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| <b>Item No.</b><br>11.             | <b>Classification:</b><br>Open | <b>Date:</b><br>12 December 2017                                   | <b>Meeting Name:</b><br>Cabinet |
| <b>Report title:</b>               |                                | Southwark Skills Strategy  |                                 |
| <b>Ward(s) or groups affected:</b> |                                | All wards  |                                 |
| <b>Cabinet Member:</b>             |                                | Councillor Johnson Situ, Business, Culture and Social Regeneration |                                 |

## **FOREWORD – COUNCILLOR JOHNSON SITU, CABINET MEMBER FOR BUSINESS, CULTURE AND SOCIAL REGENERATION**

Southwark is a fantastic borough, driving growth at the heart of London. There are a huge range of job opportunities here, across a large number of different sectors. Giving all of our residents the chance to learn, gain new skills and reach their potential is at the centre of our plan for a fairer future. I am really proud when I hear about the achievements of people who live and work in Southwark, some who face tough challenges along the way. Their determination is an inspiration.

We're investing heavily in skills and employability. We're supporting residents who need a bit more help to enable them to get over barriers that hold them back from work. Since May 2014, we have supported over 5,000 residents into work, an extraordinary achievement and so with it, helped change over 5,000 lives.

And we're tackling low pay too. We campaign hard to encourage more Southwark employers to pay the London Living Wage, and many, like the council, do. By supporting people to gain higher level skills, we can help even more residents move into better paid, more secure work.

Nevertheless, in the future, demand for higher level skills will increase and technological advances will change the labour market in the coming years. It's vital that we are a borough that is equipped for the future where residents and businesses have access to good quality training provision that allows them to take advantage of the opportunities available locally.

Southwark faces many of the same skills challenges – and opportunities – as the rest of London. We're already facing an unprecedented productivity crisis nationally and the UK's exit from the European Union adds to the importance of improving skills locally. We've shown what local innovative solutions can achieve through initiatives like the Southwark Construction Skills Centre. Over 2,600 local people have now benefitted from the skills training available at the Centre. Through delivery of this Skills Strategy we'll explore other solutions to sector specific skills challenges.

We also know our schools are among the best in the country and that we have above average Key Stage 4 results when compared to the rest of London, but many employers still say some young people are unprepared for the world of work. That's why we want to work together, with our schools, colleges, training providers and employers, to make sure we give the future generation the best possible start in life.

We believe that every resident, regardless of their age or stage of learning, should have access to information and support that helps them get quickly into work, and good work at that. Local business should have access to a skilled local labour force. By working in partnership with employers, providers, schools and others, we can continue to make sure we get the best possible skills funding and investment to the right place, spent in a way that delivers most value.

I know this strategy is ambitious and challenging to deliver at a time of significant change and unprecedented uncertainty. Following this strategy will be a delivery plan that puts resilience, ambition and employability at the heart of what we're doing to support a strong and inclusive local economy. It will mean residents and business being better equipped to deal with today's competitive jobs market and the challenges yet to come. Ultimately, it's about investing in our residents as our greatest asset and so securing a fairer future for all generations across Southwark.

So our ambition is that, with the right skills and support, and access to opportunities created through regeneration, combined with a strong Southwark economy, everyone will have the chance to realise their potential

## **RECOMMENDATIONS**

That the cabinet

1. Approves the proposed Southwark Skills Strategy (Appendix 1).
2. Instructs officers to develop a detailed delivery plan in collaboration with local partners who will be involved in strategy implementation. The delivery plan will be presented to Cabinet in spring 2018.

## **BACKGROUND INFORMATION**

3. In March 2017 cabinet noted the recommendations of the Government's 2016 Area Based Review of Skills and endorsed the recommendation to develop a local skills strategy. This was to be developed working alongside a range of partners including further and higher education providers, businesses including the council's Business Forum and schools, with a view to supporting the delivery of a high quality FE and skills offer in the borough.
4. The vision of the Southwark Skills Strategy aligned to the Council Plan and the council's Economic Wellbeing Strategy, is that *"by 2022 Southwark will have a high quality skills offer that is accessible and responsive to learner and employer needs. The offer will support all learners to build resilience and develop valuable skills for a strong local economy now and in the future."*
5. To achieve the vision, three priority aims are proposed:
  - Residents have the opportunity to gain the type and level of skills they need to access local opportunities and progress in the labour market.
  - Employers invest in their workforce and have access to training provision that responds to their needs and allows them to recruit locally.

- Employers and providers work collaboratively to develop a local skills offer that is responsive to the needs of the local economy.
6. The strategy is also a local response to the findings of the Area Based Review of Skills which focused more on the financial stability of the further education sector rather than wider concerns around quality. These concerns have been voiced through a variety of sources and the consensus is that the existing skills system fails to provide adequately for the demands of the labour market, which has a negative impact on productivity. This issue has been brought into sharper focus in the context of the UK exiting the European Union.
  7. The strategy has been developed around four key themes; learners, employers, providers and funding, and sets out the ambitions for a quality skills offer in Southwark. It puts resilience, ambition and employability at the heart of our plans to support a strong local economy so residents and businesses are best equipped to deal with today's competitive jobs market and future challenges.
  8. The development of the strategy is integral to the broader sub-regional work that is underway to improve the quality of the FE and skills offer in London and ensure local leadership influences how the Adult Education Budget (AEB) is prioritised when this is devolved to London from 2019/2020. It is aligned to the emerging Mayoral priorities and the delivery of the London Skills Strategy and the proposed Central London Forward (CLF) Skills Strategy.

#### **KEY ISSUES FOR CONSIDERATION**

9. The strategy addresses key challenges and needs that have been identified and assessed from a variety of sources and evidence bases. It has been developed to harness local assets and to deliver an improved skills offer for learners and employers. Set in the context of a dynamic provider market and changing policy landscape, it recognises the structural and financial challenges in the skills system and aims to provide a framework to deliver local solutions through greater collaboration.
10. Four main themes have been identified in the new skills strategy. This is to recognise the multifaceted structure of the skills system of those operating within it and importantly of those affected. The four themes are:
  - **Learners** – Southwark learners who learn in a number of different settings; schools, colleges, universities, at work, and at home. They learn to build knowledge, to develop specific skills, gain a sense of achievement and self worth.
  - **Employers** – The micro, small and medium and large employers in the borough provide opportunities for people to develop work place skills and gain employment opportunities. Their engagement in the skills system enables helps to ensure training is relevant to their training needs now and in the future.
  - **Providers** – There are many skills providers in the local area. Schools, University Training Colleges (UTCs), Further Education Colleges, Sixth Forms, Adult Education, apprenticeship providers, universities as well as employment support providers are all part of the skills infrastructure, and have been the subject of much policy and funding changes over the years.

- **Funding** – Local influence over government funding available to support the skills system such as the Adult Education Budget as well as the Apprenticeship Levy.
11. Southwark schools perform well. GCSE performance is consistently above the London average and the numbers of young people ‘not in education employment or training’ (NEET) continues to fall. Yet there are young people who, for a variety of reasons, get left behind. This might be during transitions from school or FE, or those that end up starting college courses that are not really suitable for them and those that have gained a higher level qualification but have no work experience and struggle to enter the labour market.
  12. Sadly, good quality Information, Advice and Guidance (IAG) is not readily available to all who need it to help them make informed choices about their futures and gain access to the wide range of opportunities and tools available.
  13. Those who are qualified at low to mid skill levels, approximately 37% of the working age population in Southwark in employment, are more likely to be stuck in low paid jobs that do not pay the London Living Wage. With the demand for higher level skills increasing, those with lower level skills are at a higher risk of unemployment and further underemployment in the future.
  14. Technological advancement and automation has risks of reducing the number of jobs available but there are also many new opportunities that require skills that have always been valued and will continue to be of value: decision making, problem solving, evaluation, interpersonal and customer service skills.
  15. Maximising the positive impact of development in the borough, the council is committed to ensuring that the places where people live create new life opportunities, promote wellbeing and reduce inequalities. This leads to people having better lives, in stronger communities, and achieve their potential. It is vital that all residents are able to equip themselves for the future and have the life and work place skills and qualifications they need to access jobs and live fulfilling, independent lives.
  16. Through the delivery of the strategy we have the opportunity to build on local innovation like the Southwark Construction Skills Centre and the Passmore Centre using the assets we have available locally; providers, employers, developers and influence to maximise local economic impact.
  17. Southwark businesses are predominantly micro or small business. They also need good information, guidance and support to provide more work place training and the opportunity to develop their leadership and management skills to take on staff and increase their productivity.
  18. The provider landscape in Southwark is dynamic and of variable quality. Constant change in policy and funding arrangements are a challenge for all providers and the introduction of the new Technical Levels whilst welcome will present further challenges, not least the need to provide work placements.
  19. Vocational learning is still not considered on par with academic learning. Southwark has made excellent progress in developing more good quality apprentice opportunities in the borough though more needs to be done to promote these and other vocational learning options through schools. A priority

must also be to encourage and support employers to provide work place skills development opportunities for all.

20. Southwark is uniquely placed to make most of its position in central London and influence sub-regional and London leadership to help shape Adult Education Budget spend and further skills funding devolution. At a local level our emphasis is on a greater focus on the delivery of outcomes rather than outputs.
21. In advance of a detailed delivery plan gaining buy-in and ownership across local partners, the council has already set in motion a number of actions that aid the delivery of the strategy ambitions, which include but are not limited to:
  - Commissioning of the Southwark Construction Skills Centre (SCSC) at Elephant and Castle in partnership with Lendlease, which supports Southwark residents with the skills needed to enter and build a career in construction. The SCSC also is developing opportunities for partnerships across sectors with schools and in further and higher education.
  - Southwark Council and London South Bank University (LSBU) are working in partnership to create the Institute of Professional and Technical Education (IPTE). The Passmore Centre, due to open in September 2018, will provide a gateway for learners into higher professional and technical education, with the opportunity for at least 1,000 Southwark residents to have started a high quality apprenticeship by 2023.
  - Establishing the Southwark Business Forum to grow relationships with major local employers and more effectively work with private sector partners on issues affecting business in the borough.
  - Creating quality apprenticeships through the Southwark Apprenticeship Standard, setting the standard for quality apprenticeships in Southwark, addressing secure employment, payment of the London Living Wage, quality training provision, and mentoring and support. Providing direct support for local businesses, linking business support to apprenticeship creation at all skill levels and lobbying for the use of the apprenticeship levy to support small businesses. Promoting these opportunities to residents through media campaigns and provision of pre-apprenticeship support.
  - Building on our employment programmes such as Southwark Works, and supporting over 5,000 people into jobs since May 2014.

### **Making it happen – developing the delivery plan**

22. Each section of the Skills Strategy contains ambitions and aims that lay the foundations for developing a local skills offer that is inclusive and responsive to need.
23. Following approval of the strategy, officers will work collaboratively across all council services and with our providers, employers and partners to develop a delivery plan. This will include short, medium and longer term goals. It is proposed that a delivery group be established to oversee the development of the delivery plan, involving Business Forum members, school representatives, further and higher education providers and other council departments.

24. The strategy sets out a high level of ambition, requiring local partners, including the council, to tackle complex and multi faceted issues; taking immediate actions where we can; and creating the basis for longer term changes. In developing the delivery plan, there will need to be flexibility so our local skills offer is able to respond and adapt to new challenges and take advantage of resources and opportunities that become available.
25. The delivery plan will be presented to cabinet in spring 2018, with updates and the opportunity for further review provided as part of the council's normal performance monitoring process.

### **Policy implications**

26. The proposed strategy is in line with the Council Plan and Economic Wellbeing Strategy. The aims and ambitions of the skills strategy are aligned to current council plan ambitions and Fairer Future Promises as set out below:
27. Strong Local Economy
  - Invest in our relationships with businesses through the Southwark Business Forum
  - Support our Business Improvement Districts
  - Encourage our partners to sign up to the diversity standard, our shared commitment to a fairer and more inclusive borough
  - Guarantee education, employment or training for every school leaver
  - Support a high quality further education and skills offer in the borough
  - Make sure young people are ready for work
  - Make sure local residents benefit from new jobs and apprenticeships
  - Support 5,000 local people into jobs
  - Create 2,000 new apprenticeships.
28. Best Start in Life
  - Ensure that 70 per cent of students at every secondary get at least five good GCSEs<sup>1</sup>
  - Work with and support parents to secure the best possible outcomes in life, for them, their children, and their family.
29. Fit for the Future
  - Develop the culture, skills, processes and management capability to support a productive, motivated and high performing workforce
  - Become a leading digital borough, transforming how we serve and enhancing the lives of people in our community so that no one is left behind
  - Deliver modern, reliable, secure, cost effective technology that supports the digital strategy and enables service transformation across the council.
30. The emerging key aims of the Skills Strategy for London, a draft of which is currently out for consultation and is due to be published in May 2018, are as follows:

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<sup>1</sup> The measure of academic success has changed since the council plan was set in 2016. Outcomes at Key stage 4 are now measured against attainment and progress across 8 subjects

- Empowering Londoners to access the skills to participate in society and progress in education and in work; promoting diversity and enabling social mobility
  - Meeting the needs of London's economy and employers now and in the future
  - A strategic city-wide technical skills and adult education offer
31. In their inaugural meeting on 10 October, the Central London Forward Employment and Skills Board discussed and agreed three key priorities for the CLF Skills Strategy to be as follows:
- Focus on an outcomes-based approach, in particular to focus on employment as a core outcome for funding skills support, using monitoring to inform commissioning decisions, and drive IAG for careers services. A proposed high level target for the outcomes based approach should be to: bridge the employment rate gap between CLF residents with low or no skills and the London average.
  - CLF's key sectors should be prioritised in the Skills Strategy, such as tourism, construction, hospitality, and creative and digital. The Strategy should develop how CLF boroughs can work with these employers on creating career and progression pathways for those who do not have Level 4 qualifications. The sectors to target efforts should be growth areas and those at risk from any Brexit-related shift in visa policy.
  - Closing the apprenticeships participation gap. Closing the Apprenticeship Levy gap between Central London and the London average, and generally to increase the number of apprenticeships and those available at higher level.
32. Southwark's Skills Strategy is aligned to London and sub-regional aims and priorities noted above. It emphasises the need for good work and the ability to progress in the labour market addressing skills shortages and meeting the needs of the economy now and in the future. It supports the Mayor's aims to boost the technical and adult education offer and the sub regional priority for the skills system to focus on employment outcomes.
33. Mirroring sub-regional ambitions the Southwark strategy aims to address skills shortages in specific sectors by building on the Southwark Construction Skills Centre model. It aims to ensure that any unspent Apprenticeship Levy funding is directed to where it is most needed and used to create apprenticeships in micro and small businesses locally.

### **Community impact statement**

34. Set out below is an overview of the assessment of impacts on the community, this includes the equality analysis carried out in October and November 2017 on the strategy. Specific measures and actions to address inequalities and assessment of the impact on protected characteristics in line with the Equality Duty will be developed as part of the delivery plan as relevant. The analysis will therefore be ongoing.
35. The Skills Strategy will impact on the whole community in all wards including the

borough's business community. A core aim of the strategy is to identify what actions the council and partners can take to create a local skills offer that responds to the needs of the local economy.

36. While the numbers of young people claiming JSA and those 'not in education employment or training' continues to fall, 18-24 year olds are still more likely to struggle to find work than older, more experienced workers, and some, including children leaving care, often need additional support. The strategy sets out to ensure better co-ordination of the many different efforts to help young people in Southwark make informed choices about their future, are well supported during key transitions, have the opportunities to build work place skills and can enter the world of work.
37. The council and partners will raise the profile of older people in the labour market, ensure local provision is responsive to employer needs and older people are able to access training in and out of work. For today's workforce, lifelong learning and skills development is crucial to maintaining earnings in a rapidly changing labour market.
38. There is a gender pay gap in Southwark, with women earning less than men on average. A higher proportion of the female working age population in Southwark have no qualifications, and a higher proportion of males are qualified at higher level. The strategy commits to promoting the London Living Wage and ensuring training is available at flexible times thus widening access to local opportunities. Through greater exposure to a wider range of career opportunities from a young age and the development of work place skills the strategy also aims to encourage more females to enter sectors where they are currently under-represented. Examples of such sectors are Science, Technology, Engineering, Maths (STEM) and construction.
39. The skills attainment rate for people from some ethnic minorities is lower than that of the overall population in Southwark. A lower proportion of black / African / Caribbean / British are qualified to level 4 compared to other white ('other' and British) and Asian ethnic groups. Those of white ethnicity have the highest proportion with no qualifications compared to other ethnic groups. The strategy focuses on inclusive learning and progression for all.
40. Older people in Southwark have lower level qualifications. 62% of 25-34 year olds are qualified to level 4, whereas 34% of 50-64 year olds are qualified to level 4. This reflects changes in policy and the increase in the number of people going to university over the last 20 years. The strategy aims to ensure that older people in and out of the labour market have the opportunity to gain higher level qualifications and job specific training as well as adult and community learning opportunities.
41. Those with disabilities are more marginalised in the labour market and though young people with Special Educational Needs and Disabilities (SEND) are generally well supported to gain qualifications to the age of 25 there remains a gap in support for them to gain work experience and enter paid employment.
42. A significantly higher proportion of Southwark residents with disabilities, whose day-to-day activities are limited a lot, have no qualifications (and a significantly lower proportion have level 4 and above qualifications) compared to those whose day-to-day activities are not limited. The same can be said for those



whose day-to-day activities are limited a little, though not to the same extent.

43. The strategy aims to support and encourage smaller businesses to utilise tools and resources available to enable them to offer more opportunities for people with disabilities. The strategy also proposes continuation of dedicated employment support services including through Southwark Works.
44. Those with higher level qualifications in Southwark are more likely to be economically active. A quarter of those with no qualifications are economically inactive in Southwark. The demand for higher level skills will increase with fewer roles available at mid-skill levels. The strategy sets out our ambition to help people to progress in learning and the labour market to be better off in work.
45. The strategy encourages employers to offer good quality work, supporting the Mayor's Good Work Standard. It also supports the adoption of the London Living Wage, as set by the Living Wage Foundation as a principal way to counter the threat of poverty.
46. As the strategy is implemented, project monitoring arrangements will continue to follow the council's equalities monitoring guidance to ensure it captures the information about impact on intended target groups and protected characteristics.

## **Resource Implications**

### **Financial and budget issues**

47. No additional funding assumptions beyond those already set out in agreed budgets have been made in designing the refreshed strategy. The strategy sets out core ambitions and our anticipated delivery in achieving those ambitions, including with partners. Any new funding requirements, if they arise, will be assessed and reviewed as part of the council's normal budget process.

### **Staffing issues**

48. Officer time to effect the recommendations will be contained within existing resources.

### **Consultation**

49. A range of external and internal stakeholders have been consulted during the process of developing the skills strategy. Formal consultation has taken place at two key stages. Firstly initial scoping session in July 2017, to develop the four themes and present the challenges and opportunities in the skills system. This then informed further research and consultation with stakeholders. A further stakeholder session was held in October 2017 to consolidate thinking following the consultation period and further finalise the strategy.
50. External consultation with partners included: Department of Work and Pensions, Southwark Business Forum, Better Bankside Business Improvement District (BID), Blue Bermondsey BID, Southbank BID, Team London Bridge BID, We Are Waterloo BID, Southwark Chamber of Commerce & Industry, Federation of Small Businesses, London South Bank University, schools, adult education providers and further education Colleges, Southwark Association of the School

Governors, Central London Forward and delivery partners on our Southwark Works Framework. Partnership and key stakeholders engagement will continue as the strategy is implemented and reviewed.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director of Finance and Governance (FC17/071)**

51. This report requests cabinet to agree the proposed Southwark Skills Strategy for 2018-2022 (appendix 1). Full details are contained within the main body of the report.
52. The strategic director of finance and governance notes that there are no immediate financial implications arising from this report.
53. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

### **Director of Law and Democracy**

54. This report seeks the cabinet's approval to agree the proposed Southwark Skills Strategy set out in this report for the period 2018-2022. The decision to agree the Strategy is one that can be taken by the Cabinet collectively.
55. The report sets out at paragraph 5 the main aims of the Strategy. These aims have been compiled in response to the findings of the Government's 2016 Area Based Review of Skills. The aims are also consistent with the council's Fairer Futures Promises, in particular Promise 8, the council will guarantee education, employment or training for every school leaver, support 5,000 more local people into jobs and create 2,000 new apprenticeships.
56. The cabinet's attention is drawn to the Public Sector Equality Duty (PSED) under the Equality Act 2010, and when making decisions to have regard to the need to have regard to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct, and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The relevant characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion, religion or belief, sex and sexual orientation. The duty also applies to marriage and civil partnership but only in relation to the elimination of discrimination. Cabinet is specifically referred to the community impact statement at paragraphs 34 - 46 and consultation requirements at paragraphs 49 - 50, setting out the consideration that has been given to equalities issues and the extensive consultation undertaken in order to inform the development and detail of the Strategy.

## BACKGROUND DOCUMENTS

| Background Papers   | Held At   | Contact                        |
|---|---|--------------------------------|
| Equalities Impact Assessment:<br>Southwark Skills Strategy  | Local Economy Team<br>160 Tooley Street<br>London SE1 2QH | Elaine Gunn<br>020 7525 5479   |
| <b>Link:</b><br><a href="http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=5753&amp;Ver=4">http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=5753&amp;Ver=4</a> |   |                                |
| Economic Wellbeing Strategy 2012-2020   | Local Economy Team<br>160 Tooley Street<br>London SE1 2QH | Danny Edwards<br>020 7525 5105 |
| <b>Link:</b><br><a href="http://www.2.southwark.gov.uk/info/347/economic_wellbeing">http://www.2.southwark.gov.uk/info/347/economic_wellbeing</a>   |   |                                |
| Council Plan  | Local Economy Team<br>160 Tooley Street<br>London SE1 2QH | Danny Edwards<br>020 7525 5105 |
| <b>Link:</b><br><a href="http://www.2.southwark.gov.uk/info/200293/a_fairer_future/3156/council_plan">http://www.2.southwark.gov.uk/info/200293/a_fairer_future/3156/council_plan</a>                     |   |                                |

## APPENDICES

| No.        | Title                               |
|------------|-------------------------------------|
| Appendix 1 | Southwark Skills Strategy 2018-2022 |

## AUDIT TRAIL

|   |  |                        |
|---|--|------------------------|
| <b>Cabinet Member</b>   | Councillor Johnson Situ, Business, Culture and Social Regeneration |                        |
| <b>Lead Officer</b>   | Eleanor Kelly, Chief Executive                                     |                        |
| <b>Report Author</b>  | Elaine Gunn, Principal Strategy Officer, Local Economy Team        |                        |
| <b>Version</b>  | Final  |                        |
| <b>Dated</b>  | 30 November 2017   |                        |
| <b>Key Decision?</b>  | Yes  |                        |
| <b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b> |  |                        |
|   | <b>Officer Title</b>   | <b>Comments Sought</b> |
|   | Director of Law and Democracy                                      | Yes                    |
|   | Strategic Director of Finance and Governance                       | Yes                    |
|   | <b>Cabinet Member</b>  | Yes                    |
|   | <b>Date final report sent to Constitutional Team</b>               | 30 November 2017       |

# APPENDIX 1

## Southwark Skills Strategy, 2018-2022

### Vision

Our vision is that by 2022 Southwark will have a high quality, local skills offer that is accessible and responsive to learner and employer needs. This offer will support all learners to build resilience and develop valuable workplace skills for a strong local economy now and in the future.

### Aims and objectives

- Residents have the opportunity to gain the type and level of skills they need to access local opportunities and progress in the labour market
- Employers invest in their workforce and have access to training provision that responds to their needs and allows them to recruit locally
- Employers and providers work collaboratively to develop a local skills offer that is responsive to the needs of the local economy.

### Ambitions summary

#### Learners

- Learners have access to information on the wide range of learning opportunities available to them
- Learners enjoy a comprehensive range of good quality learning opportunities on their doorstep
- Young people leave education equipped with the skills and knowledge they need to enter the world of work
- Vulnerable learners have the additional support they require to help them develop workplace skills
- Learners of all ages, including those in work, are able to develop their skills to progress into better jobs and increase their earnings.

#### Employers

- Employers are enabled to take a leading role in shaping a local skills offer that meets the needs of their workforce
- The current and future skills needs of employers of all sizes are understood and met locally
- Local employers invest in their workforce to increase productivity and pay
- Employers provide more opportunities for employment and work based learning, including apprenticeships and quality work experience
- Employers offer more opportunities to people with complex needs
- Employers are supported to respond positively to workforce challenges that arise from Brexit.

## **Providers**

- Southwark has a high quality skills offer that is attractive to learners and employers
- Employers and providers work collaboratively to provide innovative demand led skills solutions
- A greater range and quality of vocational learning, including apprenticeships is available and its value recognised
- Good quality careers advice is provided to all who need it across the borough.

## **Funding**

- Skills funding is aligned to local needs
- Successfully devolved skills budgets that work for London and Southwark
- New partnerships harness local assets and resources to generate innovative skills funding models
- That employment outcomes are embedded in the planning and delivery of skills provision.

## **Introduction**

The word 'skills' is generally used to describe the abilities acquired through education and other experiences. Over the years and policy changes the use of the word has evolved from the more technical know-how to do something well to including 'soft skills'; the capabilities, behaviours, and attitudes people have rather than "skills" in the more traditional sense.

These 'soft skills' are those which allow people to be effective members of a flexible, adaptable and competitive workforce. The pace of change now means that we all need to be ready to develop and learn new skills throughout our lives, whether at school, college, university, in the workplace or at home. In the context of this strategy we are referring to the skills acquired in life to take full advantage of the opportunities available now and in the future.

As a central London borough, Southwark is job rich and offers a wide range of opportunities to learn and earn. Jobs are available across a range of sectors and skills levels. It is essential that Southwark has a skills offer that allows all of our residents to access these opportunities.

Southwark has a large working age population, which over the last 10 years has experienced a proportional increase in higher level qualification attainment and a fall in the proportion of adults with no qualifications. This is in line with London and the wider UK. It is a borough predominantly made up of micro and small and medium sized enterprises and one which has seen considerable regeneration through large and small scale development.

Maximising the impact of development in the borough, now and in the future, the council is committed to ensuring that the places where people live create new life opportunities, promote wellbeing and reduce inequalities. This leads to people having better lives, in stronger communities, and achieve their potential. It is also about harnessing change to reduce inequalities and make a borough where people are healthy and resilient, feel connected, and there are opportunities for all. It is vital that

all residents are able to equip themselves for the future and have the life and work place skills and qualifications they need to access jobs and live fulfilling, independent lives.

This strategy will help make Southwark the place of the choice for local residents to be able to improve their skill levels, fulfil their aspirations and access better paid employment. The council continues to invest in the skills and employability of Southwark residents, particularly where extra help is needed to overcome barriers to work. These barriers are often the result of several factors, for example as a result of housing or health issues.

Southwark is subject to the same skills challenges faced by London, not least of which are the potential consequences of the UK leaving the European Union. Sectors such as construction, health and social care, technology and hospitality have a substantial EU-born workforce. Population growth in the capital is set to continue with a corresponding increase in the demand for higher level skills. The capital and the borough are at risk of further skills gaps in key sectors, lower employment rates and higher rates of in-work poverty. Without a more coordinated and labour market focused local skills offer, many of our residents may struggle to access and secure the jobs that are available and will be available in the years to come.

We believe that every resident, regardless of their age or stage of their learning, should have access to information and support that is embedded in and attuned to the local labour market. Every business should have access to a skilled local labour force. By working in partnership with employers, providers, developers, schools and sub-regional agencies such as the GLA, we can build on the success of local initiatives and continue to make the case for devolved skills funding and governance.

This strategy sets out our ambitions for a quality skills offer in Southwark. It puts resilience, ambition and employability at the heart of our plans to support a strong local economy so that residents and businesses are best equipped to deal with today's competitive jobs market and future challenges.

## **1. Learners**

**We want Southwark to be a place where residents of all ages have access to a high quality local offer to learn, improve their skill levels and earn a good living. We want residents to have access to good quality and impartial information, advice and support so they can make informed choices about their careers and personal development.**

People learn in a number of different settings; schools, colleges, universities, at work, and at home; they learn to build knowledge, to develop specific skills, gain a sense of achievement and self worth. Southwark has a wealth of opportunities to learn and this strategy is about making sure the offer to learners is of high quality and enables them to get where they want to be and realise their aspirations.

Southwark's young people are doing really well at school. GCSE performance is consistently above the London average and the numbers of young people 'not in education employment or training' (NEET) continues to fall. But too many young people are still emerging from education at a disadvantage when starting their careers. There are often many reasons for this; missed education, limited access to good quality advice, or good educational attainment but limited or no work experience. Some learners pursue learning routes that are not suited to their needs or those of the labour market, meaning some young people are leaving education too early or do not have the skills required by employers.

We will work with Southwark schools to ensure positive outcomes are achieved for pupils. We will encourage exposure at the earliest opportunity to work-related learning, so that Southwark pupils are aware of, and want to become part of, the rich employment opportunities on their doorstep. We will encourage schools to use tools of good career guidance to help support young people to develop soft skills; critical thinking, problem solving and decision making so they are equipped to make important decisions about their futures.

In addition to working with Southwark schools, we will also work with colleges, training providers and employers to help improve learners' navigation of 'progression' options and pathways. We will support providers to deliver the best possible advice and guidance, delivered in clear and accessible formats for all learners, using technology to support this where possible. We will also promote the value of achieving a good foundation level education for all age groups, providing clear routes to secure functional skills, IT, maths and English. We will encourage education and training providers to better promote local employment opportunities to young people. We will make the most of opportunities developed through evolving statutory frameworks and through the introduction of the new Technical Levels and apprenticeships, strengthening young Southwark learners' access to workplace skills development.

We will work with schools and colleges to reinforce best practice principles, so that learners on the margins of education, employment and training are at less risk of disengaging or becoming "lost" in the system. Progression routes will be accessible to the most vulnerable learners, including those in care, young parents, those supported by our Youth Offending and Southwark Inclusive Learning services (SILs). We will ensure Supported Learning programmes are well promoted and linked to longer term employment outcomes. We will continue to promote the use of Supported Internships for those with learning difficulties and disabilities and other opportunities to gain work place skills like traineeships. Where entry level employment is secured we will

continue to provide support to individuals to progress in work, start an apprenticeship or change career.

For those Southwark residents already in jobs, a high proportion are qualified to level 4 (first year Foundation Degree level), which is greater than the proportion in London overall. However, the employment rate for those with lower level and mid skills is much lower suggesting that adults in London with no and particularly low- and mid-level skills face significantly greater disadvantage than those in the rest of London and the UK. This is likely because there are comparatively fewer mid-skill jobs in London and far more adults with high level qualifications. This leads to a much more competitive labour market for those with mid to low level qualifications. It also means that people in low and mid skilled level roles are more likely to earn less money and may struggle to make ends meet.

There is a large disparity between rates of pay amongst the highest and lowest earners in the borough. In 2015 a quarter of those in work in Southwark were earning below the London Living Wage. As an employer, Southwark Council pays the London Living Wage and encourages others to do the same. Levels of low pay are more prominent among part-time employees, half of whom earn below the London Living Wage; women are disproportionately represented in this group of lower level earners. Closing the gender pay gap sits at the heart of our approach to supporting a more productive and fairer local economy.

We will support a local offer that allows learners of all ages to improve their skills to prepare for and find work, change careers and progress in work. We will work with employers to increase the range of opportunities for our residents to develop their skills and gain work experience. Simultaneously, our providers will be supported to create opportunities for work-based training.

Locally, we have already done much to ensure opportunities are made available for people to gain new skills and progress to higher level learning. Southwark Council and London South Bank University (LSBU) are working in partnership to create the Institute of Professional and Technical Education (IPTE). The Passmore Centre, due to open in September 2018, will provide a gateway for learners into higher professional and technical education, with the opportunity for at least 1,000 Southwark residents to have started a high quality apprenticeship by 2023. This will help equip more Southwark residents with the skills required to take up the jobs of the future. Similarly, the Southwark Construction Skills Centre supports residents to access roles in the construction sector.

We recognise people need extra help to overcome barriers to work and training. Just as housing or health issues are barriers to work they can also hinder people committing to completing a training course, apprenticeship or NVQ. We will help people engage in training and progress to higher level attainment to help them progress into better paid, more rewarding jobs. We will support those with learning difficulties, disabilities, mental health conditions and vulnerable young people to access to more supported learning, work placement opportunities and progression routes into paid employment opportunities.

We will continue to support residents to access and navigate the range of support available through our education and employment support services. We will continue to work with employers to adapt recruitment and workplace practices to provide supportive working environments. We will build on the value of our local Adult Education offer in enabling progression to advanced and higher level training. We will



ensure this is embedded in our employment support offer, providing work place skills, as well as Lifelong, community and family learning opportunities.

**For learners our ambitions are:**

- Learners have access to information on the wide range of learning opportunities available to them
- Learners enjoy a comprehensive range of good quality learning opportunities on their doorstep
- All young people leave education equipped with the skills and knowledge they need to enter the world of work
- Vulnerable learners have the additional support they require to help them develop workplace skills
- Learners of all ages, including those in work, are able to develop their skills to progress into better jobs and increase their earnings.

**Working collaboratively, our aims are to:**

- Improve access to information and digital support for learners and help young people make informed decisions about their futures
- Work closely with our schools, FE, HE partners and other providers to develop and promote a quality local skills offer
- Support the development of work place skills in education and training through quality work placements and links with employers
- Support vulnerable learners by addressing barriers to learning, improving access to supported learning programmes and other opportunities to gain work place skills
- Work with employers and providers to increase the range of opportunities, including Technical Levels and related vocational qualifications, and entry points for residents to develop their skills and gain work based training.

## 2. *Employers*

**We want Southwark to be a place where employers have access to a highly skilled local workforce. We want employers to invest in and help shape local skills provision and have the confidence that it is meeting their recruitment needs. We want our employers to offer good quality skills and employment opportunities for residents.**

Southwark's business base is made up of over 15,000 businesses employing over a quarter of a million people. Most businesses in Southwark are micro or small enterprises, employing less than 50 people. The largest business sectors in Southwark are professional, scientific and technical, information and communication, business administration and support services, and the arts, entertainment and recreation (ONS, 2017).

Over half of skills shortages vacancies reported by employers in central London are in high skilled occupations. The GLA forecasts that to 2036 the proportion of jobs requiring higher level qualifications will continue to rise whilst the demand for some lower skills occupations will decrease. Sectors with expected significant growth in employment in the next 20 years are professional, real estate, scientific and technical services, administration and support services, accommodation and food services, and information and communication.

In [The Future of Skills: Employment in 2030](#) report, Nesta looked at how employment is likely to change in the future and the implications for skills. They found that around one-tenth of the workforce are in occupations that are likely to grow as a percentage of the workforce while around one-fifth are in occupations that will likely shrink. Education, healthcare, and wider public sector occupations are likely to grow while some low-skilled jobs, in fields like construction and agriculture, are less likely to suffer poor labour market outcomes than has been assumed in the past. The skills that are likely to be in greater demand in the future include interpersonal skills, cognitive skills, decision making, systems analysis, evaluation and problem solving skills.

The future workforce will need broad-based knowledge in addition to the more specialised skills that are needed for specific occupations. In helping residents to succeed in the labour market and prepare for a more 'automated' future, we need to consider which common skills, knowledge and abilities are needed for the majority of jobs that will be available, as well as those 'softer skills' that provide workers with the flexibility to adapt to or specialise in a range of roles.

The GLA forecasts that growth in central London is expected to account for three in every four new jobs in the capital by 2036. As a central London borough, Southwark is at the heart of this employment growth and technological change. For residents living and growing up in Southwark to be able to take full advantage of the opportunities that will be created they need access to training provision which is shaped by the needs of the local economy and informed by evidence on the demand for skills.

It is well documented that the UK is behind comparable countries in terms of productivity growth. Britain's exit from the EU adds further pressure with EU migrant workers in London heavily represented in skilled trades and elementary occupations, with local employers in sectors such as hospitality, health and social care and construction reporting they will be affected. Brexit, although challenging, offers an

additional incentive for employers to engage with the local skills agenda and invest in improving skills in the local labour market.

We will continue to work with businesses in emerging and innovative sectors such as technology and science, media and communications, and creative industries. We will work in partnership with the Southwark Business Forum, Business Improvement Districts (BIDs) and our developer partners to adopt a more strategic approach to business engagement, employability and recruitment issues. We will encourage more employers to sign up to the Mayor's Good Work Standard and the London Living Wage and promote pay equality. We will explore ways, using more creative and cost effective means, to engage smaller employers too.

We believe a fair day's work deserves a fair day's pay. There are now over 100 accredited Southwark employers paying the London Living Wage, and this strategy is about encouraging even more. Where businesses identify and invest in the workforce, the skills needed for growth and better pay, productivity growth tends to follow. Many smaller businesses do not have HR or training departments and are often reliant on the business owner to cover many functions. Leadership and management training can help to boost productivity as well as staff management.

Lloyds Bank UK Business Digital Index 2017 reports that 41% of small businesses and 52% of charities do not have basic digital skills, a lower proportion than in 2016. Many believe that an online presence is not relevant for their organisation. Most digitally skilled businesses are more than twice as likely to increase their turnover compared to those who are not yet using technology. We will help to remove barriers to improving digital presence and support providers to recognise the skills needs of smaller businesses to help them access training that is accessible, flexible and affordable.

We will encourage employers to support in-work progression, and adapt their recruitment practices; particularly for those with learning difficulties and disabilities and vulnerable learners, provide work experience opportunities, traineeships, supported internships and apprenticeships. We will work together with providers and employers to ensure the mechanisms are in place to support employers to offer these opportunities and recruit locally.

Apprenticeships offer a great way for learners of all ages to gain work experience and the skills employers need, yet London has a low take up rate for apprenticeships compared to other parts of the country. Locally, some employers report that apprenticeships are poorly reputed and can be poorly administered and confusing, especially since the introduction of the Apprenticeship Levy. Education providers can lack an understanding of the needs of employers when placing apprentices, putting unrealistic demand on employers and failing to communicate with them and recognise the value they can bring to the classroom based element of the apprenticeship.

In Southwark we have prioritised the provision of quality apprenticeships, and made considerable progress in improving the local apprenticeship offer by introducing the Southwark Apprenticeship Standard. This sets the standard for quality apprenticeships in Southwark; payment of the London Living Wage, quality training provision, and effective mentoring and support. We have also enhanced the local support offer available to SMEs in the borough, producing a toolkit to guide local employers interested in taking on an apprentice as well as offering personal advice and support.

**For employers our ambitions are:**

- Employers are enabled to take a leading role in shaping a local skills offer that meets the needs of their workforce
- The current and future skills needs of employers of all sizes are understood and met locally
- Local employers invest in their workforce to increase productivity and pay
- Employers provide more opportunities for employment and work based learning, including apprenticeships and quality work experience
- Employers offer more opportunities to people with complex needs
- Employers are supported to respond positively to workforce challenges that arise from Brexit.

**Working collaboratively, our aims are to:**

- Improve dialogue and collaboration between providers and employers in the delivery of local skills provision
- Continue to promote the benefits of investing in the workforce through the Good Work Standard and Apprenticeship Standard, encouraging employers to invest in workforce training for increased productivity
- Support local businesses to remove barriers to employment for those with complex needs, supporting them to access available resources and improve their recruitment practices
- Help to ensure the local workforce is equipped with the skills to respond to changes in employer demands including those that arise from Brexit.

### 3. *Providers*

**We want to make Southwark a destination for learning with high quality skills and training provision for all ages which addresses local economic needs and the future demand for skills. We want residents to develop the skills they need to secure well paid jobs and that are shaped by employer demand. We want local providers to be partners in the development and regeneration of the borough and for our skills offer to be a local asset.**

The provider landscape in Southwark and London is diverse and dynamic. Schools, University Training Colleges (UTCs), Further Education Colleges, Sixth Forms, Adult Education, apprenticeship providers, universities as well as employment support providers are all part of the skills infrastructure, and have been the subject of much policy and funding changes over several years.

Education and skill providers also play a wider role in the community, as employers, business incubators, landowners and regeneration partners. We recognise their value and will work with them in partnership with others to retain the positive local economic impacts they bring to the borough.

The government's recent Area Based Review of Skills highlighted the need to stabilise the Further Education sector in light of a reduction in the adult skills budget. It did, however, fail to effectively focus on wider issues in the sector; specifically that skills provision is poorly tailored to needs of the labour market and has been ineffective at increasing productivity levels.

Southwark's provider landscape varies in terms of quality. Southwark schools are among the best in the country and have above average Key Stage 4 results across central London. Yet there remains an overall quality gap in skills provision locally with too few learners completing training courses and apprenticeships and progressing to high skills attainments. Following their school years, many learners make the choice to leave the borough to study elsewhere, an issue we want to address by making Southwark a destination for learning.

This quality gap is not unique to Southwark, with just 71% of London colleges rated *Good* or *Outstanding* by Ofsted compared to 94% of London schools. More concerning, almost a third of London's 39 colleges are rated as 'requiring improvement' or 'inadequate'. We will continue to work with the Mayor of London to improve the quality of provision across London building on existing good adult education provision in the borough, and so delivering better outcomes for local learners.

Southwark's Adult Education offer includes ESOL, Basic Skills, employability skills as well family and community learning opportunities. It is subject to the same pressures as other providers reliant on the Education and Skills Funding Agency (ESFA) funding to subsidise courses in order to ensure those who cannot afford to pay for training can still access support. For providers to secure ESFA grants they need to achieve their target number of learners each year; the demand for this and other provision is shaped by the restrictions of the funding which is focused on provision for those on active or unemployment benefits and those studying for a level 2 qualification for the first time.

Without good information and advice too many learners fall through gaps and end up not in education employment or training (NEET), unemployed or in low paid, low skilled jobs, which means employment support and Further Education providers are left to

plug gaps. We need to ensure that compulsory education provides all learners with a good foundation level of education (IT, maths and English) and work place skills needed to progress in learning and secure employment. This means that each stage of learning for our residents is treated as a stepping stone to the next, enabling them to achieve their aspirations. This requires clear progression routes and effective Information, Advice and Guidance (IAG) for all options at every step in the learner journey.

With around 240 careers providers operating in London, the career IAG market is patchy and overly complicated. Schools provide IAG but quality varies. National Careers Service focuses more on adults who are unemployed leaving a gap for the many who are underemployed and may need support to gain higher level skills in order to succeed in the labour market in the longer term.

Southwark has demonstrated that it is possible to address skills shortages and create local solutions. Responding to long standing construction skills deficits in the borough, Southwark Council, in partnership with Lendlease, set up the Southwark Construction Skills Centre (SCSC). The centre, based at Elephant & Castle, provides construction skills training courses and apprenticeships in direct response to sector need. This is an example of a flexible and commercial model of providing skills to accommodate local needs and there is potential to create similar approaches in other key sectors across the borough.

We will deliver more local solutions like this and consider how we can work with other employers and providers to secure relevant local training provision and embed workforce skills in training from an earlier stage. We will focus on influencing provision where we have levers to do so. This will include taking advantages of new qualifications, such as Technical Levels, and other changes to qualifications over the medium term. We will also define the standards and outcomes we want to achieve through more effective local governance and accountability.

**For providers our ambitions are:**

- Southwark has a high quality skills offer that is attractive to learners and employers
- Employers and providers work collaboratively to provide innovative demand led skills solutions
- A greater range and quality of vocational learning, including apprenticeships is available and its value recognised
- Good quality careers advice is provided to all who need it across the borough.

**Working collaboratively, our aims are to:**

- Facilitate innovative collaboration between employers and providers to enhance the local skills offer
- Continue to build on the Southwark Apprenticeship Standard and promote vocational learning routes to schools and employers
- Work with schools to ensure young people have access to good quality information, advice and guidance
- Work with colleges, Adult Education, HE, employers and employment providers to ensure that learners and those in work have access to advice about career choices and in-work progression options.

#### **4. Funding**

**We will put Southwark learners first in getting the best possible funding deal for learning and skills. We want Southwark to be a powerhouse for innovation, using local resources to test out new ways of delivery and build on recent successes like the Southwark Construction Skills Centre. We want to use the funding available to better equip Southwark residents with the tools they need to access today's jobs and those of the future. We will use every tool at our disposal, working with employers, providers, schools, national and regional funding bodies and learners to align resources and put Southwark in pole position to be the borough of choice for high quality learning and skills.**

We want Southwark to play an integral part in the broader sub-regional work that is underway to improve the quality of the FE and skills offer in London. We want to ensure local leadership influences how the Adult Education Budget (AEB)<sup>2</sup> is prioritised when this is devolved to London from 2019/2020. The AEB aims to engage adults and provide the skills and learning they need to equip them for work, an apprenticeship or other learning. We will seek to align to Mayoral priorities and the delivery of the London Skills Strategy and proposed Central London Forward (CLF) Skills Strategy to plan the delivery of the AEB, supporting providers to be more focused on responding to local priorities and outcomes.

Whilst the devolution of the AEB is welcomed, the funding available has greatly reduced over the last few years and schools funding is also under sustained pressure with the introduction of the new national funding formula from 2018/2019. London Councils report that around 70 per cent of a school's budget is spent on staff salaries and funding reductions are likely to result in fewer teachers and support staff posts in schools, as well as increased class sizes. This will make it harder to recruit and retain top quality teachers, and if not addressed will result in poorer outcome for our younger learners.

The government's Apprenticeship Levy aims to increase the number of apprenticeships through increased employer investment. Although the rationale for this is welcomed, the implementation of it may encourage business to draw funds for management courses for existing employers, rather than offering more opportunities for those with lower level skills the chance to start their careers. Further, it is not focused on supporting smaller employers, a key driver of growth locally and across London.

The Apprenticeship Levy is likely to raise proportionately more money in central London where wages are higher and there is a greater concentration of large employers. It is our view that any unspent Levy funds should be held locally to be used to support the creation of apprenticeships in businesses which may not otherwise engage with the programme. This will ensure contributions made by local employers are invested where they are generated.

We will continue to work with employers, through the delivery of the Southwark Apprenticeship Standard in the borough, to maximise the use of the Levy in Southwark. We will ensure employers recruiting apprentices are connected to our pre-apprenticeship and employment support projects to help residents make the most of local opportunities.

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<sup>2</sup> The AEB combines all Education and Skills Funding Agency participation and support funding. It includes Adult Skills (including 19-24 traineeships), former Community Learning and Discretionary Learning Support. It does not include European Social Fund (ESF), Advanced Learner Loans or Apprenticeships

In line with the Mayor's ambition, we will work in partnership to promote the take up of Advanced Learner Loans locally to enable more residents aged 19+ to access higher level learning. We will work with providers locally to promote and increase take up of the loan.

National schemes and existing funding sources alone will not address the skills needs of the borough. We will continue to focus on what can be achieved through partnership working, such as through our Better Placed Partnership with Lambeth and Lewisham, and continue to make the case for further funding devolution and local accountability.

There are many other existing partnerships in Southwark and great examples of where developers, employers, education and skills providers are working together to improve outcomes for residents and local businesses; the Southwark Construction Skills Centre, the new Institute of Professional and Technical Education (Passmore Centre), the Apprenticeship Standard, are all examples of effective partnership working in practice.

The ongoing regeneration in the borough also provides us with opportunities to further harness social value to deliver this strategy, and there is potential to do a lot more. Sites like Canada Water and developments in Peckham and the Old Kent Road provide new opportunities for innovation and digital transformation and we will use this to deliver high quality learning and skills development.

**For funding our ambitions are:**

- Skills funding is aligned to local needs
- Successfully devolved skills budgets work for London and Southwark
- New partnerships harness local assets and resources to generate innovative skills funding models
- That employment outcomes are embedded in the planning and delivery of skills provision.

**Working collaboratively, our aims are to:**

- Use every tool at our disposal to influence the reform of skills funding so it aligns better with local needs
- Work with the Mayor and at a sub-regional level to ensure the needs of learners and employers in Southwark are included in the planning and delivery of future Adult Education Budgets
- Model best practice in the recruitment, retention and development of apprentices
- Promote access to and take up of broader funding opportunities for learners, such as Advance Learner Loans.

If you want to know about the strategy or how to get involved then contact [elaine.gunn@southwark.gov.uk](mailto:elaine.gunn@southwark.gov.uk) for more information.