EXPLANATORY MEMORANDUM TO

THE LONDON SKILLS AND EMPLOYMENT BOARD (SPECIFIED FUNCTIONS) ORDER 2008,

2008 No. 119

AND

THE LONDON SKILLS AND EMPLOYMENT BOARD (ESTABLISHMENT) REGULATIONS 2008,

2008 No. 118

1. This explanatory memorandum has been prepared by the Department for Innovation, Universities and Skills and is laid before Parliament by Command of Her Majesty.

2. Description

The Regulations provide for the establishment of the London Skills and Employment Board ("the Board") chaired by the Mayor, its membership and the appointment of its members other than the Mayor. The Board is under a duty to formulate a strategy, and keep it under review, setting out how specified functions are to be carried out by the Learning and Skills Council for England in Greater London.. The Order specifies the relevant functions.

3. Matters of special interest to the Joint Committee on Statutory Instruments

None.

4. Legislative Background

Section 24(B)(1)of the Learning and Skills Act 2000, which is inserted into the Learning and Skills Act 2000 by section 4 of the Further Education and Training Act 2007, places a duty on the Secretary of State to provide for the establishment of a body for the purposes of discharging the functions set out in section 24B(2). The London Skills and Employment Board established by these regulations is that body. These Regulations were made in anticipation of the duty in section 24B(1) coming into force in reliance on section 13 of the Interpretation Act 1978, and in order to give full effect to that statutory obligation once it comes into force. This Order is also made in reliance on section 13 of the 1978 Act as it relates to the functions of the body established by the regulations. Section 4 will be brought into force by commencement Order before these regulations and this order come into force.

5. Territorial Extent and Application

These instruments apply to England.

6. European Convention on Human Rights

As the instruments are subject to the negative procedure and do not amend primary legislation, no statement is required.

7. Policy background

7.1 The London Skills and Employment Board was proposed following the Government's Review of the Powers of the Greater London Authority in 2006. The Review invited comments from a wide

range of consultees – employers, local authorities, FE and HE institutions, community groups and others – about possible extensions to the Mayor's powers in a number of areas, including skills. Around three quarters of respondents supported the need for change in the way skills was delivered in London and four out of five of those who supported change favoured an enhanced role of the Mayor in meeting the skills needs of London.

7.2 Drafts of the Regulations and the Order were made available as the Further Education and Training Bill passed through Parliament. The draft Regulations and Order have been shared with the LSC and the GLA who will be specifically affected by their provisions. The purpose of the strategy is to identify the particular needs of London and it would be consulted on widely with all the key stakeholders in London. The LSC will be under a duty to implement the strategy in respect of the exercise of its specified functions in Greater London. Legislation was necessary to give the Board's strategy its effect and these instruments make provision about the Board's establishment and its functions. The strategy, while addressing London's particular needs, will fit within the framework of the national skills strategy.

8. Impact

An Impact Assessment is attached to this memorandum.

9. Contact

Patrick Taylor-Martin at the Department of Innovation, Universities and Skills, Tel: 0114 259 3479 (email patrick.taylor-martin@dius.gsi.gov.uk) can answer any queries regarding these instruments.

Summary: Intervention & Options

Department /Agency:	Title:	
Department for Innovation, Universities and Skills	**Impact Assessment of London Skills and Employment Board Regulations 2008 and Order 2008**	
Stage: Final	**Version:** 1	**Date: 8 January 2008**
Related Publications: Further Education and Training Act 2007 ("the Act"); and its Regulatory Impact Assessment		

Available to view or download at:

http://www.dfes.gov.uk/publications/furthereducationand trainingbill/docs/FEBillRIA

Contact for enquiries: Patrick Taylor-Martin **Telephone:** 0114 259 3479

What is the problem under consideration? Why is government intervention necessary?

To ensure that skills is planned and delivered in a way which meets London's needs. In November 2005, the Department for Communities and Local Government (CLG) consulted on proposals to grant the Greater London Authority - the Mayor and the Assembly - additional powers. The proposals included options for alternative ways of delivering learning and skills in the capital. The preferred option - to create a Board chaired by the Mayor responsible for creating an adult skills strategy for London to be implemented by the Learning and Skills Council in London - required legislation.

What are the policy objectives and the intended effects?

The objective is to ensure that the Mayor and the other members of the Board have a role in creating an adult skills strategy for London which will drive the operations of the LSC in London and which will address the views of key London stakeholders. It will ensure that the LSC's spending in London, while still continuing to address national targets for skills, will reflect the views of the Board and key stakeholders.

What policy options have been considered? Please justify any preferred option.

There were four policy options for London - a stronger regional partnership based on the existing Regional Skills Partnership in London; strengthening the LSC's regional board; an enhanced leadership and skills focusing role for the Mayor of London which would build on the previous two options; or, major structural change which would involve devolving current LSC powers to the Mayor. A total of 337 organisations and individuals responded to the consultation. Around three quarters of them supported the need for change and of those four out of five supported the third option.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

The policy will be reviewed in the context of the Government's wider machinery of Government changes.

Ministerial Sign-off For SELECT STAGE Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:

Bill Rammell

.....Date: *21st January 2008*

Summary: Analysis & Evidence

Policy Option:	Description:

COSTS

ANNUAL COSTS	Description and scale of **key monetised costs** by 'main affected groups'
One-off (Transition) **Yrs**	See narrative comments
£	
Average Annual Cost (excluding one-off)	
£	**Total Cost** (PV) **£**

Other **key non-monetised costs** by 'main affected groups'

As above

BENEFITS

ANNUAL BENEFITS	Description and scale of **key monetised benefits** by 'main affected groups'
One-off **Yrs**	
£	
Average Annual Benefit (excluding one-off)	
£	**Total Benefit** (PV) **£**

Other **key non-monetised benefits** by 'main affected groups'

As above

Key Assumptions/Sensitivities/Risks

As above

Price Base Year	Time Period Years	**Net Benefit Range** (NPV) **£**	**NET BENEFIT** (NPV Best estimate) **£**

What is the geographic coverage of the policy/option?				London	
On what date will the policy be implemented?				February 2008	
Which organisation(s) will enforce the policy?				DIUS and LSC	
What is the total annual cost of enforcement for these organisations?				£ N/A	
Does enforcement comply with Hampton principles?				Yes	
Will implementation go beyond minimum EU requirements?				N/A	
What is the value of the proposed offsetting measure per year?				£ N/A	
What is the value of changes in greenhouse gas emissions?				£ N/A	
Will the proposal have a significant impact on competition?				No	
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large	
Are any of these organisations exempt?	No	No	N/A	N/A	

Impact on Admin Burdens Baseline (2005 Prices) (Increase - Decrease)

Increase of £ N/A Decrease of £ N/A **Net Impact** **£** N/A

Key: **Annual costs and benefits: Constant Prices** **(Net) Present Value**

Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

PROBLEM UNDER CONSIDERATION

To ensure that skills in London are delivered in a way that meets London's needs.

GOVERNMENT INTERVENTION

The London Skills and Employment Board (Specified Functions) Order 2008 and the London Skills and Employment Board (Establishment) Regulations 2008 give effect to the new provisions for London in the Further Education and Training Act 2007 ("The FET Act")

Consultation

In November 2005, the Government consulted on proposals to grant the Greater London Authority – the Mayor and the Assembly – additional powers. The proposals included options for alternative ways of delivering learning and skills in the capital. 337 organisations and individuals responded to the consultation. Around three quarters of them supported the need for change and of those four out of five supported the option which gave an enhanced leadership and skills focusing role for the Mayor but which did not involve major structural change.

POLICY OBJECTIVES AND INTENDED EFFECTS

A full analysis appeared as part of the wider Regulatory Impact Assessment (RIA) published for the then Further Education and Training Bill. The purposes and intended effects of the Bill (now Act) have not changed. The Act requires the Learning and Skills Council to respond to the needs of particular areas or particular themes by placing it under a duty to act in accordance with the strategy of "strategy making bodies" where specified by the Secretary of State and a body in Greater London chaired by the Mayor of London. The Act requires the Secretary of State to make regulations providing for the establishment of a body, to be chaired by the Mayor of London, whose function is to formulate an adult skills strategy for Greater London and keep it under review.

Costs

The additional costs are not significant and will be met within the existing budgets of the partner organisations.

Benefits

The creation of the London Skills and Employment helps ensure that the particular skills needs of London are addressed in a way which meets the needs of employers, individuals and key stakeholders in the capital. Its establishment has been widely welcomed in London.

Net Present Value

The Order and Regulations are needed to support the provisions in the FET Act 2007 which lead to the benefits set out above. It is not appropriate to apportion specific costs and benefits to the Order and Regulations.

Enforcement, sanctions and monitoring

These will be managed through existing accountability mechanisms which have agreed by the Ministers – the adult skills strategy for London will need to be compatible with the national skills strategy.

Implementation and Delivery Plan

See above.

Post Implementation Review

See above

SPECIFIC IMPACT TESTS

Competition Test

This assessment was done for provisions in FET Act using the OFT competition filter as part of the wider RIA but is not appropriate for the Order and Regulations.

Small Firms Impact Test

The Small Business Service was consulted as were representatives of leading small business organisations about the potential impact of the proposals on small businesses. There was broad support for an enhanced role for the Mayor in strategy setting for skills in London. The strategy will take account of the needs of small businesses in London and there are employers with a knowledge of the small business sector on the London Skills and Employment Board.

Legal Aid

Not applicable.

Sustainable Development

The creation of the Board helps bring the operation of the LSC closer to the individuals, employers and communities it serves.

Carbon Assessment

Not applicable.

Other Environment

Not applicable

Health Impact Assessment

Not applicable

Race

A supplementary Race Equality impact assessment was published along side the FET Bill.

Disability

A Disability Equality Impact Assessment in respect of the FET Act is under way.

Gender

A Gender Equality impact Assessment in respect of the FET Act is under way

Equality and diversity

Not appropriate

Human Rights

The FET Act 2007 is compatible with the European Convention on Human Rights.

Rural Proofing

Not appropriate

SUMMARY

The Order and Regulations are needed to give effect to provisions the Further Education and Training Act 2007 and provide for the establishment of a body, to be chaired by the Mayor of London, whose function is to formulate an adult skills strategy for Greater London and keep it under review.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	***Results in Evidence Base?***	***Results annexed?***
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	Yes	No
Sustainable Development	Yes	No
Carbon Assessment	Yes	No
Other Environment	Yes	No
Health Impact Assessment	Yes	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	Yes	No
Rural Proofing	Yes	No

Annexes

PROBLEM UNDER CONSIDERATION

To ensure that skills in London is delivered in a way that meets London's needs