

Written evidence submitted by London first

# The impact of COVID-19 on education and children's services - evidence from London First

## Our Organisation

1. London First is a business campaigning group with a mission to make London the best city in the world to do business, for the benefit of the whole UK. We convene and mobilise business leaders to tackle the key challenges facing our capital. We are made up of over 200 leading employers across a wide range of sectors, overseen by a non-executive board of influential business leaders.
2. We welcome this opportunity to share our views on how the apprenticeships system, schools and skills can support the rapid recovery from the CV-19 crisis. The unprecedented circumstances in which we find ourselves have elicited an unprecedented response from Government. London First and British business as a whole have welcomed many of the measures taken, but we are concerned that economic growth may be hampered and businesses left in the lurch if equally bold measures are not taken to secure the longer-term recovery, which includes action on skills.

## Apprenticeships

3. The pandemic is likely to have a disproportionate economic impact on young people, with providers we have spoken to estimating a 50% drop in apprenticeship starts in September 2020 compared with last year. For apprenticeships currently in progress, just 39% are continuing as normal, with 36% having been furloughed, 8% made redundant, and 17% having had their off-the-job learning suspended<sup>1</sup>. If this were to continue, it would wipe out a decade or more of hard work by businesses, training providers, and central and local government to build the scale and profile of the UK's apprenticeship programme.

### *Funding and local powers*

4. The introduction of the Apprenticeship levy had a negative impact on apprenticeship starts and, combined with the effects of CV-19, we risk a 'lost decade' for apprenticeships. We would urge the Government to implement mechanisms to substantially reduce the costs of apprenticeships to businesses, guaranteed for a minimum of three years, to spur the recovery and provide confidence to businesses.
5. A key measure that London First is calling for is the introduction of a long-term 'Back to Work' apprenticeship fund to support businesses to take on apprentices. As part of this Back to Work

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<sup>1</sup> Sutton Trust – Covid 19 impacts on apprenticeships

Fund, the Government should provide immediate funding relief to all providers of apprenticeships to ensure that the supply of training remains strong and small grants for relevant PPE and safety modifications to workplaces should be provided where needed. The Chancellor's commitment to provide incentives to hire apprentices is welcome, but support is needed for those who already have them in place.

6. To aid economic recovery, businesses should also be given greater flexibility in how they use levy funds. We call on Government to:
  - make it easier to bulk transfer funding to other firms, as a single, simple digital transaction because businesses are keen to help their suppliers and other firms in their area or sector;
  - allow business to use a portion of their levy on apprenticeship administration costs, salary costs, and robust, accredited pre-employment training; and
  - pause levy payments and the expiration of levy funds whilst there remain restrictions on economic activity and movement which affect the delivery of apprenticeships.
7. The Government should ensure that local insight is not lost in the delivery of the apprenticeship system. The Government should consider giving London and other UK cities the tools they need to meet their skills challenges through a UK skills devolution programme. This would provide London with a unique opportunity to shape its own skills and jobs agenda, informed by input from London businesses and educators.

### *Safety*

8. Reports from providers and businesses suggest that safety concerns - amongst learners and their families - may be a barrier to apprentices continuing with their learning. In addition to funding for safety measures, providers need clear guidance on how to operate safely. We ask that flexibility be given to providers and apprentices to suspend face-to-face requirements so that no apprentices are forced to fail by being unable to complete in person training or assessment. Where providers are able to continue training in different ways – distance learning, for example – they should do so, and the rules should be flexed as necessary to support this.

### *Communication*

9. The Government should improve communication channels between businesses and the apprenticeship system to make it easier for business to find out information quickly and provide feedback. The Government should ensure that an organisation such as the Institute for Apprenticeships and Technical Education (IfATE) provides an employer-driven 'one-stop-shop' for information and support, and to work with SMEs to trial innovative approaches that boost demand for apprenticeships.
10. In addition to the support already announced, the above measures will help providers deliver the safe and funded apprenticeships the country needs to support its recovery.. The Government should build on the recent announcements made by the Chancellor to strengthen its promotion of apprenticeships, emphasise the role of apprenticeships in economic recovery, and highlight the long-term opportunities that apprenticeships provide.

## Schooling

11. From the perspective of getting young Londoners learning again in a formal setting, and to enable working parents to focus on their return to work, re-opening schools is vital. It will aid both productivity and well-being, and this is especially important in London, which contains the highest proportion of families with dependent children of any UK region.
12. The following points are important to consider as schools reopen:
  - Schools must be supported to deliver the national curriculum as successfully as is possible during this period of upheaval. Recent analysis projects that students could return in the Autumn having progressed only 70% of a grade in reading and less than 50% of a grade in maths during the 2019–20 school year<sup>2</sup>, which must be addressed; and
  - Home schooling has created a very real risk of long-term damage to the attainment levels of school children from disadvantaged homes in particular. As preparation for a potential second wave, there needs to be a consistent, robust, and directional approach to online learning to better support school children and to free up parents to work more productively during future local lockdowns. Urgent remedial work is required, including ensuring that these homes have access to the internet and appropriate devices.

## Higher Education

13. Even with online teaching, universities face a significant drop in income that would usually come from student accommodation, hiring out conference space, business consultancy and commercial research.
14. Some of this is manageable, but as the sector looks ahead, it is the impact of COVID-19 on the international student population that is likely to form a much bigger concern. It seems almost certain that the numbers coming to study in London in October 2020 will be greatly reduced, which puts the longer-term financial sustainability of our universities at risk. The Government should:
  - Provide more financing, as the £100m of funding being brought forward into this academic year does not go far enough;
  - Move to support growth in courses that meet the national need for key workers;
  - Be more open and more welcoming to international students by improving visa turnaround time, making the process less intimidating, and lowering costs;
  - Work with universities to ensure that policy supports the development and introduction of more ‘blended learning courses’, where international students can study for part of the time in their home country; and
  - Work with key London stakeholders – including the Mayor, GLA and London Higher – on a ‘London is Open to Study’ campaign.

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<sup>2</sup> McKinsey, quoted in <https://www.londonfirst.co.uk/sites/default/files/documents/2020-06/HigherEdWorkforceSkills.pdf>

# Skills and the workforce

15. Prior to COVID-19, London had a thriving economy and dynamic labour market. A far greater share of employment in London was in high-skilled occupations compared to the rest of the UK, and the London population had higher levels of qualification than any other region. But there are also some significant problems, meaning that the Government will need to take further measures to address employment displacement as it gains more information about the mid-term impact of COVID-19.
16. Unemployment, including amongst young, BAME and disabled Londoners, and in-work poverty rates are among the highest anywhere in the country, and businesses also struggle to find people who had the skills they needed. On the skills gaps, the Government should:
  - a. Drive transferable skills through embedding compulsory employability, enterprise and digital skills into core secondary-level education at age 16;
  - b. Introduce incentives to support business to deliver training on recognised skills;
  - c. Give London and other UK cities the tools to meet their skills challenges through a UK skills devolution programme. This will be important across sectors, but particularly those where training costs are high, like construction.
17. Workers have been furloughed or made redundant in large numbers and many others have had to get used to new ways of working remotely. To manage the impact of these changes on the workforce, the Government should:
  - a. Start work now with business and unions to agree a plan for the future of targeted support beyond October 2020, when the furlough scheme in its current form is due to end. This might include a tapered approach for specific sectors like hospitality, retail, and leisure where recovery and reopening is likely to be over a longer period, and extending funding support to provide access to training for those returning to work. We welcome the recently announced Jobs Plan and the incentives offered to employers to hire new young workers. We look forward to working with the Government as it implements the various new schemes;
  - b. Explore other options for temporarily reducing labour costs for employers, such as temporarily freezing any planned increases to national minimum wage rates from April 2021, as well as national insurance payment holidays, or training subsidies as mentioned above.
18. The introduction of the Government's new immigration system will reduce business access to 'lower-skilled' migrant workers, and this could pose a problem for sectors like hospitality and construction in the mid- to long term if native workers are not available or willing to take up these roles. The priority is to support displaced workers back into work, but the new Points-based System should not act as a barrier to employers. Where labour and skills gaps remain, the Government should provide access to essential, so-called 'low-skilled' workers via a 2-year temporary work visa so as to not leave the country short staffed.

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