

NEWSTATESMAN

EMPLOYMENT SKILLS AND THE OLYMPICS



Olympic skills: their legacy for London and beyond

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This *New Statesman* round table, sponsored by the practical and vocational learning foundation, Edge, considered the opportunities presented by the 2012 Olympic games to showcase UK industry to the rest of the world. Participants discussed the legacy that the Games could leave behind, not only in the five London boroughs in which the Games will take place but across the UK, in terms of skills, training and employment opportunities for the future.

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The legacy of Olympic skills

Sarah Montague Good morning everyone. In news terms, the question we always ask about the Olympics in 2012 is: are we going to be ready? Another way of looking at the Olympics is that it is an opportunity to train and employ people. Then, the legacy of the Olympics would not just be some swanky new stadiums in the East End of London, but a highly skilled, capable workforce that can compete in an increasingly globalised world. So, what is needed and what do we do about it?

To start us off, we have Murziline Parchment, director of major projects and service delivery for the Greater London Authority.

Murziline Parchment Perhaps once in each generation an event comes along that throws a spotlight on our public policy and captures the public imagination. I think the 2012 Olympic and Paralympic Games is such an event. It presents London with a one-off opportunity, not only to inspire people generally, but also, as policy-makers, to use it to achieve things that we would not otherwise achieve.

I am a board member of the London Organising Committee for the Olympic and Paralympic Games and, as the Mayor's nominee on that board, I am also there to ensure the board does all it can to maximise the social and economic benefits from hosting the Games.

London is the powerhouse of the UK economy. It is a global city and it works in a global market. There is a global market for cleaners and there is a global market for top-flight consultants and chief executive officers. We expect that, in the next ten years, there will be over 500,000 new jobs in London, 80 per cent of which will be in finance and business services.

In 2005, unemployment in London stood at 8 per cent, whereas the national average figure was 5 per cent. We have a child poverty rate of 24 per cent where the national figure is 19 per cent. London has proportionately more people with advanced qualifications: 33 per cent in London and 24 per cent nationally, but fewer people in the Level 1 to Level 3 range; 54 per cent in London, as opposed to 61 per cent in the UK. Nationally, 23 per cent of people in the UK face two or more significant barriers to work and, in London, that rises to 30 per cent.

There is a nice confluence of things happening in London. The Mayor is setting up the London Skills and Employment Board, responsible for developing a pan-London, skills and employment strategy. This is happening regardless of the Olympics, but the Olympics gives things a whole new dimension.

The figures show what will be generated by the Olympic Games. There are 60,000 person years of employment in construction, which translate to 7,000 full-time jobs in construction; 3,000 staff to be employed directly on the Games; up to 27,000 temporary jobs in the Games period, and up to 70,000 volunteers will be needed.

If we put it into context, we can see how far short that falls in meeting what is needed. In three of the five east London boroughs where the Olympics will take place, the number of people of working age in employment is 15 per cent below the London average. Across all five boroughs, employment is 11 per cent below the national average.

To increase the employment rate in the five boroughs: Hackney, Newham, Tower Hamlets, Greenwich, and Waltham Forest, to the London average, you would have to get 74,000 residents to enter employment. To bring the employment rates in London as a whole up to the level of England and Wales would require 270,000 Londoners to enter employment between now and 2012.

So, the Olympics is not a panacea for what needs to happen in London, much less the rest of the country, with regard to skills and employment. The Mayor's wider responsibilities, with regard to skills and employment, are not solved just by implementing the London Employment and Skills taskforce.

Sarah Montague I'd like each of you to give an assessment of the gap between where we are now and what capability is required for us to be ready for the Olympics in 2012. Clive Ansell, you were involved in the bid for the Olympics, were you not?

Clive Ansell I pitched the technology portion of the bid to the Valuation Commission in February last year. One of the things that is fascinating is how much a large energising goal can do. Many of the

problems Murziline talks about are a disgrace in a modern world city. It is not something that should require the Olympics to sort it out, but there is an opportunity. In the industries that Rob and I represent, there is a lot of change so there will be a whole skills set that will not have been present in preceding Games, that will be just sniffed at in Beijing. There are a lot of leading-edge skills that we and many others will deploy at the time.

Sarah Montague Can this be delivered from British talent and from British staff?

Clive Ansell BT has 19 different types of passport among our top 100 executives. We have operations in 160 countries. We will be drawing on our total global skills base to do our portion of it. One of the things we find in our own business is that, often, we have less problem recruiting at the very top of technology skills and intellect, applied intellect. The question really is about how our customers, particularly in the small and medium enterprises (SME) sector, access the right skills. We sometimes find ourselves trying to deliver things they cannot use or cannot apply because they do not have the necessary level of skills.

We work hard to keep the diversity of our workforce as varied as the communities we serve but that often requires us to have apprenticeship schemes and all kinds of ways of enabling that to work.

Melissa Berry We can train anyone to become an engineer, but young people do not come to us with the skills they need; they are not job ready. We are oversubscribed with applications, but they do not necessarily reflect the diversity of London. That is what we are working on, to change the workforce and move it forward. We are going to incorporate the Duke of Edinburgh Award in our apprenticeship scheme to help young people get up to standard.

Getting people into training is one thing, but getting them to stay in training and fully develop their skills is a major challenge
Chris Blythe



Chris Blythe This issue about people being ready for training is very real. In the construction industry, the tales of the £70,000-a-year plumber have done wonders for recruitment at colleges of further education. However, people go along for a year, six months, get a bit of training and then they are out into the workplace. We are not getting the fully trained, fully skilled people we need. These people are ending up in the sphere of the “botchers” or getting a very limited job that does not enable them to reach their full potential. Getting people into training is one thing, but getting them to stay in training and fully develop their skills is a major challenge.

To put this in the context of the 60,000 person years in the construction industry [the Olympics will generate], there are something like 2.25 million people working in that industry and, over the next five years, we will have 11 million person years of work in the rest of the UK construction industry. In one respect, the Olympics is small beer. There are other projects just as big waiting around the corner. CrossRail, is probably as big as the Olympics in terms of construction.

The other issue the industry has is that about one-third of the people working in it are due to retire in the next ten years. We need something like 60,000 to 70,000 people a year coming into the industry just to make up our losses as a result of retirements. That covers everything from management to basic trade skill sets. It is a major challenge, though not just for the Olympics. Consequently, we have seen a lot of imported labour. If you go round London, everyone on a building site speaks a different language at the moment and that is a challenge because there are health and safety implications involved in that.

Sarah Montague Vicky Clark, apart from the building and the infrastructure, are people in the five East London boroughs going to benefit from the jobs?

Vicky Clark The problem, particularly for boroughs in east London, is that there is a net inflow of labour to those higher level jobs. If you ask people who work in Canary Wharf how many of them actually lived in east London, you would find that very few did, and most of those that do live in executive flats on the Isle of Dogs. Lots of the labour comes in from elsewhere. A very high proportion of residents of working age, particularly in Newham and Tower Hamlets, do not work at all. A lot of the other people that are employed are employed in very low-level jobs.

We are trying to address this issue with the London Development Agency, the Greater London Authority (GLA) and the Department for Communities and Local Government (DCLG). We do not want all the energy to go into helping local residents acquire the basic skills that enable them to access low-level jobs. That is not going to generate a gateway or improve the prosperity of local residents. What we need is more investment in

More of the same is not working and if we come up with more of the same we are not going to reach even the small beer of the Olympics
Len Duvall



enabling them to acquire higher level skills so that they can access well-paid jobs, improve the prosperity of the area and raise aspirations, so that more people want to stay on at school and go to university.

Len Duvall We are at a crossroads in this city. As Murziline said, it is a powerhouse and a driver for the UK. We have a crisis in the skills gap and it operates at a number of levels. The disgrace is when we have 16- or 17-year-olds not being better off. We know that raising the skill standards, even at school, makes them much better in terms of community, social issues and in accessing those opportunities that are created.

However, more of the same is not working and if we come up with more of the same we are not going to reach even the small beer of the Olympics. Some of the issues around the potential for raising the skills gap and volunteering should not be underestimated. Through their work on the Olympics, some people will access other jobs. We saw that from the Millennium Dome experience, when we were able to prove that people who got jobs through there had access into other jobs much faster than someone who had not been through that experience.

I think it is right to focus on this project, but what we are not focusing on is the crisis about what it means to the UK economy, what it means for individuals, as well as collective communities, in not raising the skills game. If we can wind this conversation back ten years, even pre-Labour in some ways, we would still be having some of the same problems. Why is it that, despite massive investment, we are still suffering the same problems?

Sarah Montague We know jobs are coming up but why would you train somebody who is currently untrained when you have somebody coming in from Poland who has fantastic qualifications and can do the job for a fraction of the price?

Len Duvall I do not think there is an answer to that. This great city, the economic powerhouse, was built on migration and, as long as they pay their taxes and issues around that, we are not going to stop that movement of labour. What we are doing is giving young people access to training opportunities for a variety of reasons and yet, for some reason, they are still not fit for purpose for some of those opportunities for some elements of the private sector. That is the issue we have to address and, to do that, we have to go back to some of the basics. We have to take out false competition, which I think exists in terms of some of the training providers and some of the institutions, and we have to challenge more of the same and maybe we need some different approaches.

Nigel Hugill To stay with construction, it is the case, particularly with young people in the UK, that the training and the jobs have to be relatively local. So there is a better skill base on the west side of London in construction than there is on the east because there has been more construction on the west side than there has been on the east. That will be the case with the Olympic Games. That is a demonstrably strong driver among our target labour force.

However, what is also the case is that we have one of the most open economies in the world and, by virtue of having one of the most open economies in the world, there is a tendency for transient labour. People talk about Polish plumbers, but it is also American investment bankers. It is no different.

Sarah Montague You say that the west London building sector is developed, are they not just going to get the jobs when building happens in the east?

Nigel Hugill No, because construction will not stop on the west side of London. For example, Heathrow's Terminal 5 is pretty much as big as the Olympics. The Olympics is an extraordinary opportunity for us and it is part of trying to even up this west-east imbalance.

Sarah Montague Kieron, is there a shortage of skills?

Kieron Gavan There is a shortage. We also have people without employment. We are not about to crack that problem in the way we want to. We are just not going to do it by way of exhortation, good intentions or really, really wanting to, although those things have to happen. What will really make it happen is if we actually marry up what we know about the skills that employers really need and put public money into skills investment and employers' investment. Those requirements need to be matched to the people who have those skills. There has to be an evidence-based, demand-based, approach. It is a really hard sell to go to employers and say, "I've got some people here who have never worked and we

would really like them to work.” It is a much easier sell to say, “We know from working with you that these are the skills you need to drive productivity in your industry, to make profits for your shareholders. We know that is what you need because we have worked with you to find that out.”

Working with employers has to be the approach, finding out what they need and making sure that the people who need work, or are in work, maintain their competitive levels, have those skills.

On the issue of migrant workers, once somebody is here they are part of the UK workforce. We have to ensure the whole UK workforce has the skills the UK needs to drive its productivity, to drive its GDP up and improve the life chances of everyone who is here.

That investment is a collective responsibility: the public, the employer and the individual. I am using that in the broadest term. It is not necessarily cash.

David Hughes We will get the skills we need. We will import them. The Olympics that we deliver will be on time. That is not an issue. The real issue – it is an economic and social disgrace – is that too many people who live in London are getting further and further away from the jobs that are created – the skills that are needed are at higher levels. The skills that people have who are out of work are very low. The demography means we cannot rely on young people to fill those jobs. We have to look at the people who are out there and how we retrain them. To do that, we need to change the way that the public sector works.

My organisation invests £1.75bn a year in London working better with JobCentre Plus, and working better with the Higher Education Funding Council, which invests something like £1.5bn in London. However, it does not go to the people who we are talking about, who are out of work, it goes to people who are imported into London all the time. So we have to get the public sector working better. We have

got to get employers thinking differently. They have had a history of importing labour with the skills, but the demography means that they cannot go on doing that. If they are going to be serious, they are going to have to get better at training the people they have and bringing them through the organisation. We have to get public money focused on that, but employers must take more responsibility for that.

The same applies to individuals themselves. When you talk to people who are out of work and without skills in some parts of east London, they do not see skills as a passport to their economic prosperity. A big promotional programme is needed. Murzilina and I are keen to get Ken Livingstone promoting skills. Let us get Londoners believing that their future, their families’ futures and their children’s futures are all about getting the skills they need. The Olympics is our symbolic opportunity to change those attitudes.

Sarah Montague Chris Leech, in addressing this idea of whether there is a skills shortage, is it something that you feel there is a shortage of in the rail industry?

Chris Leech Not compared to some of the industries we have heard about. Northern Rail is part of the Serco Group, which is quite a diverse company and a huge investor in people. Promoting skills, as David Hughes mentioned, is the main thing. He spoke about asking people about the skills they have. Would skills, if we trained people, provide them with a better future? We would usually say no. We need to take that issue away with us. Encouragement is needed at a national level as well. That is where I come into the equation, in encouraging children from the north to take part. We have huge problems because we cover such a wide area, from the borders of Scotland to Crewe. There is a huge spectrum of communities with diverse problems.

Len Duvall I have done some work with Hull City Council. It is busy preparing itself to pick up on the back of the Olympics. Hopefully, it will be hosting a couple of countries. It will be training people as part of its sports development plans.

Clive Longbottom We have to make sure we align expectations with reality, that we do not confuse skills with education, as in academic education, and that we do not overlook job satisfaction. Trying to get as many people to stay in education for as long as possible means that we start to set expectations that there are certain levels of jobs that these people do not want to do. I think we are missing out on a lot there.

Having lost the apprenticeship scheme is horrendous and has meant there has been a massive loss in public perception of some jobs, like engineering, building and so on, where they are seen as being semi-skilled rather than fully skilled jobs. If we could bring back apprentice schemes – some

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Rob Price



people are – we could start to bring all of that together at a national level, rather than at a corporate level. We could start to bring forth a lot more respect into some of the jobs that are around.

On job satisfaction, if you look at the people who clean the sewers in London, they are a very tight community, very proud of the job they do and very happy doing it. If we can get across to people that some of these jobs do suit them – a round peg in a round hole – that, again, will help us to start to fill some of these jobs. Going into a hotel in London these days, you find that very few of the cleaning staff are British. Is it a case that we set expectations too high and very few British workers want to take on these jobs? I think we have to be careful about confusing academic capabilities with the skills required for life.

Sarah Montague Rob Price, you are the account director responsible for London 2012 at Atos Origen. In terms of the skills shortage, we were hearing earlier that, by 2012, the technology will be completely different, and we will have higher expectations. Is there a skills shortage?

Rob Price When we say that technology changes quickly, that there is innovation and all of those things, then, yes, it is true but, at Olympics time, it is all about making sure that you are using technologies that work. So, yes, there will be new things that will be emerging but, for us, the responsibilities that we have at the Olympics, and our business as a whole, involve a very wide range of skills.

We have talked about the number of volunteers necessary for the Games. In Athens, 3,000 volunteers worked on the IT systems and operations, in support of 500 Atos Origen permanent staff. No one knows what those numbers will be for London, but it will be a significant amount of people. Those permanent Atos Origen people are a whole mix. We are a global

company. From one Olympic Games to the next, we are looking to use the knowledge and management experience in knowing what will happen. In Athens, we had 44 different nationalities of people working in the team, but volunteers are primarily local, so, how do you exploit that?

Of those 3,000 volunteers, maybe 1,000 were doing skilled technical jobs. Maybe 2,000 were in less skilled technical jobs. We look at the local organising committee volunteer pool at the time to see which of those has the most applicable background to be able to do this role in that kind of environment. The important thing is that it has to work. We cannot afford, as a business, for it to fail. The Olympics cannot afford for it to fail. The country cannot afford it.

Taking London as a specific example, I think there is a gap between understanding how to enable people to get increased capability in those skills that may be required in that volunteer space, to give them a better likelihood and a better opportunity of being involved in that great environment. The Olympics is a stunning place to be; the experience and teamwork you gain are amazing. In a sense, the most important thing, then, is what you do with it and the opportunities to go beyond the Olympics. There is almost a potential for disillusionment.

Looking at it from the other side, it is easy to get the best people in the IT industry involved in projects like the Olympics. They flock around because it is a great thing to work on. Then they look for that next great thing. At that level, that next “great thing” may be in London, it may be in the UK or it may be on the other side of the world. Ultimately, it depends on the strategy you use to create the opportunity.

Anthony Pryor When I came here this morning I thought the topic was going to be the skills gap or otherwise for the creation and completion of the Games. Listening to people speak around the table, I do not think that is the most important issue. I think that the most important issue is the future legacy and what we are going to do with the five deprived boroughs in the East End.

I have been responsible for two large £1bn projects for the Ministry of Defence in previous employment. One of them was in a deprived area of Plymouth, which I understand is the most deprived of any ward in the country. The project was of national importance and it was the number one Ministry of Defence project for three or four years. It had to be delivered on time for national security reasons and it was. We wrote plan after plan when worrying about skills shortages, but there were none. People flocked to the project from all over. People came to build it. A billion pounds is a relatively small sum in totality, but every skill we needed, from concrete pouring to complicated electronics and some nuclear chemistry technology as well, we got. It was done on time. The

perceived skill shortages for building the project did not exist, even though we worried about it enormously at the beginning.

Sarah Montague You are the first person here so far to say that there is not going to be a skills shortage.

Nigel Hugill There is no possibility of that.

Anthony Pryor If I were running the Olympic Games, I would not be worrying now about where the people are going to come from to build it. I would be worrying about other things, such as contractual relationships, the money growth and other things.

Clive Longbottom It is not just that. It is the soft skills. Some of the people who I talk to on an international basis say London is close to the bottom in terms of service culture. How are we going to train people to give more of the service culture? The Olympics will bring in a load of international people, and these will be the first faces that they see in the UK.

Anthony Pryor I would like to comment on MC3 Training. MC3 Training has three major shareholders: British Aerospace, BT and Kerillion. We are bidding to run the Ministry of Defence's technical training streams for all three forces, with a decision by Christmas. If we win, we will have two centres of excellence; one in the West Midlands and one in Hampshire, where we will be setting up the training schemes for 5,000 apprentices a year, starting at 16, right the way through to their Phase 3 training after they have gone through their main four or five years, with training through to the age of 40.

The opportunity that I see with this private-partnership approach to military training is that it releases a whole host of ideas and effort that was previously focused internally by the Ministry of

Defence. This development allows us, as an independent company, to talk to the outside world. We are talking at length to the National Manufacturing Skills Academy (NMSA) to see how we can link with it. We will modify the training courses we will do for the military and provide them free to the NMSA so that it can use them for the courses it wants to do for its apprentices. We have 101 offices around the country with our shareholder companies and we will allow those facilities to be used to bring in SME trainees who need to be trained in an industrial environment, to build the total skill base of the UK.

Will this help the construction programme? No, because I do not think we have a problem. However, what it can do is make a beautiful infrastructure in the East End of London in 2013. Companies need to be attracted to that part of London and maybe we would have a hub for our trainees. I have learned a lot from this discussion so far as to how we could help the training and trade skills in this new infrastructure that exists in the East End.

Brian Wisdom If we are to maximise the opportunities that come from the Olympics, big skill shortages are a big worry for us.

In London today, in hospitality, 60 per cent of the workforce is comprised of international migrant workers. That industry has the highest turnover of staff of any industry sector in the UK. By the time the Olympic Games comes, I am wondering how many indigenous British young people will be serving our guests, unless we do something about it. We could well have an Olympics that is for the Chinese and Americans, mounted by Poles and Latvians. In the broader context, if you take the tourism experience that comes from the Games, the experience of the Games is way beyond just the Olympic Park itself.

In terms of chefs in our hospitality sector, 29,000 in the UK have no qualifications at all and are working in commercial kitchens. It is not surprising that the Foods Standards Authority is signalling that 20 per cent of takeaway businesses are a serious risk to people's health, as are one in eight restaurants and one in 15 hotels. It will take an integrated effort to deal with the problem.

Andy Powell I want to see if we can steer this debate very firmly to the legacy. What do we mean by "legacy"? What do other people think that legacy should be? I do not mean just the five areas of east London. This is a UK event. How do we turn this once-in-a-lifetime opportunity to success?

The area that interests Edge, and me in particular, is primarily focused on young people. We are all familiar with this narrative about global competitiveness, China and India, new technologies, demographic changes and skills gaps and all the rest of it. We are also

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For all the employers sitting around this table, it should be an absolute expectation that, if they are going to join in and get a piece of this pie, it is about linking up with schools and colleges

Andy Powell



familiar in different ways in saying that we need people in the future who have not just knowledge but “know-how”. Yet we have an education system where we still encourage more and more people to stay in the classroom learning theory for longer and longer. For 50 per cent of people, that is okay. The other 50 per cent leave school as soon as they can and many get put off learning for life. There is a phrase, “If at first you don’t succeed, you don’t succeed.” In this country we are worse than most other countries about that approach. It is a deep cultural issue.

In the two years that Edge has been around, all I have heard, from the Prime Minister, to middle-class parents, to young people and teachers, is: “We wish young people had more of a chance to get out and see the real world, learn by doing and integrate theory and practice.” We have an extraordinary opportunity in London to see if we can make more of that happen. For all the employers sitting around this table, it should be an absolute expectation that, if they are going to join in and get a piece of this pie, it is about linking up with schools and colleges. It is about providing really high-quality work experience, demonstrating to young people what being a brilliant chef can mean, what being a designer, making tables, being an architect or working in IT can mean.

In 2011, the world’s skills will be in London. The year before the Olympics will be an extraordinary spectacle of 50 countries competing to be the very top bakers, IT experts or car mechanics. I am interested in knowing how we can really get apprenticeships going and strong work-experience tasters. A scheme is coming up, which we are supporting, called Horse’s Mouth, which will allow a mass e-mentoring of young people, so they can find out what the world of work is really about and that sort of thing.

Sarah Montague Nigel, you say you have introduced an apprenticeship scheme but what is clear is that a lot

of people think we have lost the apprenticeship schemes and we need a return to that.

Nigel Hugill Yes, it is a whole lot easier than it used to be because people’s perception of making money in construction is higher than it was. We no longer have a shortage of applicants. However, if you look longer term, we have been training them up and then losing them immediately afterwards; people go self-employed because they make a better living doing that.

There is a net increase in the educational talent of our community as a result of that process. However, you have also to have regard that, as an employer, that is an uneconomic outcome. If you compare that with a university education, it is regarded as fair enough that the state subsidised that university education but, historically, there has not been the same presumption in relation to vocational training. That has changed to some extent by virtue of the money that can be made, as we have been describing.

I am more optimistic on almost every count from what I have heard this morning. Some construction companies have bought training centres to start making some money out of that process, to take advantage, and get a better rounding compared to where it was before.

Sarah Montague Chris Blythe, you said we have this big problem with so many people in our sector about to retire. From the sound of it, young people come in, but they just go off to do their own thing.

Chris Blythe That has been a barrier for some small firms in terms of investing in training skills because they fear all this money is going in and they get very little return for it at the end of the day. I am fairly optimistic that, for example, our industry will do okay.

What I am interested in is other areas. On apprenticeships generally, I can speak from the experiences of my two sons; one has gone to Oxford and the other has taken an apprenticeship. He is proud that he has finished his first year in the motor trade and is one of the top ten Ford apprentices. He was very clear that he did not want to go on to university, and he was not ready for it. He is quite happy to be out there, earning and learning. He has a lot of pride in his job and is thrilled by it. I think we should not assume that everybody has to go to university.

The other issue I think David probably alluded to earlier is that we are fixed in age ghettos. We have primary, secondary, tertiary and so on, and we need to break away from that because people should be able to engage at any time and at any stage in their careers. One of the things that enthuses me in my job is that I have people who are 45 or 50 coming forward to get professional qualifications. They thought time had passed them by when they were 18, when they decided to go into the trade. Now, because the

industry is demanding skills that are being certified and you have to have a card to get on site, and so on, they are deciding, “This is the right time to get my professional qualification.”

David Hughes I think the biggest issue is the social equity gap, not the skills gap. The two biggest determinants of educational outcome, and therefore life chances, in this country are still socioeconomic class and the qualifications of your parents. If you look at the 50 per cent who go on to higher education, nearly all of them are in the upper classes, and of the ones who do not, nearly all of those are in the lower socioeconomic classes. If we are going to invest billions of pounds of public money in east London, we have to use it to change that.

David Hughes Lend Lease has taken a sensible approach and said, “We have a big building site, we have massive construction over the next five or ten years,” and they are working with the Learning Skills Council, with the job centres, with the London Development Agency and with the local authority. They are saying, “Let’s get unemployed people skilled up to be able to work on site.” It is a fantastic opportunity.

Len Duvall Canary Wharf did a lot of good work with the local community.

Nigel Hugill Almost every large-scale construction project in London does that.

Len Duvall I am very confident that there will be residents in Greenwich and even Lewisham – which is a non-Olympic borough – that will gain out of the Olympics. I think the real issue for us is where we are on skills in general in this country.

I fully understand the difference between education and skills but, in terms of some of the

changes that need to happen, we cannot leave the education sector just to carry on doing more of the same. As people in business have worked out, it is that change that people need to make it work, but how do you get this longer-term issue? One of the problems we face in London is that we have a younger generation that has been out of employment longer term, that has turned its back. What is the legacy for us if that remains unchallenged as we forge ahead?

I think it is about whether interventions are right or not. Some progressive businesses, particularly in construction, do it because they feel strongly about the apprentice issues, and others need to be told.

Sarah Montague Everybody seems to be happy with construction, but we heard from Brian Wisdom that London is where the Poles and Latvians are serving everybody. Kieron Gavan said, “Look, we’ve got to get away from this because anybody who is in Britain is our responsibility.” The whole world knows that the Olympics are going to be in Britain in 2012. We have an awful lot of Eastern Europeans coming over here. Is it something we should be concerned about?

Murziline Parchment It is something we should be concerned about. But, if I am a 16-year-old and I do not have any qualifications and I am living in London, am I going to go and wait tables? What is that going to give me? How many pounds an hour am I going to earn waiting tables? Is that going to buy me a good Saturday night? Is that going to help me move out of my parents’ house? I think they are making sensible choices in not being a waiter in a restaurant for that pay with the cost of living as it is in London. However, I might become a waiter or I might become a cleaner if that hotel or industry said, “Start there. After three months you go there. After three months you go there, and by the time you are 25 you will earn enough money to be able to move out of your home.” That is what is going to allow me to go into low-paid jobs.

Melissa Berry I agree it is all about motivation. I go into schools in those boroughs you are talking about and schools across London. When I talk to young people, it is all to do with their aspirations, who they look up to. Lots of young people might not be interested in doing engineering and that is fine; it is more about managing their expectations and where they are going. We have not talked about how girls come into the industry, what part they have to play. We are trying to encourage lots of applications from girls. Lots of them say, “I want to do hair and beauty.” I say, “What, to earn £10,000?” Then when I say, “Actually, come and do an apprenticeship on a scheme with us. In London, within three years you will be on a minimum of £30,000. Then you can talk about moving out of your parents’ house and buying yourself a nice Gucci bag.” It is about managing their expectations.

How many pounds an hour am I going to earn waiting tables? Is that going to help me move out of my parents’ house?
Murziline Parchment



Often, the higher-level skills are not there: 30 per cent of hospitality managers do not have qualifications
Brian Wisdom



David Hughes It is recruitment issues that are really important. For example, the rail company in east London said that, when it is trying to recruit train drivers, quite rightly, it has to reject many people because of poor literacy and numeracy. We said, “What do you do with them?” It said, “We just say goodbye.” We said, “Why don’t you recruit them into some of the other jobs you have, cleaning, portering, other jobs on trains and train them up to be drivers over time? We will support that.”

Chris Leech It costs us approximately £30,000 to train one individual and it takes a year to be a driver. Occasionally they will move on to various other companies within the rail industry. I go into schools on a regular basis and I do talk to children about working in the rail industry when they leave school because it has such a huge spectrum of jobs. More often than not I actually bring in teachers. Teachers who are disillusioned ask, “How much are drivers on?” We say, “£45,000 for a four-day week.” “Fine,” they say “we’ll take it on.”

We do have to think about the long term, we do have to think about giving them a proper outlook when they start off within a job, whether it is cleaning or whatever; they can reach dizzy heights.

Murziline Parchment Business talks about the bottom line and making profit and all the rest of it, but then it expects individuals not to make those choices themselves. Of course they are thinking, “What is the most profitable thing for me?”

Brian Wisdom I agree with Murziline; motivation to join lies in where you can get to. I think that is part of the issue here. Often, the higher-level skills are not there: 30 per cent of hospitality managers do not have qualifications either. They are the people who are doing the recruiting and then treating their workforce

poorly and not developing it to a point at which it can really benefit from the excellent money that can be earned in the industry.

To go back to the legacy, the real legacy for me is that this is a one-off opportunity to change international perceptions of London and the UK as a customer-service-providing economy, from ranking 12th in international perceptions...

Sarah Montague What do you do so that it does not end up being the Poles and the Latvians?

Brian Wisdom We need to think very seriously about what are the mechanisms we can put in place to force proper engagement with the local unemployed workforce to make sure it is given the opportunities. Why would you offer a contract to a contract caterer at the Olympic Games that does not guarantee to provide and engage in training, not only of the local workforce, but also of students studying in colleges of further education throughout the UK?

Nigel Hugill That is already in construction contracts.

Vicky Clark In a previous incarnation I got into a situation where we were asking people in the NHS to require their contract cleaners to take a certain proportion of people from the local workforce. It was an attempt to boost employment rates. At that time they could not because of other requirements in terms of best value. The contract cleaning company was not going to bear those costs, so it was not able to explore that but, in the Olympics, that will happen.

The real problem we have at the moment is that there is a gap between the process we have decided is best for getting people from hard-to-reach communities engaged in the basic process of starting to want to work, and the process of getting people into a position where they can acquire higher skills.

We have acknowledged that probably the best people to reach the Somali community in Newham, for example, are from the Somali Women’s Newham Community Group. Organisations such as the London Development Agency, award contracts to those groups, through mechanisms such as European Social Fund money, to try to recruit people from those communities to come and learn English and other basic skills, and, if we are lucky, to get some kind of NVQ Level 1 qualification in administration and so on.

However, while those groups are very good at reaching their own community, they are not necessarily that well linked into the community of employers in their area and the community of people who provide onward education. So, when a person has acquired their basic skills there is nothing in place to give them the information about what to do next. A lot of investment needs to go into providing that advice and guidance, whether it is developing the

skills of those community groups to provide that advice and guidance, or putting a resource in place that everyone is able to access.

Melissa Berry We have worked on a project that JobCentre Plus did, where it matched about 37 community groups and I went along to speak. It was talking to those influences, about taking it back to their community. This is the only thing in the two years that I have been doing this job where I have seen that come together.

Vicky Clark We have to accept there is a phenomenal cost involved in moving someone who has never worked, and possibly whose parents have never worked, into a position where they are in a reasonably skilled, reasonably well-paid job. This cost could be in the order of £10,000 to £20,000 per person by the time you add up the cost of their training, advice and false starts. There does not seem to be consistent investment.

Lots of the funding streams that people have to access to enable them to provide training tend to be short term. European Social Fund money, for example, will enable the London Development Agency to get an 18-month contract but, by the time it has geared up, the staff that have been recruited are off looking for their next job because they know they are only on an 18-month contract. We have lost the mechanism to put the money in long term for consistency.

David Hughes There is money, but it is about joining it up. There are all sorts of barriers to getting out of unemployment: housing costs are prohibitive, childcare is incredibly difficult to get and very expensive for lots of women. Skills are always part of the answer, but there is nearly always a sweep of other things. It is about a range of public-sector organisations working around the individual to help them meet their aspirations.

Lots of the funding streams that people have to access to enable them to provide training tend to be very short term
Vicky Clark



Murziline Parchment The building industry is pretty advanced on this score. Most construction companies have a good training programme and compete, in the same way, at the top end, as City firms, on the basis of their personal development programmes. What is happening at the bottom end in terms of that and why is it not happening in the hospitality industry?

Brian Wisdom The difference is that, in construction, there is almost a licence to practise, whereas, in hospitality, it is a free-for-all. Industry could bring together codes of practice that say (even if it is just in London for 2012), “Here we can make a difference and, actually, we are all going to subscribe to a basic level in the way we train our people.”

The better employers, the leaders in this industry, get frustrated about the fact that people are practising without going through the fundamental good practices that should be carried out within our industry. There are public health issues attached to it.

In terms of giving unemployed people in the five boroughs an advantage, the critical thing is to understand what employers are looking for and give them an advantage over any other group in terms of getting the jobs. If you want to start in hospitality and work in the kitchen, you should have basic food hygiene, manual handling and care of hazardous substances; there is no qualification that bundles all of those things together. In east London, we could bundle those things together, give these guys a chance, and when they go to an employer they can say, “I have something that puts me ahead of the pack.”

Len Duvall That is what is happening in some of the construction local labour clauses. With some of those small and medium suppliers, it can be done, but it takes time to get to where you want to be. The lever in the construction industry is a commercial one about long-term planning for the retirement issue or the nature of their contract. They will not get the contract unless they have apprenticeships in some of the smaller building outfits, or whatever.

Brian Wisdom We are sitting in the offices of one of the levers. Visit Britain and Visit London have accreditation schemes for tourism businesses. If you cannot get your star because you have not trained your staff properly, you will train your staff.

Anthony Pryor I tried to book a hotel Tuesday night in London at 6pm. I called my Holiday Inn agency and the nearest hotel was Stansted. What can be going on in London in October? It doesn't bode well for the Olympics. There is a mechanism to solve the local employment, you write a clause in the terms and conditions for purchasing that says, “Part of the competition will be the way in which you employ locals in the five boroughs, please give us your proposals.”

If we train highly skilled eastern Europeans in the construction industry, we could be training them for eastern Europe
Sarah Montague



Nigel Hugill That is already planned.

Anthony Pryor My second point is: what are we going to do with the empty ghost town in 2013?

Rob Price Can you utilise the Olympics as a catalyst for change?

Kieron Gavan On the Poles and the Latvians, it is important that we separate the nationality aspect from the economy and the skills aspect. Whoever is going to work on the Games or in the economy in London, and the UK, it is in the interests of the individuals and the economy, society at large, that they have the right skills and that we put things in place to make that happen.

Sarah Montague If we train highly skilled eastern Europeans in the construction industry, we could be training them for eastern Europe – they could then go back home. Should we be bothered by that?

Kieron Gavan No.

Clive Longbottom To a certain extent, I am. We need to look at the best value, not best cost. We should not be taking the easy option of saying, “Oh, but those skills can be brought in from somewhere else.” It does not make sense to the overall situation.

Kieron Gavan We should also not be taking the option that says that because we haven’t got them, we should just live without them.

Vicky Clark What we are talking about is obliging employers, for local benefit, to take people from east London who are not as good or as motivated, potentially, as the people from elsewhere in the UK and Europe because we want to improve their skills

and motivation. Shouldn’t we be a little worried about why they are emerging from our schools not as good or as motivated as people from elsewhere?

Andy Powell In relation to the legacy point, I understand the contracts include clauses to build all the links and, hopefully, we can address some of the issues and get more people involved than before. How do we make that last and extend it further? It would be a tragedy if we had this extraordinary event and we did not use it to try to change the culture.

We have a conference next month, which is all about employers doing good things. However, overall work experience, for example, for young people going into business, is very small and very poor.

Apprenticeships – I will get into trouble here – have been growing, but, at the level that most people think is necessary – Level 3 it is called – apprenticeships have gone down in the past five or ten years. The success rate of apprenticeships overall is about 50 per cent. In some industries, like retail, it is 20 per cent, whereas, in other countries of the world, the figures come out at about 80 per cent.

Many employers find it difficult to go through all the hurdles necessary to provide apprenticeships. We need to look at incentives, such as local tax incentives, and I think we also need real recognition. Employers who are going to make an effort to get this practical learning, real-based learning to young people in schools and beyond should be recognised in a very big way by the Mayor, Prime Minister and others.

Murziline Parchment We are not asking business to take up with people who are not as good as others. We are saying that business should join us in making young Londoners as good as all the other young people and provide jobs that will attract Londoners.

Vicky Clark Yes, but the initial investment is higher. Work has to be done to increase skills and motivation, whereas other people coming to the market are work ready. Wouldn’t it be great if we got into a situation where young people from east London were on parity and it makes sense for employers to take them on?

David Hughes Improvements in the 14–19 education bracket must happen. I do not want us to get into a position where we are saying to employers: “Do something magnanimous and do something through corporate and social responsibility.” Good employers employ local people because it works. If we could change their mentality to, “Let’s employ people, train them and help them to progress,” they would stay longer and it saves money, plus you get the skills.

Clive Longbottom Not only do they stay longer, but you attract them because they know that there is a job progression for them.

Andy Powell So how do we use the Olympics to get that message across?

Nigel Hugill I spent five years of my life, prior to London getting the Olympics, promoting Stratford City. We were going to spend £5bn in Stratford, anyway, quite separate from the Olympics. The Olympics is another £3bn, maybe another £5bn. So £10bn pounds will be spent in east London in a relatively short period. That will have a substantial transformation in terms of balancing the east and west of London. The Olympic Games was always going to be a global circus. Do you know that, in Sydney, 126,000 sq ft of portable kitchens came from London? The legacy of the Games will come from the fact that so much is being spent and there will be so much pride coming from that galvanising impact.

Sarah Montague Does anyone have any experience of Athens?

Nigel Hugill Athens was different. Athens was built in two years and was only building Olympic facilities. London is being built over a much longer period and a whole new area of city is being built in the process, like Beijing. Beijing is the same.

Len Duvall We have not talked about the change in the Mayoral powers in terms of some coordination between the sectors, to get a consensus of where we need to go. How do you take some of the models we have talked about and insert them in a good practice guide for that area? Can you take those to other projects, whether it is Wembley or other clusters? I believe a new form of thinking about some of the practical issues is necessary. We have short termism, rather than looking at issues in the long term. I am worried about the construction industry in the long term with that big gap of retirement facing us. In the

Athens was different. Athens was built in two years and was only building Olympic facilities
Nigel Hugill



global market, we should be able to bring those talents in. I am not resistant to that, but I am wondering how we can get long-term sustainability. Money is going in, but sometimes it is still not coming out right.

Kieron Gavan You are right. A structural change needs to take place and all the pieces need to be joined up. One of the pieces that is somewhat missing at the moment, although not totally, is one that Vicky mentioned earlier, the information, advice and guidance. That is the glue that brings stuff together so that we know, for example, that 60,000 people will be needed in the next few years in construction: that is where the opportunities are, yet we are in danger of creating 30,000 forensic scientists when there is only a market for 300.

Murziline Parchment The role of the Mayor means that he is in a unique position, whereby he can stand in front of all Londoners and say, "Okay, pan London, I think this should happen, and pan this industry I think this should happen." Look at what has happened to Visit London in two years, after the Mayor said, "Okay, John Ross, take it away and do something with Visit London." It was a £1.8m association club and we invested £10m into it and it has now become the model for promoting tourism in cities, in a matter of two years.

Andy Powell We need some wonderful TV programmes on some of the good examples that are going on. We have to get the message out about the Olympic Games, how it can transform people's lives, how they can get the required skills and show some of the wonderful things that employers do.

Clive Longbottom As Vicky was saying, we have to look at the connections with some of the harder-to-reach minorities. If we can create some role models within that space and then cascade through, then it is not just trickling down training to two or three people at a time.

David Hughes One of the things we ought to be honest about is that most middle-class parents want their children to go to university and that class issue is a massive barrier to getting the practical skills problem sorted out.

Sarah Montague But we have a government that also says that 50 per cent of young people should go to university.

David Hughes Reforming schools is a massive job. It is an attitudinal job as well. Most teachers have not been in industry, they went through the academic learning process. So we have to change who is teaching in the schools from the age of 14.

I would like to see more young people motivated, with businesses coming together to send key people into schools to influence young people
Melissa Berry



Clive Longbottom It goes back to what Chris was saying about the need for flexibility. Is a kid at 16 in the right position to make a decision that will affect the rest of his or her life? Probably not. If they think an apprenticeship makes sense for them, great: let them have an apprenticeship. If at the age of 26, they say, "Actually, I want to do something more academic," allow them to come back in very easily, so it is not just a case of, "Here is the Open University for you."

Sarah Montague We have five minutes left. I would like to hear a short sentence or an idea from each of you as to what you consider could be the realistic legacy of the Olympic Games.

Melissa Berry I would like to see more young people motivated, with businesses coming together to send key people into schools to influence young people.

Chris Leech I agree with Melissa. We need a unified approach, across the country too.

Rob Price I would like to see the value of the Olympics connected to ensuring that people have the opportunity to do the right thing during the Games and the opportunity to exploit the experience subsequently.

Vicky Clark I would like to see a transformation in the attitudes, aspirations and understanding of, particularly, young people right across the east London area.

Kieron Gavan That people who are either not in work or are in work, but not doing it very well become enthused with what skills can do for them and their life chances.

Brian Wisdom I would like to be able to draw together the tourist industry to change, once and for

all, international perceptions of London and its customer services.

Andy Powell I would like to use the Skills Olympics, the Olympics and the Paralympics to work with the media and, particularly, TV to see if we can get the most vivid and dramatic demonstration of the extraordinary and wonderful variety of talent, skills and abilities that are needed everywhere you look at the Olympics and around London.

Nigel Hugill Mine has already been achieved. When people used to ask me what is the difference between east London and west London, I say, "I don't see too many pylons running down Richmond Park". The pylons are to be buried down the Lee Valley Park and that is the start of a much bigger process.

Clive Longbottom To use the opportunity to raise the base level of life skills to make it so that these people are employable from thereon.

Anthony Pryor To have several companies set up facilities in the local area, whether they be science parks, manufacturing facilities or whatever, which will be the pull through for when people change their skill levels.

Clive Ansell I fear that the money in the Olympics is like a flash flood: most of it washes away. We have talked about some big systemic solutions. I think there is an opportunity for the Olympics to show some best practice, as construction does in a more focused way already, to have market solutions that you can set off and start running, to get some entrepreneurialism into the mindset so that stuff happens without an overarching central control.

David Hughes I would like Londoners to say, "At least it was not like Canary Wharf and we really have created sustainable communities where local people have benefited."

Chris Blythe That east London has gone and that it is a part of London, with the same aspirations and potential for people to achieve their best.

Len Duvall I do not just want to see my area growing its skills base but the rest of London too. I think the Olympics and the new Mayoral powers are part of that, and what we all contribute in our different ways.

Murziline Parchment I want vocational skills no longer to be the bridesmaid to education but to become the bride.

Sarah Montague Ladies and Gentlemen, thank you all very much.

On Tuesday 17 November, Madame Li Guanzheng, commissioner of the Beijing Municipal Education Commission and president of the Beijing Association of Education, gave a lecture at the RSA on international perspectives on vocational and practical learning, entitled: 'Lessons from China in preparation for the 2008 Beijing Olympics'. Details of what was said can be found at: www.edgeupstarts.org.uk

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of MPs believe it would be better for children not to be encouraged automatically to follow an academic path.

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