

Leaders' Committee

Pledges to Londoners - Update on Progress in Supporting Business and Inclusive Growth

Item no: 9

Report by: Dianna Neal **Job title:** Strategic Lead: Enterprise, Economy and Skills

Date: 13 October 2020

Contact Officer: Dianna Neal

Telephone: 020 7934 9819 **Email:** Dianna.Neal@londoncouncils.gov.uk

Summary: This paper provides an update on the supporting business and inclusive growth pledges agreed by Leaders' Committee as part of its wider Pledges to Londoners.

Recommendations: Leaders' Committee is asked to note and comment on this report.

Pledges to Londoners – Update on supporting business and inclusive growth

Introduction

1. Pledges to Londoners states that London is the business capital of Europe and the most outward looking global city on the planet. All London boroughs are committed to nurturing that success and ensuring that all Londoners can share in it. Boroughs aspire to be the first choice of every London business when it wants a conversation with London government.
2. Since the Pledges were agreed, the Covid-19 pandemic has had a significant detrimental impact on London's economy and labour market. Most London sectors will experience historic downturns in GVA and jobs growth, with sectors such as accommodation and food and arts, entertainment and recreation particularly hard hit¹. In August, London had a total of 1.39 million furlough employments and just under half a million Londoners (498,000) were on the Self-Employed Income Support Scheme (SEISS). In July 2020, 890,000 Londoners were claiming Universal Credit, an increase of 461,000 since March 2020². Women, young people and the lowest paid are more likely to work in sectors most affected by the pandemic. Whilst the furlough scheme will be replaced by the Jobs Support Scheme and a limited extension of the SEISS in November, unemployment in London is likely to increase further. Before the pandemic, there were inequalities within London's labour market, with young people, BAME and disabled Londoners all experiencing lower than average employment rates. These inequalities are likely to be exacerbated in a shrinking labour market.
3. The following Pledges were adopted by Leaders in the supporting business and inclusive growth policy areas:
 - Co-designing a Charter for Business with London businesses, improving London as a place to do business, promoting inclusive growth and positive dialogue.
 - Lobbying to ensure that post-Brexit development funding provides at least as much support to London as the current EU ESIF programme.

¹ Source: GLA Economics estimates

² Source: DWP

- Working alongside the Mayor to transform adult skills training through the devolved powers starting in 2019; supporting in work progression and ensuring that we meet the job aspirations of learners and the skills needs of business in each part of London.
 - Working towards a better start for young people through improved careers advice, work experience for every young Londoner and building the case to extend skills devolution to include 14-19 provision.
 - Working in partnership with London businesses to help government reform the apprenticeship levy; including using London levy underspends to support training within London.
 - Creating a comprehensive local welfare support offer for those transferring to Universal Credit or at risk of homelessness, supported by work with government to develop more effective funding models based on invest to save principles.
 - Supporting 55,000 disadvantaged Londoners towards a job through the devolved employment programme agreed with the DWP.
 - Lobbying government for co-location and joint working of council and Jobcentre Plus services.
4. The Pledges are still relevant and more important than ever to achieve, given the challenging economic circumstances facing London. London Councils' business plan has been updated to reflect the impact of Covid-19 and the economic recovery work we will undertake but this work will continue to deliver the Pledges as well.
5. The delivery of these Pledges is being overseen by the Executive member for Business, Europe and Good Growth, the Executive member for Skills and Employment and the Executive member for Welfare, Empowerment and Inclusion. They reflect shared pan-London priorities for Leaders over the next two years but the list does not reflect the entirety of London Councils work around the economy, skills, employment and welfare for this period. This report provides an update on progress since the last report to Leaders' Committee on work around the Pledges in March 2020.

Progress Update

Supporting business

- i. Co-designing a Charter for Business with London businesses, improving London as a place to do business, promoting inclusive growth and positive dialogue.
 - ii. Lobbying to ensure that post-Brexit development funding provides at least as much support to London as the current EU ESIF programme.
6. London Councils developed our Pledges to Business and these were agreed by Leaders' Committee in December 2019. They were due to be launched on 18 March 2020 but this was cancelled due to lockdown. London Councils officers have updated the Pledges to Business to reflect the experience and economic impact of the Covid-19 pandemic. We are consulting London Councils' lead members for business and will be discussing the updated Pledges with lead members for business and economic development in the boroughs, along with key business organisations who have previously supported the Pledges, including London First, the Federation of Small Businesses in London and the London Chamber of Commerce and Industry (LCCI). We plan to launch the revised Pledges for Business in December 2020. Boroughs have renewed their relationships with local businesses during the Covid-19 pandemic, distributing over £1.7bn of government grants to London businesses and working closely with them to safely re-open, ensuring they met the relevant public health guidance. The Pledges will consider how boroughs can use the levers they have to support local businesses in these challenging times, for example, through their procurement policy and supply chains. Boroughs will also be able to engage with businesses to encourage them to create high quality jobs when London moves into economic recovery, supporting the Good Work mission described below. We will be holding a series of events to encourage boroughs to actively use the Pledges to build on these strengthened relationships and share good practice.
7. London Councils, the Mayor and the LEAP have jointly called on the government for the UK Shared Prosperity Fund (UKSPF) to be a less bureaucratic, fully devolved to London government and flexible single pot of long-term funding, with allocations based on a fair measure of need. This position stands and has been repeated to UK government officials and in London Councils' CSR submission.

UKSPF will be crucial in supporting London's longer-term economic recovery plans when European funding ends in 2022/23. The government has not publicly consulted on UKSPF, as it once planned to do, and states that more details on UKSPF will come in the CSR and the Devolution White Paper.

Skills and employment

- i. Working alongside the Mayor to transform adult skills training through the devolved powers starting in 2019; supporting in work progression and ensuring that we meet the job aspirations of learners and the skills needs of business in each part of London.
 - ii. Working towards a better start for young people through improved careers advice, work experience for every young Londoner and building the case to extend skills devolution to include 14-19 provision.
 - iii. Working in partnership with London businesses to help government reform the apprenticeship levy; including using London levy underspends to support training within London.
 - iv. Supporting 55,000 disadvantaged Londoners towards a job through the devolved employment programme agreed with the DWP.
 - v. Lobbying government for co-location and joint working of council and Jobcentre Plus services.
8. London Councils has been working with the GLA to develop plans for London's recovery, taking a mission-based approach. One of the eight recovery missions is 'Helping Londoners into good work: Support Londoners into good jobs with a focus on sectors key to London's recovery'. London Councils has worked closely with boroughs and Sub-Regional Partnerships (SRPs) to help shape this Good Work mission. We held two borough workshops in June and September 2020 and established three borough led task and finish groups³ to identify potential activities for this mission. London Councils and the GLA will work with boroughs and other stakeholders to co-design and develop an action plan for the Good Work mission over the next two months. It will consider how the skills and employment systems, the Adult Education Budget (AEB) and other funding can support London's economic recovery, providing the right skills for unemployed Londoners and

³ These were: newly unemployed; a youth offer and sector skills (green economy, health and care)

businesses. The action plan will include lobbying and advocacy activity and this is likely to reinforce the proposals made jointly by London Councils and the Mayor in the [Skills for Londoners: A call for action](#) - for a new devolution and funding deal from government to establish an integrated, properly funded skills and employment system in London. The call for action makes the case for further devolution around 16-18 skills provision, careers advice, apprenticeships, employment support and the UKSPF.

9. The GLA is continuing to explore the feasibility of a London Learner Survey to capture and measure some of these outcomes. London Councils is highlighting the need for this survey to be large enough to provide robust borough level data. This is potentially an important first step towards moving to a skills system focused on outcomes, not solely qualifications.
10. The government announced its Plan for Jobs in July 2020 outlining initiatives to deal with rising unemployment. These included the Kickstart programme which will provide 300-350,000 jobs for young people at the highest risk of long-term unemployment nationally. London Councils lobbied for the Kickstart scheme to be devolved in London. However, it is a national scheme. London Councils has organised two information sessions for boroughs with DWP on the scheme and is exploring whether to develop a statement of what of good Kickstart placement would look like in London, to support employers and try to ensure a quality experience for young Londoners on the scheme.
11. The Plan for Jobs also announced the expansion of the Work and Health Programme (WHP), which has been partially devolved in London. The WHP Job Entry Targeted Support (JETS) will provide employment support for Londoners who have been unemployed for three months or more. There will be four programmes across London managed by four Sub-Regional Partnerships (SRPs). WHP JETs will start in October 2020 and run until September 2021, supporting at least 30,000 Londoners. London Councils has been working with the SRPs and the GLA to make a stronger link to skills provision than in the national model. The Mayor has been allocated an additional £14m of AEB for High Value Courses and sector-based work academies by government and has added an additional strand for this funding which allows providers to support referrals from the Work and Health Programme. This is to incentivise skills providers to engage

with WHP JETS. The four Work and Health Programmes continue to run in London, focusing on supporting more disadvantaged Londoners into work.

12. London Councils continues to lobby government for fully devolved employment programmes as part of the Plan for Jobs, including a proposed future programme for long term unemployed people, where integration to local services will be crucial to its success.
13. The Plan for Jobs also announced a considerable expansion in the number of JCP work coaches and this has significantly increased the opportunity for co-location of council and JCP services, as DWP needs additional space. London Councils is planning to bring together officers who has agreed some early deals with JCP to share experience with other boroughs and to see if we can develop some common asks of JCP around co-location. The aim is develop greater joint working between borough and JCP employment services in the longer term, over and above physical co-location.

Welfare

- i. Creating a comprehensive local welfare support offer for those transferring to Universal Credit or at risk of homelessness, supported by work with government to develop more effective funding models based on invest to save principles.
14. The initial work on this pledge, *Supporting Low Income Londoners: the future of Local Welfare*, was published in Autumn 2019. A second report, *From dependency to self-sufficiency: a new model of Local Welfare* was due to be published in spring 2020 but was postponed due to COVID-19. The report will be redrafted to reflect the impact of the COVID-19 and include examples of best practice and innovative approaches from boroughs' support for vulnerable households through the pandemic.
15. The London Recovery Board has agreed a 'Robust Safety Net' mission which commits that '*By 2025, every Londoner is able to access the support they need to prevent financial hardship*'. This mission is co-chaired by Fran Beasley, the London Chief Executive Lead on welfare and delivery of the pledge will be integrated into the mission's work plan and outcomes.

Next Steps

16. London Councils officers and Executive members will continue to work on supporting the implementation of the pledges as outlined in this report and will keep Leaders updated on a regular basis.

Recommendations: Leaders' Committee is asked to note and comment on this report

Financial implications for London Councils

None

Legal implications for London Councils

None

Equalities implications for London Councils

None