

# 157<sup>®</sup> group

Leadership. Skills. Work.



## Skills for Work, Skills for London

A 157 Group London Point of View

# Foreword

The 157 Group is a forward-thinking membership organisation that represents 31 leading colleges and college groups from across the UK, which collaborate with a wide range of local and national stakeholders in the development of sustainable technical and professional skills to enable a transformation of the productive capacity of the UK economy.

Over the past six months, the 157 Group and its members have been engaging, at a national level, in a number of initiatives aimed at seeking solutions to the challenges ahead in the further education sector. As we developed our thinking and engaged with stakeholders, we realised that our national thinking could provide local solutions as well. Nowhere is this more apparent than in London. As mayoral and Greater London Authority (GLA) elections loom, we wanted to offer our point of view, *Skills for Work, Skills for London*, as our contribution to the debate in London.

We see important transformational opportunities for the FE sector, in London, coming from initiatives that include the area-based reviews, institutes of technology, the apprenticeship levy, new sector-based delivery approaches, technical pathways and potential college mergers. As a result, the 157 Group has been exploring ideas and approaches, which are set out in this point of view. However, this point of view should be seen as one element of what will be an ongoing debate, as we recognise that the transformation of the FE sector, in London, has many years to run.

The potential for technical and professional education in London, the potential to build a system that will impact the greatest number of learners, the potential to transform the economy through creating a highly skilled, highly productive workforce, is like nowhere else. And so too are the opportunities for collaboration in a city that has the highest concentration of learners as well as training providers. And it is collaboration that will be key to this success.

The 157 Group colleges in London are committed to working with the new mayor, the GLA, London boroughs, the UK government, employers and other educators to create sustainable, responsive, agile and cost-effective technical and professional education across London.

## **David Byrne**

Chief Executive and Principal  
Barnet and Southgate College

## **Andy Forbes**

Chief Executive and Principal  
College of Haringey, Enfield and North East London

## **Di Gowland**

Chief Executive and Principal  
Newham College

## **Garry Phillips**

Chief Executive and Principal  
Ealing, Hammersmith & West London College

## **Ian Pretty**

Chief Executive  
The 157 Group

# The skills challenge in London

An effective skills system is critical to developing a productive workforce and to ensure continued economic growth in one of the most economically vibrant cities in the world. For that skills system to be effective it must be genuinely demand-led, responding to the evolving needs of businesses of all types and sizes. London accounts for 20 per cent of the UK's gross value added and it is critical that the capital maintains a supply of the right skills to ensure it continues to provide that economic impact.

Survey figures released by the London Chambers of Commerce in April 2015 show that 54 per cent of London firms looking to recruit over the previous three months had difficulties, up from 52 per cent in the last quarter of 2014. Skilled manual or technical staff were the most difficult to recruit, followed by professional and managerial staff and clerical workers. The government spends more than £4bn a year on adult skills provision in England, with £550m of this in London alone. But in an era of more constrained public finances, it is even more critical that this investment generates the best possible return. The employment rate in London lags behind the UK average, and employers attribute 24 per cent of vacancies in the capital to skills shortages, which have a negative impact on performance and growth.

A UK Commission for Employment and Skills (UKCES) report found that in London 53 per cent of all skilled trade vacancies are hard to fill due to skill shortages. This is higher than the national picture, where this figure drops to 39 per cent. The same report found that employers in London are less likely to recruit school leavers than anywhere else in England, with just 5 per cent taking on a 16-year-old school leaver. When examining London's capacity for a fully productive, in-work population the importance of skills training cannot be overstated.

Let us look at some examples. Research from O2 suggests the UK will need to fill 766,000 new digital jobs by 2020, and to train almost 2.3 million people to meet the demand for digital skills. A survey of more than 300 digital executives in the capital found that "shortage of talent" was listed by 43 per cent as their biggest concern. A separate survey conducted by techUK found that 93 per cent of tech firms felt a skills gap was having a negative impact on their business.

In construction, a report by the Recruitment and Employment Confederation (REC) described the skills shortage in construction and engineering as "critical". The Construction Industry Training Board (CITB) estimates that more than 36,000 new workers a year will be needed to cover current demand and more than half of employers are finding it difficult to fill skilled vacancies. The challenge across the whole of the construction industry is exemplified by the surveying profession: the Royal Institute of Chartered Surveyors (RICS) has predicted that this lack of skills could impact 27,000 construction projects each year until 2019. The RICS survey also showed that 66 per cent of surveying firms have already been forced to turn down work due to a lack of staff, and this could be set to grow over the next five years.

The skills picture in London is further complicated by its funding and oversight structures. Accountabilities are not clear. There will need to be answers as London's mayor negotiates a skills devolution deal with central government. London's mayor and the 32 boroughs are critical to preparing for, and successfully taking on, greater ownership of the skills agenda across London. We believe that London must take control of its own skills policy and funding. As this happens, we believe there is an opportunity for sharing best practice across boroughs and developing London-wide solutions.

# Our approach

As a large, diverse world city, London must be all things to all people. It must deliver a wide range of sector skills; it must deliver economic growth that underpins the national economy; and it must deliver local opportunities for learning and work from outer London to central London and every borough in-between.



The most effective way to ensure enough skills coverage at the right level for every sector is strong collaboration and an understandable pathway from entry level skills through to degree level. Local solutions, focused on levels 1 and 2, should be driven by subregions of London. The mayor should have accountability for levels 3 to 5 where we need London-wide answers. Finally, at degree level, London should tap into the established national network of higher education institutions.

Why do we think this? With such varied local needs we do not expect that there is a London-wide solution to every challenge facing the skills sector, some solutions should be found at local level where boroughs work closely in collaboration with local employers and local training providers to ensure they are delivering the entry level skills the community needs.

## Delivering local solutions

Newham College enjoys an excellent working relationship with the Borough of Newham. It works closely with local schools and the council to support a seamless transition for 14 to 19-year-olds from school into further education.

The college has also developed specialist provision up to level 2 for young people who struggle with the school environment, or are recent arrivals into Newham and often, the UK. Working closely with the London Borough of Newham's 14–19 team, the college has created a specialist bespoke academy and developed a range of programmes including vocational, academic and English for speakers of other languages (Esol) courses, to ensure that it has the building blocks in place that enable young people to progress.

Newham College is the go-to provider in Newham for young people with complex needs, who require more specialist support and time to develop their potential fully.



Thanks to the relationship between the council and the college, more than 90 per cent of these students progress to further learning at Newham College.

Further education colleges in London were born out of the boroughs and are right to be proud of this heritage as they developed and grew in response to the priorities and strategies of individual boroughs. Twenty years after incorporation, this legacy is apparent in many parts of London, both in the way institutions are distributed geographically and in their size and academic orientation. In our view, this concept of local provision remains incredibly important in the provision of core level 1 and 2 skills and should be driven by the strategies that emerge from the subregional reviews that are now under way.

Beyond the entry level skills, we believe there has to be a London-wide offer. London faces its biggest skills challenge at levels 3 and above. A 32-borough or subregional solution will not work. It needs a London-wide solution led by the mayor. This will ensure that every skill needed to give London the most productive workforce is accounted for and offered in the most efficient, beneficial way for learners as well as for government and employers.

From an employer's perspective a London-wide approach is the only option, they will not, and should not, have to partner with 32 boroughs to meet their skills needs. The inefficiencies involved waste time and money and would most likely still result in a skills training offer across the boroughs that is redundant in some programmes and lacking in others – in short, it is a suboptimal solution.

The alternative is strong collaboration between City Hall, the boroughs, employers, FE colleges and universities to map the level 3, 4 and 5 skills demands facing the capital and then partner to meet those needs. We believe this would result in a coherent offer that would ultimately impact employment levels, productivity, and the London and national economies.

To achieve this the mayor should set a framework and outcomes for both local provision at levels 1 and 2 and London-wide provision at levels 3, 4 and 5. Once those frameworks and targets have been agreed, outcome-based agreements with the providers would ensure delivery.

## Delivering outcome-based agreements

There is no doubt that FE has suffered from myopic policymaking, with providers rushing to hit a target but sometimes missing the point of why they needed to achieve it in the first place. The associated problem of stakeholder groups and funding bodies not working closely enough can suffocate creativity and lessen the beneficial impact for a community.

Fortunately that is not the case in west London, where Barnet and Southgate College and its local council have been planning for the maximum impact of a large-scale campus development due to open in autumn 2016.

The college has invested £22m to create a new technical and professional skills campus in Colindale, west London, with the involvement and active participation of its council and leading stakeholder groups. This has resulted in the development of an innovative range of educational solutions designed to improve the economic well-being of the residents and the conscious clustering of high-quality education and training options to enhance the community facilities already on offer.

For David Byrne, the college principal, this makes perfect sense. "Where so much public money is involved, we needed to break away from silo-based target setting," he says. "Sitting down with stakeholders to align skills priorities and agreeing the best ones for the area and not duplicating or simply replacing what you had before was a refreshing step to take.

"Outcome-based agreements must be the way forward. We can now deliver higher technical skills in a more sustainable fashion with a deeper degree of subject specialisation, directly benefiting the jobs agenda. On the other hand, the council gains access to high-quality resources and an integrated library, as well as the knowledge that its residents are at the heart of a vibrant employment productivity hub."

# The model in practice

Easier said than done? The 157 Group in London does not think so. We have already started modelling collaborative working to produce a London-wide offer for levels 3, 4 and 5 skills training that works for both employers and learners. This model (which is based on our national thinking in response to the government's plans for institutes of technology) is for sector-based London technology institutes focused on critical growth sectors such as construction (including housebuilding), digital, the creative industries and financial services.

Our colleges, working with other London education institutions, are developing a model (Figure 1) that will deliver a workable solution for the level 3, 4 and 5 skills gap. It is one that ensures:

- a **robust and sustainable model** over the long term by embedding these institutes into the large college groups now emerging from the area reviews
- the creation of **clear lines of funding** so that funding for these sector institutes stays in the sector institutes
- **agility and cost-effectiveness** through a “hub-and-spoke” model that leverages the existing capability and capacity of colleges across London and allows for specialisation within sectors
- clear London technology institute **branding** so that they are recognisable in the marketplace
- the ability to deliver **London-wide technical and professional education** at the levels 3, 4 and 5 but modelled so that they are part and parcel of a clear pathway from levels 1 and 2 through to level 6+ (Figure 2).

Collaboration is key for this model to work in a strategic way across London. In partnership, key stakeholders should agree a hub-and-spoke model for the London technology institutes establishing a main centre for a specific skill and then satellite centres across London, which would offer core curriculum as well as specialist skills taught only at specific centres.

For learners this approach leverages the full capability of London and means they would not have to move institutions or travel long distances to study in a sector, they could remain at their satellite institution.

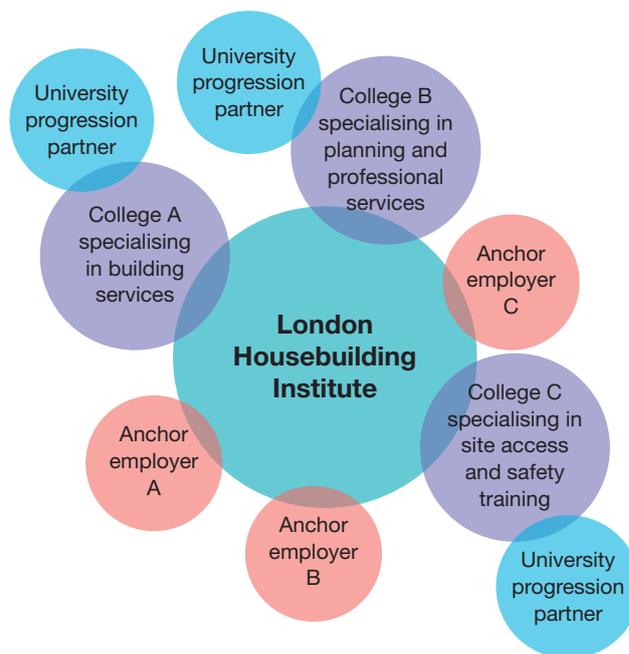
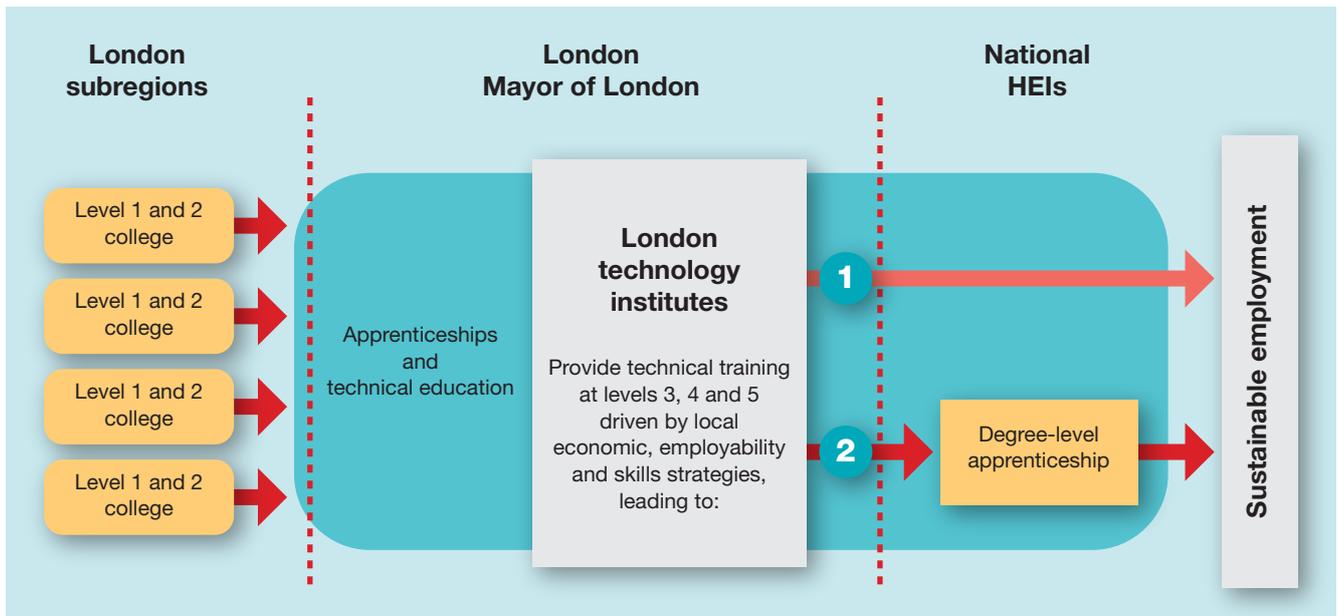


Figure 1  
London technology institutes – a “hub-and-spoke” model delivering levels 3, 4 and 5 skills to leverage the full capacity of London<sup>1</sup>

It also allows for virtual and blended learning. For the learner, the quality and portability of their qualification earned in this way increases. The economies of scale would mean each student having better facilities and resources than if their college were working alone attempting to deliver all the capacity needs of the sector in their part of London.

For London government, this delivers a cost-effective delivery model to support a London-wide skills agenda and the specific policy imperatives of the London mayor. By collaborating, educational institutions will be able to share resources and capabilities, giving London a truly joined-up technical and professional education experience.

<sup>1</sup> Level 1 and 2 construction craft skills at local college levels spread widely to ensure local access.



**Figure 2**  
London technology institutes at the centre of technical and professional pathways

Employers benefit from this model as it gives them one point of contact and one offer. This would be more efficient and encourage them to partner with the London technology institutes to collaboratively co-create curricula, apprenticeships and traineeships that meet their specific needs, the needs of the sector and the needs of the London economy.

In areas of high-skilled specialist subjects, this model would encourage greater investment as employers can be more strategic and confident in their talent management and ability to fill their future skills needs.

## Delivering skills for employers and learning from UK experiences

Since 1892, collaboration with industry has been key for Blackpool and The Fylde College’s specialist maritime provision.

From serving the local fishing trade 125 years ago, it has developed to become a leading provider of training to the maritime industry globally, working with industry leaders such as BP, Royal Fleet Auxiliary, Princess Cruises, Serco, Kuwait Oil Tanker Company, Clyde Marine Training and Ship Safe Training Group. Every part of the maritime curriculum is developed for and designed with such employers to meet the complex needs of the Merchant Navy.

The internationally recognised qualifications developed in collaboration between Blackpool and The Fylde College and its industry partners have made the UK a world leader in specialist maritime provision. The curriculum is facilitated through a combination of world-class simulators,



such as the 5-Bridge Ship Simulator pictured, and technology-rich learning environments on campus, together with e-learning provision while at sea.

Working with employers to understand their needs and delivering outstanding training provision for the maritime industry has made Blackpool and The Fylde College a world leader, renowned for helping its trainees develop successful careers at sea.

# Moving forward

We believe this model is more responsive, more cost-efficient and more adaptable to meeting the current and future skills needs of every sector in London. To succeed it needs the next mayor of London, the GLA, the leadership of the London boroughs, London educational institutes and employers from our key sectors to collaborate.

The 157 Group London colleges are ready to work with the next London mayor to create this new approach. We are ready to set up and pilot this approach in a sector (that is seen as a mayoral priority) to create a partnership of employers, City Hall, London boroughs, universities and colleges to further develop and test this model.

The potential return on investment for collaboration is huge for all parties. Getting this right will mean we have improved the career and life chances of learners across the capital, opening up new opportunities for careers.

We will have collaboratively contributed to the creation of a new, truly London-wide, approach that addresses the skills and productivity challenges the capital's political and business leadership need to address.

The impact cannot be overstated in human terms, for the learner, and in economic terms for one of the great world cities.

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