

Realising the benefits of the Olympics for London

*LDA Careers Ladders Programme, Moving On & Moving Up: A model for tackling poor retention and progression in the London labour market.*

2 March 2011



Realising the benefits of the Olympics for London

- The LDA
- Overview of London's labour market & LDA's Response
- Retention and progression in London's labour market
- Building a case for investment
- Policy research and consultation on good practice
- Strategic context
- Commissioning the Careers Ladders project
- Greater London Enterprise
- GLE Model – partnership, outcomes, target groups
- Future policy context

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- London's Regional Development Agency
- Developing and delivering the Mayor's Economic Development Strategy for London
- 4 priorities: Places & Infrastructure, Supporting People, Encouraging Business, Promoting London
- Working with partners to add value and create maximum impact for London

# London: a unique beast?

- Hosts a third of the UK's jobs, yet lowest employment rates of any UK region

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- Greater proportion of students and disadvantaged groups – but not enough to explain difference
- Problems symptomatic of broader changes to the labour market - polarisation into 'lousy and lovely' jobs most intense in London
- Intense competition at the bottom – 'hiring queue' and underemployment mean disadvantaged groups are both 'squeezed' out...
- ...And 'priced out' – wages (and in-work benefits) too low to compensate for higher cost of housing, transport and childcare
- Migration? London enjoyed 380,000 net new jobs in decade before the recession: vast majority taken by non-UK nationals

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- 1. Focus on sustainable outcomes.** Sustained employment (12 months) and career progression.
- 2. Outcome-based commissioning.** Payment by results, focusing on outcome not process, gaining economies of scale.
- 3. Joint investment.** Co-commissioning with DWP, Boroughs and SFA. Increase to 50% of investment made in this way
- 4. Better targeting.** Ensuring we add value by focusing on those missed or not effectively supported by the mainstream system (the long-term workless).
- 5. Strategic direction & coherent information.** Development and implementation of London Skills and Employment Board Strategy, research function and London Skills & Employment Observatory

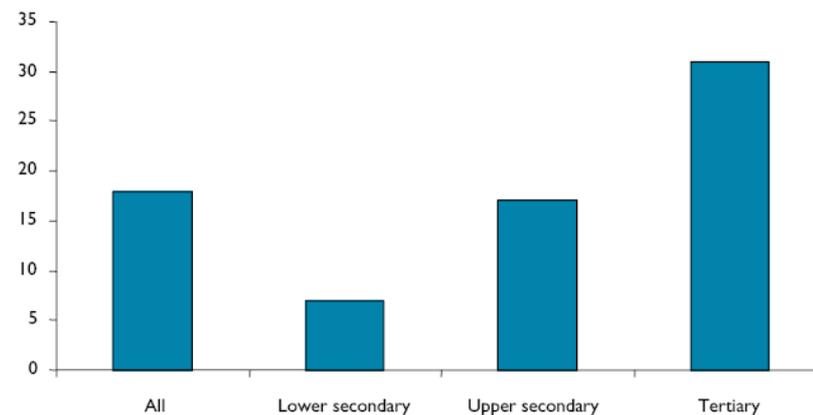
# Retention & Progression : What's the problem?

467,000 Londoners are in low paid, (low skilled jobs) which offer little opportunity for progression – 'working poor'

- Key barriers to progression:  
caring responsibilities,  
transport, lack of skills,  
attitudes, motivation and  
self-esteem

(Source: IES: "Employer Perspectives on the Recruitment, Retention and Advancement of Low-Pay, Low-Status Employees")

Chart 4.3: Participation rate of working age adults in training by existing education level, 2006



Source: OECD, Education at a Glance 2007

- Employers lack incentives to invest in low pay sectors, current climate of active jobseekers for every vacancy exacerbates, partic in London

- **CFE Research: 'Staying In, Moving Up: Employment Retention and Progression in London'** (Nov 09):
  - **1 in 2** out of work benefit claimants return to benefits within 6 months of leaving (CFE)
  - Amongst lone parents moving off benefits & into work in London, 15% are no longer in employment after 6 months, and 26% are no longer in employment after 1 year (DWP analysts based on Feb 07 figures of lone parents on Income Support)
  - Retail and hospitality sectors experience highest rates of low paid workers and greatest churn
  - High turnover of staff who work part-time and in temporary positions
- Broken down internal labour markets mean less progression opportunities  
(Source: IES: "Employer Perspectives on the Recruitment, Retention and Advancement of Low-Pay, Low-Status Employees")
- High staff turnover in retail and hospitality has high costs for companies and impacts negatively on business productivity.

# What's the rationale for investment?

- **For Londoners:**

- Increasing retention and progression will open up social mobility for low skilled Londoners and breaks cycles of deprivation
- Increase in wages for parents will improve household incomes impacting on child poverty, health and communities

- **For businesses:**

- Businesses will benefit from reduced turnover, increased staff morale and confidence levels leading to better business performance
- Increase in human capital boosts labour productivity and labour market security

- **For London's economy:**

- A more skilled workforce enhances the ability of the economy to respond to change
- Performance will be improved in key sectors which account for significant parts of our international productivity gap
- Low skilled workers progressing will open up job vacancies in the labour market for low skilled workless individuals

- US Careers Ladders Programmes
- JCP Employment Retention & Advancement (ERA) Demonstration Pilots
- Australian programmes – combining skills and business support
- Information, Advice and Guidance (IAG), Coaching and Mentoring
- Good practice provided by larger employers, eg McDonald's
- Careers services, mentoring programmes and skills passports as offered through Sector Skills Councils
- Robust business case to employers

## ***Who have we consulted?***

- Strategic bodies: UK Commission for Employment & Skills (UKCES), Organisation for Economic Co-operation and Development (OECD), Learning and Skills Council (LSC), Learning and Skills Network (LSN), National Institute for Adult Continuing Education (NIACE), Child Poverty Unit, London Skills and Employment Board (LSEB), TUC
- Employers, employer representative groups, Sector Skills Councils, delivery agencies (public, private and third sector organisations), LDA teams

## ***What else is out there?***

- Business Support Programmes including Business Link & Skills Brokerage
- Train To Gain Programme
- Sector Skills Councils,
- National Skills Academies
- Adult Advancement & Careers Service
- Private sector HR & Recruitment support
- Integrated Employment & Skills Agenda
- Child Poverty Innovation Pilots (including Childcare Affordability Programme)

**Project Aim:** To trial models which effectively support low paid London workers to progress at work within the retail and hospitality sectors.

**Project Objectives:**

1. At least 2 innovative models to be developed and implemented which support low paid Londoners working within both the retail and hospitality sectors to progress at work.
2. At least 1 model of best practice to be sustained beyond the lifetime of the project, at least until September 2013.
3. **700** low paid Londoners (below London Living Wage) to progress by September 2013.

Project Budget: £2.5m plus separate evaluation budget

Commissioning Approach

## **Who are GLE?**

GLE is a private, non-profit distributing company owned by the 33 London boroughs. It brings innovative and commercial approaches to economic development and aims to unlock the potential of people and growing businesses.

## **Why did GLE tender for Careers Ladders?**

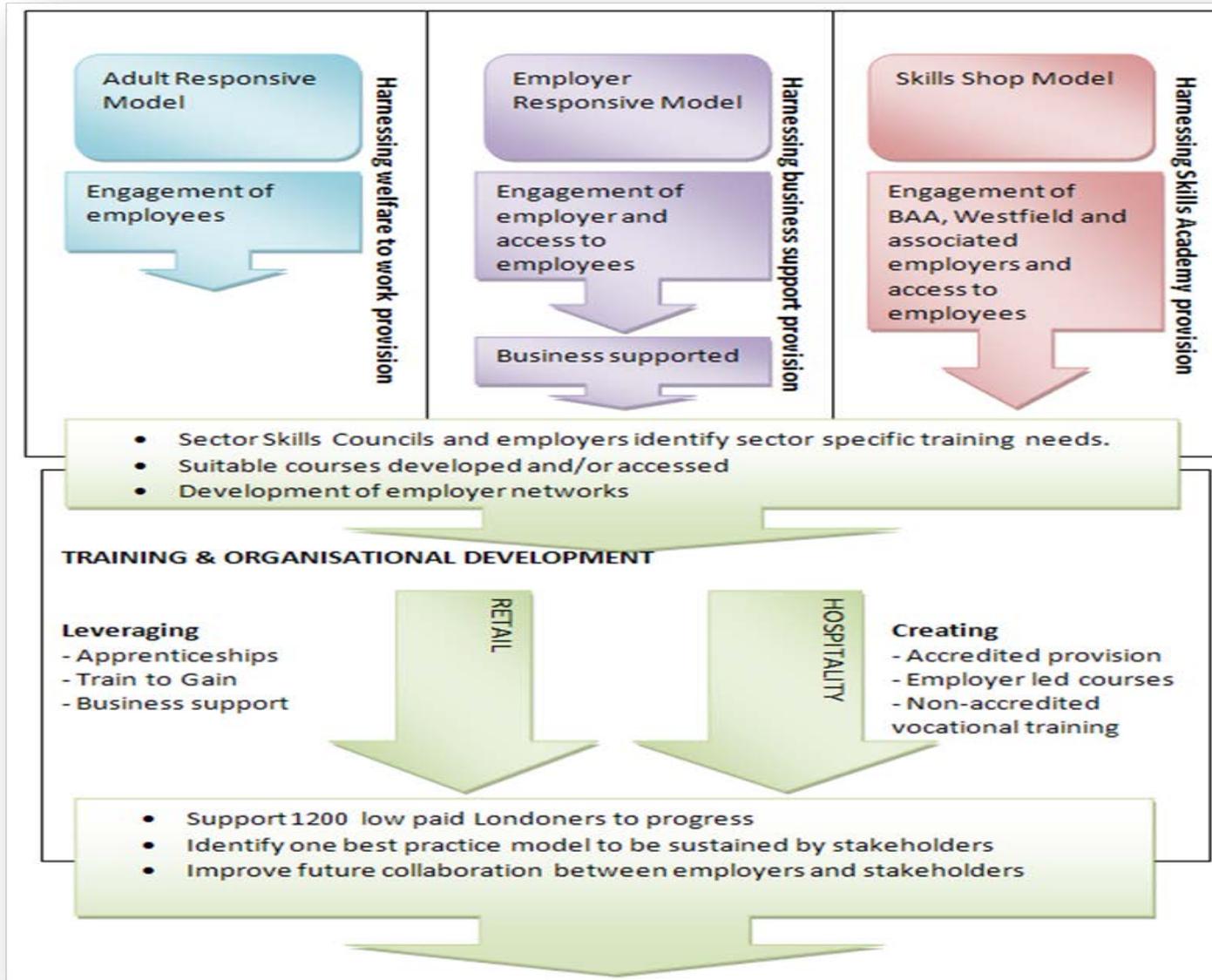
GLE currently programme manages £40m of welfare to work programmes. It also delivers enterprise support services to businesses in London.

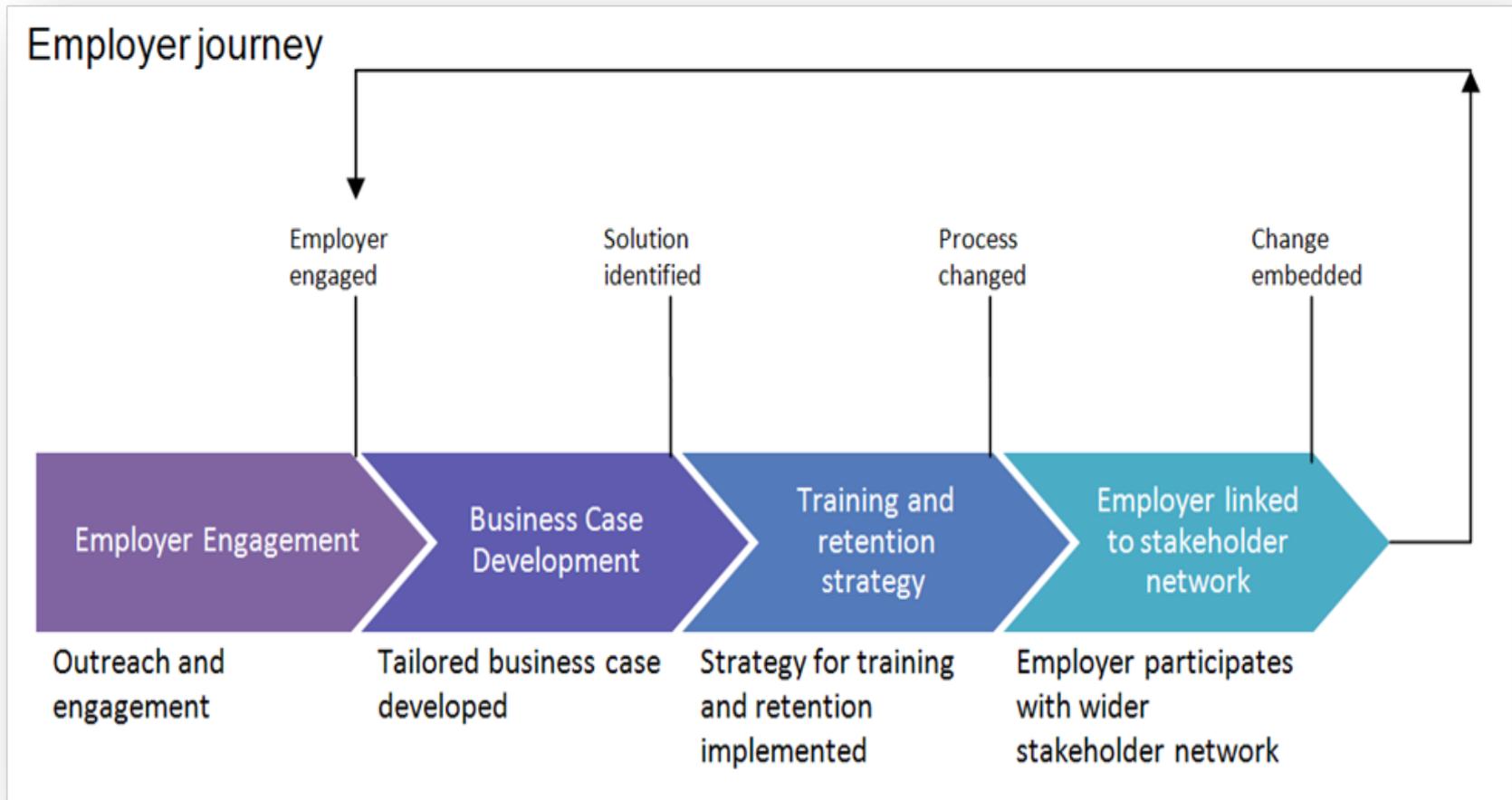
Careers Ladders represented an excellent opportunity to use this experience to bring together a network of partners from both the employment and skills and business support sectors.

Most of all, there was a clear strategic fit between the aim and aims of GLE and its partners.

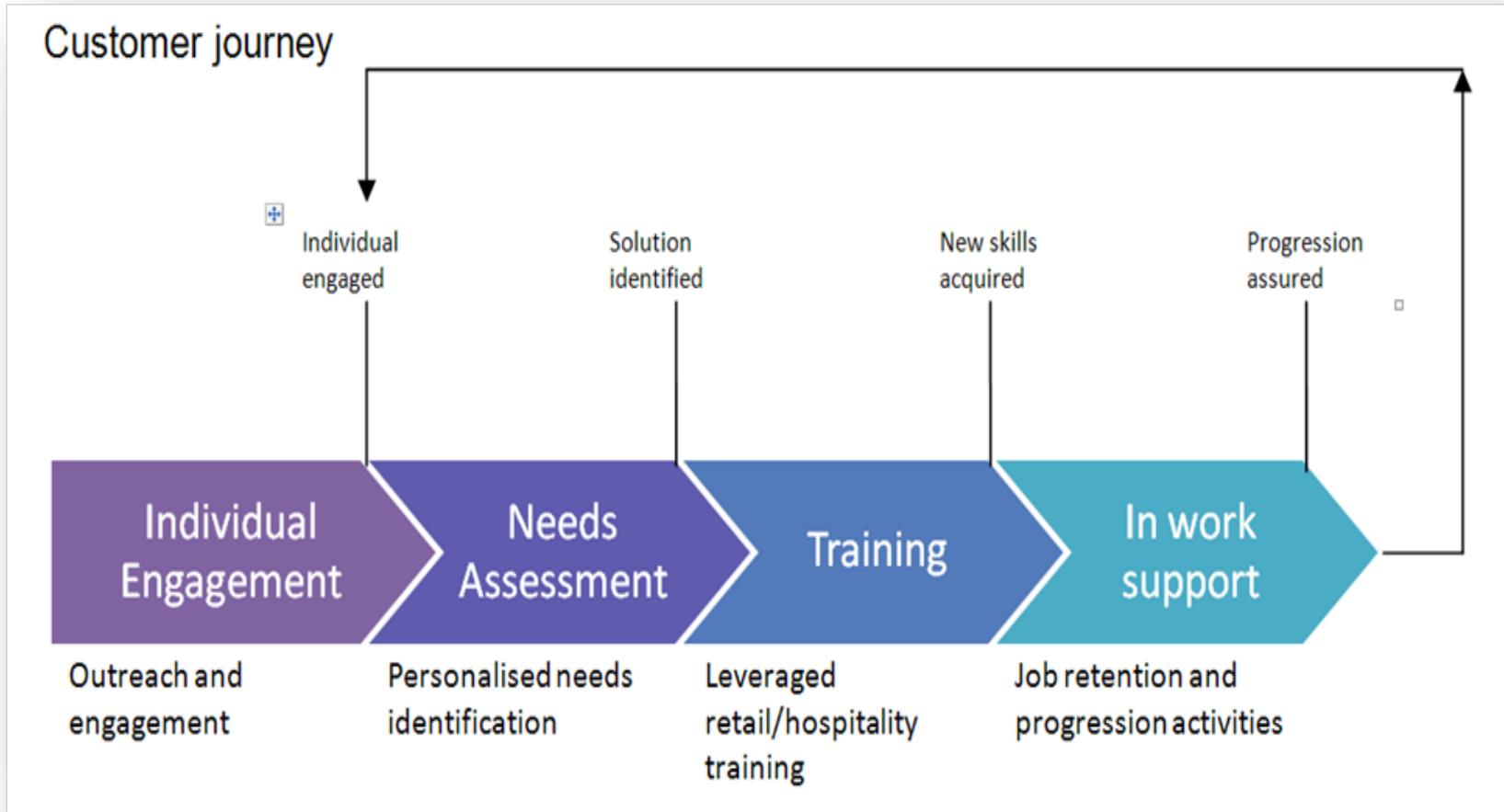


# Models of Delivery





# Target groups & outcomes

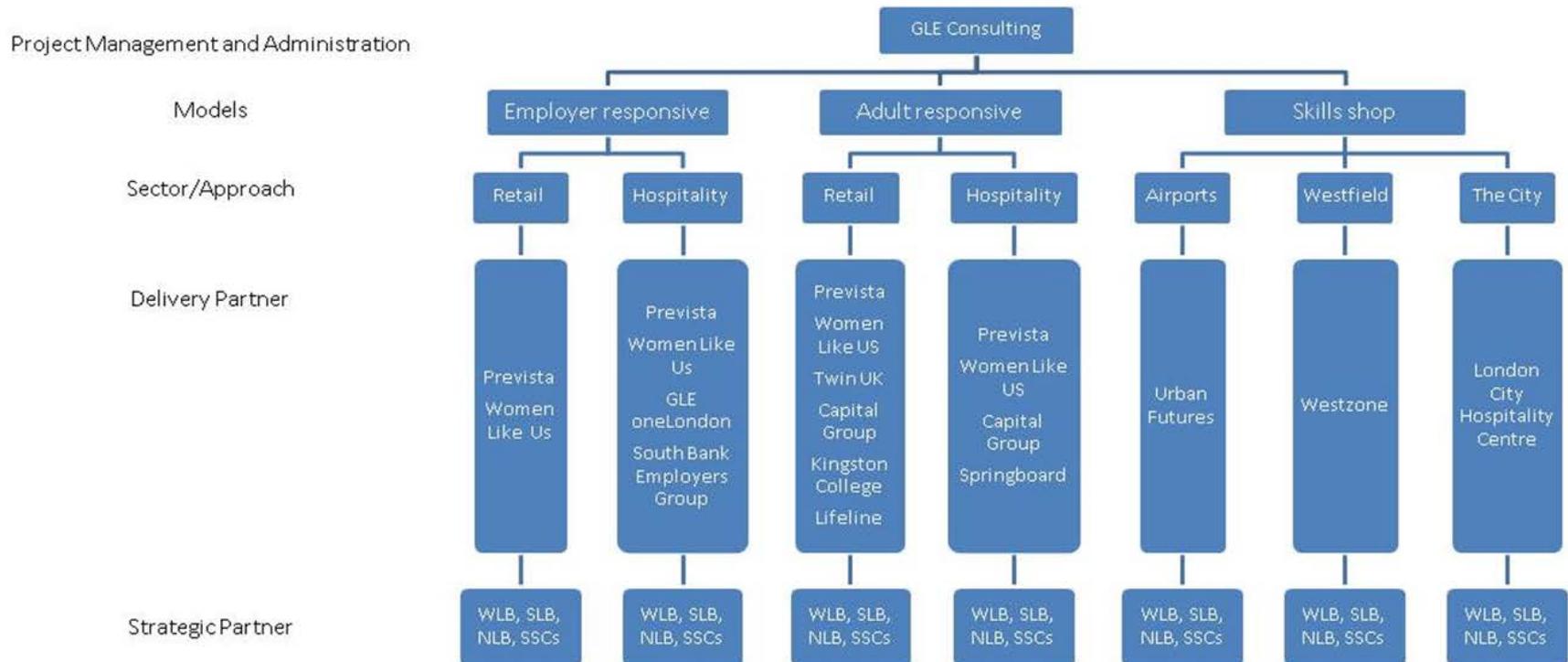


# Target groups and outcomes

- **Low paid London workers** (below London Living Wage – £7.45) working in the retail and hospitality sectors. Concentrating on:
  - ‘Cyclers’ – individuals who have been in and out of employment at least twice within the last 3 years;
  - Individuals who have been in the same low-paid position (same or a different employer) for 3 years or longer;
  - Lone parents.
- **Career Progression** is achieved by either;
  - an **increase in working hours** (8hrs or more) with either the same or an alternate employer; or
  - a move from temporary employment to **permanent** employment with either the same or an alternate employer; or
  - a proportional gross annual **salary increase** of at least 4% with either the same or an alternate employer.

Outputs	No.s	Proportion of contract	Unit cost
<b>Starts</b>	2100	20%	£238
<b>Skills Dev</b>	1250	25%	£500
<b>Progression</b>	1200	40%	£833

# Unique Partnership



- DWP Work Programme
- BIS Skills Strategy: *Skills for Sustainable Growth* – mention of progression
- Poor investment in skills results in low levels of productivity and innovation
  - Deficit reduction - coalition government aims to transfer more skills investment to business and individuals – but incentives not clear
  - Policy fails to deal with low employer demand
- Skills policy infrastructure aims to fulfil diverse aims – e.g. growth, social mobility, R&D... but employment and skills provision emphasises supply side measures
- Clear need for further lobbying on government to invest in this area
- LDA & ippr project building models on advancement – to be launched at ippr's international symposium on Welfare to Work