordinate skills and employment support and interventions to make better use of resources and improve outcomes. It would also allow London government to respond to the distinct challenges and opportunities across different communities and areas in London.

The Call for Action lists the following areas for inclusion in London's devolved skills and employment system:

#### 1. **Adult education**

Oversight of London's Adult Education Budget (AEB) has recently been delegated to the Mayor. But the AEB allocation is too small, and it needs to be restored to at least pre-austerity levels and combined with other adult skills and employment services to deliver a service that meets Londoners' needs.

#### 2. **Careers advice**

The devolution of careers advice services would enable London government to establish

a London Careers Service for all ages. Careers advice is currently delivered by a range of providers. A devolved London Careers Service would ensure all Londoners have access to high quality, relevant and properly-resourced careers support.

### 3. **Apprenticeships**

This should start with devolution of the capital's non-levy allocation, which is made up entirely of contributions from London's employers that are not spent by the levy payer within 24 months of payment. London government should be allowed to establish a London Apprenticeship Service to work with businesses to identify how apprenticeships could help their business and support them to access funding.

### 4. **Emergent skills**

London government should be given the powers and resources to support more people to learn the emergent skills employers are increasingly looking for. This should include building the capacity of providers to deliver more Higher Technical Qualifications, targeted at industries and occupations where there is clear evidence of existing and emergent skills demand.

### 5. **Further education capital funding**

The Mayor currently allocates funding for further education providers to invest in estate and equipment through the Skills for Londoners Capital Fund. However, the demand far outstrips what the Mayor can currently fund, and further funding is badly needed in order to invest in London's further education estate.

### 6. **16 to 18 skills**

London needs a coherent post-16 skills offer to support more Londoners to access the wealth of opportunities in the capital. Devolution would improve alignment of education and business needs and provide greater agility in adapting provision.

### 7. **Traineeships**

Take-up of traineeships is falling across the country, with just 17,700 starts in England in 2017/18. London government would use the devolved traineeships budget to champion traineeships in the capital, using the Mayor and London boroughs' unique links with businesses to create new traineeship opportunities through targeted business engagement and support.

### 8. **Employment support**

London government wants a commitment from central government to establish a 'local first approach' to employment services, where services are provided at the most feasibly local level. The Mayor would provide a pan-London framework alongside a clear borough role in setting the strategic priorities for employment provision, including support available through Jobcentre Plus.

### 9. **UK Shared Prosperity Fund (UKSPF)**

London is currently responsible for commissioning European Structural and Investment Funds (ESIF), including the European Social Fund (ESF), which supports disadvantaged Londoners to access learning, work and enterprise, and to progress in their careers. The UKSPF is intended to replace ESIF following the UK's departure from the European Union. It is important that the UKSPF is allocated to areas according to a fair funding formula and that London's share is devolved to the capital.

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## 10. Immigration skills charge

The Immigration Skills Charge is a flat rate of up to £1,000 per person per year paid by employers recruiting non-EEA workers on a Tier 2 visa but will apply to EEA nationals once the UK has left the EU. The Mayor's preference is for the charge to be abolished, but if it is maintained the Government should devolve control over how London's share of the amount raised each year is spent on skills shortages in the capital.

Under these proposals London's boroughs would develop gateways into careers, employment and skills services by bringing together a range of local services such as housing, social services, youth provision and other community-based services. The Mayor would set out a strategic framework for skills and employment, underpinned by robust data analysis and a focus on outcomes, while London's businesses would also be involved in the planning and design of the new system. Boroughs would need increased investment to carry out this role consistently across London.

To achieve this, London government needs the flexibility of a single skills and employment system, fully devolved to the capital and with funding restored to at least pre-austerity levels.

## Commentary

The publication of the Call for Action follows many months of discussions between London Councils and City Hall. It is an important step in setting out a joint position on skills devolution from the Mayor of London, the Sub-Regional Partnerships and London's boroughs.

The heavily fragmented skills and employment system which currently exists does not have the funding it needs to address poverty, exclusion and inequality and embed a genuine lifelong culture in the capital. We believe that a fully devolved and properly funded skills and employment system that is tailored to Londoners' needs is the best way to meet the skills challenges now and in the future.

It is important to see the Call for Action as the beginning rather than the end of a process. The Call for Action is relatively high level and whilst it broadly outlines what London might do differently if further skills and employment services were devolved, in some policy areas such as 16-18 provision, careers and apprenticeships more detail could be developed. Although the Call for Action sets out the roles that boroughs and sub-regions could play in a devolved system, more detail is needed on how this would work in practice.

London Councils will be working closely with City Hall, London's boroughs and the sub-regional partnerships to develop these proposals over the coming months. We have a new government in place and this provides us with an opportunity to step up our lobbying around the devolution plans. We will also be lobbying ahead of next year's Mayoral election on the boroughs' role in future skills devolution.

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### Links:

[Skills for Londoners: A Call to Action](#)

[London Councils' Pledges to Londoners](#)

### This member briefing has been circulated to:

Portfolio holders and those members who requested policy briefings in the following categories: London Matters, Housing, Environment

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