

# Executive

## Borough role in the London Local Industrial Strategy and Skills and Employment Vision

Item no: 7

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<b>Summary</b>	This report outlines progress with the development of a Local Industrial Strategy in London and a Skills and Employment vision for the capital. It outlines the potential role that London boroughs could have in shaping and delivering the LIS and the Skills and Employment Vision.
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<b>Recommendations</b>	<p>That the Executive:</p> <ol style="list-style-type: none"><li>1. Notes the report and progress with the development of London's Local Industrial Strategy (LIS) and a Skills and Employment Vision for London.</li><li>2. Comments on the focus of London's LIS and the Skills and Employment Vision.</li><li>3. Comments on the proposed borough role in shaping and delivering the LIS and the Skills and Employment Vision and the proposed next steps outlined in paragraph 15.</li></ol>
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# Borough role in the London Local Industrial Strategy and Skills and Employment Vision

## Introduction

1. All Mayoral Combined Authorities or Local Enterprise Partnerships (LEPs) have been tasked by the government to develop a Local Industrial Strategy by early 2020. In London, the Mayor is developing a London Local Industrial Strategy. The LIS will set out how London will contribute to the national Industrial Strategy<sup>1</sup> and its five foundations of productivity - ideas, people, infrastructure, business environment and places. It should identify the economy's strengths and weaknesses and set out a clear approach to raising productivity, supported by a robust evidence base.
2. The LIS will also set out London's priorities for future funding for local growth. Whilst the government has stated that the LIS should not be a bidding document, it has also indicated that some future growth funds will be awarded based on Local Industrial Strategies. This includes the UK Shared Prosperity Fund (UKSPF), which will replace European Structural and Investment Funds (ESIF). London received £580m of ESIF funding for the 2014-2020 programme.
3. The Skills and Employment Vision is being developed jointly by the GLA and London Councils. The vision will form the 'people' element of London's LIS, but will go further, setting out a strong pitch for future UKSPF and other funding and arguing for more fundamental reforms to London's skills and employment system and for powers to London government to achieve the vision. The vision is due to be launched in September 2019.

## Progress to date

4. The GLA has been engaging with a range of stakeholders, through roundtables and existing meetings, to inform the development of the LIS, and is working with the London Economic Action Partnership (LEAP). The GLA and London Councils have also engaged with stakeholders on the skills and employment vision and worked closely with the Skills for Londoners (SfL) Board on the development of the vision. London Councils held a workshop on the LIS in December 2018 with boroughs and has since held workshops with borough officers on different aspects of the LIS and the employment and skills vision in May 2019.

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<sup>1</sup> [HM Government, 2017, Industrial Strategy: Building a Britain fit for the future](#)

## Focus of the LIS and skills and employment vision

5. London's LIS will address the challenge of inclusive growth – ensuring all Londoners and all parts of the city can participate in and benefit from London's dynamic and highly productive economy. The LIS will set out policies and priorities in four key areas:

- I. **Enabling access to good work and fair pay for all Londoners:** focusing on skills, health and childcare barriers to work and progression and the role of employers in improving the quality of work.
- II. **Supporting inclusive innovation in London:** supporting London's innovative sectors to develop solutions to the challenges London faces, widening participation in innovation among Londoners and across the business base, particularly in low wage, low productivity sectors.
- III. **Nurturing the conditions for local growth across communities:** supporting the development of economic hubs around town centres, high streets, industrial sites and sectoral clusters, putting in place the necessary supporting infrastructure to facilitate growth and investing in regeneration and placemaking.
- IV. **Collaborating for regional and national growth:** working with partners in the Wider South East to support the development of key economic corridors, identifying opportunities to work with cities and regions across the UK to deliver mutual growth and prosperity.

6. The Skills and Employment Vision will set out policies and priorities in three key areas:

- I. **Empowering Londoners:** providing inclusive and good quality education opportunities, particularly for the most disadvantaged Londoners. Focusing on developing an all-age careers service in London; employment and skills support for the most disadvantaged Londoners and communities and in-work progression opportunities for low-paid Londoners.
- II. **Meeting the needs of the economy:** with businesses and key sectors getting access to the talent they need. Developing progression pathways in key sectors<sup>2</sup> and around regeneration areas; a more flexible and effective apprenticeship system and the role of employers in improving the quality of work.
- III. **Developing a strategic city-wide offer that is agile, responsive and integrates services:** Coordination and alignment between skills, education, employment support and other local services; providing and using better, more accessible data on labour

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<sup>2</sup> Digital, construction and infrastructure, creative industries, STEAM and health and social care.

demand and skills provision; creating an outcomes and impact framework for London's employment and skills system and improving recruitment, retention and leadership within education and skills.

## **The role of boroughs**

7. London boroughs have an important role in shaping and delivering London's LIS and the skills and employment vision, to ensure that the LIS is delivered efficiently, effectively and meets the needs of London's diverse communities and businesses. Boroughs can make a significant contribution to delivering the LIS and offer unparalleled reach into businesses and a deep knowledge of communities; operating individually, collectively as groups of boroughs via Sub-Regional Partnerships (SRPs) and at a pan-London level via London Councils.
8. The proposals set out in this paper are based on the following underpinning principles:
  - The Mayor has a strategic and political leadership role in skills, employment and inclusive economic growth. The Mayor should set the strategic framework and direction for activities. Given the scale and diversity of London, the Mayor's strategy should be informed by boroughs' strategic priorities at a sub-regional level.
  - London boroughs also have an important political leadership and convening role in skills, employment and inclusive economic growth, setting out a vision for their area and bringing together partners locally and sub-regionally to deliver this.
  - Delivery should be underpinned by the principle of subsidiarity – that is, it should be as close to local communities as possible, with 'local first' approach to new initiatives. When the government or the Mayor are considering new programmes or initiatives, they should consider whether this could be effectively delivered locally or sub-regionally initially.
  - This would not preclude pan-London delivery where it makes sense to do so. Pan-London co-ordination would also be important and local activities may need operate within a consistent strategic framework at a pan-London or national level. Sharing of good practice, data and more consistency around evaluation all lend themselves to pan-London delivery and co-ordination.
  - Delivery should also build on existing infrastructure and activity, where this is possible and appropriate, rather than creating an entirely new infrastructure and delivery mechanism. This would result in an efficient, effective and systematic way of working, rather than a collection of separate initiatives.

## Potential borough contribution to the LIS

9. Boroughs' role as place-shapers and conveners between communities, business and other stakeholders is central to supporting innovation, developing the right business environment and getting the infrastructure needed to promote inclusive economic growth. As place-makers, boroughs are uniquely positioned to pull together various funding streams and to use their planning and regulatory functions to support the strategic development of an area. The devolution of business rates would give boroughs a significant additional incentive to develop an environment for inclusive growth.
10. The LIS will need to be flexible enough to work across the many different local economies and communities across the capital. Boroughs can ensure this, by building on existing infrastructure and partnerships, or placing new infrastructure and partnerships within the local context. Boroughs are uniquely placed to bring together both employment, skills, business support, infrastructure and productivity initiatives together locally and at scale, working jointly through SRPs. Given the size, diversity and complexity of London, SRPs have an important role in enabling boroughs to work at scale on shared challenges, pilot different approaches and collaborate across borough boundaries.
11. Boroughs can therefore provide the following to deliver the LIS:
  - **Political leadership to shape place:** Boroughs have a democratic mandate as leaders of place. Boroughs are uniquely positioned to bring together schools, colleges, businesses and other public sector organisations around a vision for place. This activity can create pathways across institutions for Londoners and businesses.
  - **Supporting growth as planning authorities.** Through their planning functions, London boroughs have tangible influence on local inclusive growth. They can set a vision for inclusive growth and land use that balances the needs of business and communities and identify the required physical infrastructure for inclusive growth. They can also protect business space, plus generate affordable workspace, via planning policy and use of planning gain. Boroughs also create job and apprenticeship opportunities using planning policy and planning gain.
  - **Supporting businesses to grow and innovate to develop a co-ordinated, compelling offer.** Boroughs are well placed to bring together different forms of provision to provide a co-ordinated local package of support to businesses such as the London Growth Hub, private sector provision and universities. They can also spot gaps in local provision and encourage collaboration, rather than competition among providers. Boroughs also have good links with businesses in traditionally less innovative sectors, such as health and social care, via their

service provision, and retail and hospitality, through their work in high streets and town centres.

- **Developing and supporting business clusters.** Whilst many business clusters grow organically, once established they can be supported by boroughs through the planning process and by providing broader physical and digital infrastructure. Boroughs have an important role in ensuring that thriving clusters link into and provide opportunities to the surrounding communities. Boroughs can also help grow and develop business clusters through their own leadership.
- **Identifying future infrastructure requirements.** Infrastructure drives economic growth and productivity; poor infrastructure slows these. Boroughs' local knowledge can identify small and large-scale infrastructure improvements in areas such as transport, digital, land supply, skills and affordable housing in order to drive growth and increase productivity. Boroughs collaborate on large scale infrastructure schemes – such as the West London Orbital Transport scheme. Boroughs have a central role to play in ensuring new infrastructure benefits existing communities and business, as well as attracting new ones, using Section 106 agreements. Transport for London is key player in this area and it is vital that TfL works closely with boroughs and sub-regions around its investment to maximise local inclusive growth and ensure they work within the local context.
- **Collaborating with anchor institutions.** Boroughs work closely with local anchor institutions such as universities and colleges or key businesses/assets such as major airports. For example, boroughs work with universities on key regeneration sites and ensuring these are linked to the local community; to support specialist hubs/business clusters associated with the local economy; providing suitable and affordable business space and drawing on students' knowledge and expertise and applying this to urban development issues or via local businesses to support innovation.
- **Working across sectors on complex challenges:** Boroughs are bringing together universities, businesses, the public and voluntary sector to work together on complex challenges such as climate change and youth safety. As democratic leader of places, boroughs have the mandate to set challenges and convene partners around innovative social policy.
- **Providing opportunities as procurers of services.** Boroughs can provide opportunities for businesses by taking a social value and an environmentally sustainable approach to procurement and developing local supply chains.
- **Promoting good work to increase productivity:** Some boroughs are working with and promoting trade unions, as well as adopting and promoting good work standards, such as the ethical care charter and the London Living Wage.

## Potential borough contribution to the Skills and Employment Vision

12. Supporting inclusive economic and jobs growth and ensuring that Londoners can benefit from the jobs and opportunities available are central aims to boroughs' role as place-shapers. Whilst boroughs have no formal statutory responsibilities around employment and skills, they are priorities for most London boroughs. For example, many London boroughs provide their own employment support services for their residents or commission others to do so. Sub-Regional Partnerships are managing the devolved Work and Health Programmes in London. Boroughs also have related statutory responsibilities around access to education and skills for 16-19 year olds, care leavers and learners with Special Educational Needs and Disabilities (SEND) up to the age of 25.
13. Boroughs can provide political leadership to drive through change, test out new approaches at a smaller scale and ensure that services are working for their local communities and businesses. They can be powerful conveners – drawing together local providers, business, communities and other stakeholders. They can have an important role in developing a shared local vision and more integrated services across different partners. They can collaborate and work at scale on shared skills and employment challenges through SRPs.
14. Boroughs can therefore provide the following to deliver the skills and employment vision:
  - **Deep knowledge of and access to communities, including the most disadvantaged Londoners.** Boroughs are social landlords and provide a range of different services, often to the most vulnerable Londoners – through social care, housing services, work with care leavers, vulnerable adults and children and through Adult and Community Learning (ACL). Boroughs know their patch and communities well. Many boroughs are moving towards person centred, relational services which look at an individual's needs from health to employment. There is evidence that investing in a place-based relational services supports progression towards employment.
  - **Existing local infrastructure.** Many London boroughs provide their own employment support services for their residents or commission others to do so. Boroughs also have community focused skills support through their ACL services. Boroughs are uniquely placed to integrate local services, so that they can support the most vulnerable Londoners to develop their skills and enter employment. Boroughs are also working strategically via four sub-regional skills and employment boards.
  - **Good links to business.** Boroughs work strategically with large and small businesses. A recent London Councils survey found that over half of all boroughs have a strategic borough-wide business board or forum and the rest have either topic or area specific business



forums. Boroughs also provide a range of services to business such as environmental health, trading standards, licencing and planning. Many boroughs are currently working with businesses to encourage their investment in training, engagement in careers, advice and guidance, taking on apprenticeships and creating opportunities for residents, particularly the most disadvantaged. Given the scale and form of London's businesses, boroughs provide an unrivalled reach into this community<sup>3</sup>.

- **Strong links to schools.** All boroughs have education partnerships, linking with Headteachers, and many work closely with schools on a range of issues such as careers and support for SEND learners.
- **Influence as procurers of services:** Boroughs spend on procuring goods and services is significant and many take a social value approach, so that their suppliers support local communities, including through job and training opportunities. Last year, boroughs collectively created 758 apprenticeship opportunities via their supply chains in 2018-19<sup>4</sup>. Some boroughs are using procurement to promote 'good work' among their suppliers.

## Next steps

15. London Councils will be working with boroughs, SRPs and the GLA to further develop the skills and employment vision and to influence the development of London's Local Industrial Strategy. We will aim to ensure that the potential role of boroughs is reflected in both strategies and to encourage the GLA to view boroughs as key deliverers of the strategy and vision in their areas – translating pan-London priorities into successful delivery locally and sub-regionally. We propose to approach the Mayor and GLA to ask that:

- Sub-regions and boroughs are given a clear and acknowledged leadership role in convening partners locally to deliver London's Local Industrial Strategy and around the skills and employment system.
- The Mayor commits to the principle of subsidiarity when considering new initiatives, funding programmes and devolution opportunities.
- Support are provided from government and/or the Mayor to build up consistent capacity across London boroughs, potentially drawing on new funding streams.

16. Leaders will jointly sign off the skills and employment vision with the Mayor during summer 2019 and will have an opportunity to respond to a draft of the London LIS in autumn 2019.

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<sup>3</sup> London has 1.1million registered business, with **SMEs** making up over 99% of all **London's** private sector businesses and represents half of all **London** employment

<sup>4</sup> This is likely to be an underestimate, as only six boroughs provided data on this

## **Recommendations**

17. It is recommended that the Executive:

1. Notes the report and progress with the development of London's Local Industrial Strategy (LIS) and a Skills and Employment Vision for London.
2. Comments on the focus of London's LIS and the Skills and Employment Vision.
3. Comments on the proposed borough role in shaping and delivering the LIS and the Skills and Employment Vision and the proposed next steps outlined in paragraph 15.

## **Financial implications for London Councils**

None

## **Legal implications for London Councils**

None

## **Equalities implications for London Councils**

There are no direct equalities implications for London Councils as a result of this paper.

## **Attachments**

None