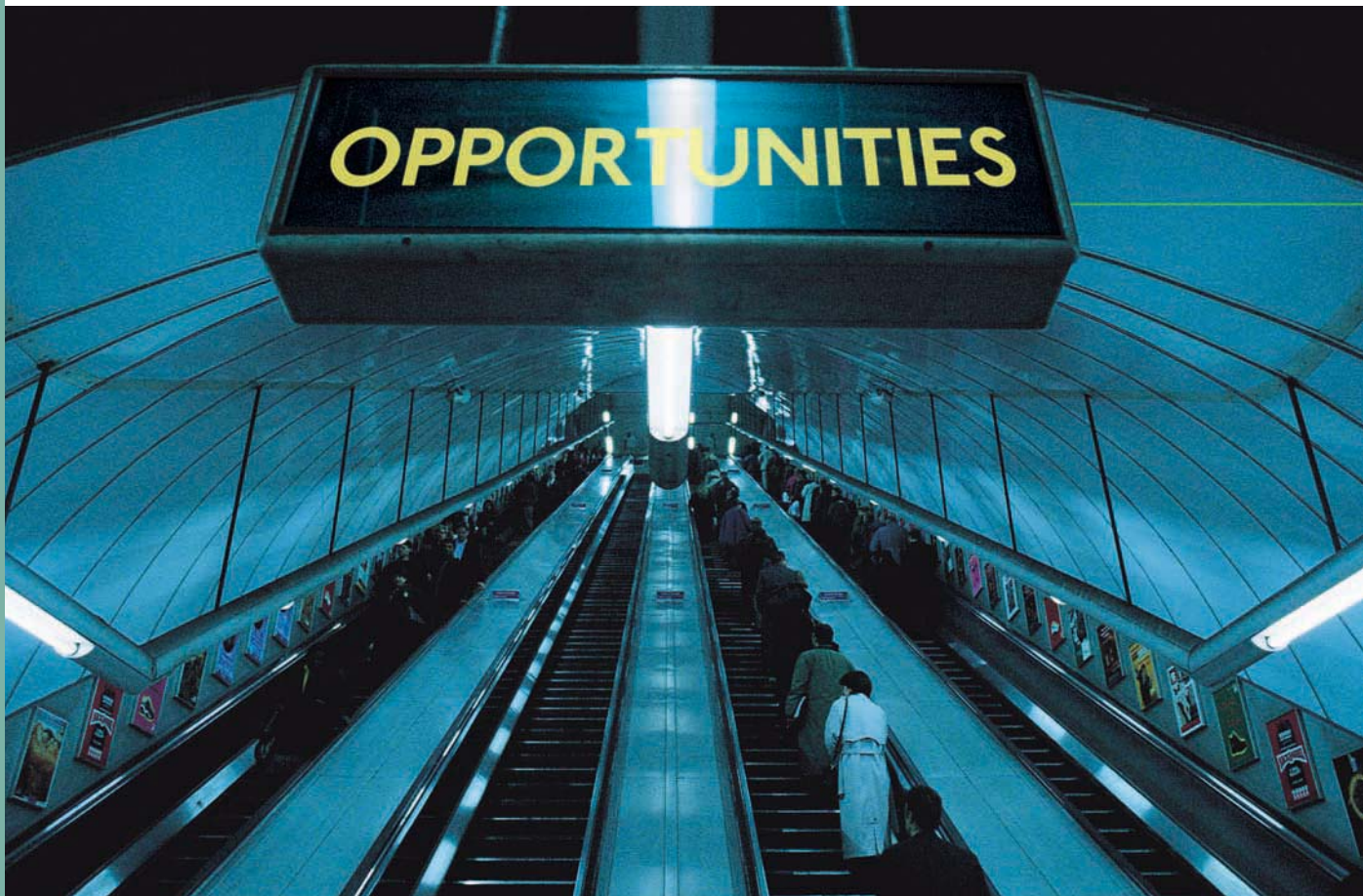




Greater London Enterprise

Skills in the City: Entry Level Opportunities in the Financial and Business Services Sector



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OF LONDON



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OF LONDON**

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Foreword

Michael Snyder
Chairman, Policy and Resources Committee
Corporation of London

The success of the financial and related business services sector depends upon the skills of its people. In today's knowledge-based global economy, London will only continue to prosper as the world's leading international financial and related business services centre if its people continue to be equipped with the best and most up to date skills. City type businesses need to ensure they can attract and retain the best staff, able to meet the complex skill needs of the 21st Century.

This report - the first in a series designed to look at the skill needs of the sector - focuses on entry level or non-graduate skill requirements. Through engaging a wide range of financial and related business services companies across the City, Canary Wharf and Westminster, this research provides a real insight into the types of jobs available, the skills required and the recruitment methods employers use for their more junior staff.

These jobs provide the most able school leavers with genuine opportunities to begin a career in the financial services sector. There is a diverse range of occupations, each with differing entrance requirements, but all offering good progression routes and competitive salaries. These pathways also provide ideal stepping stones for local people seeking to enter City careers.

However, the rigorous approach to recruitment and selection adopted by City-type employers means that much more ought to be done to prepare young people, firstly to ensure they are equipped with the demanding range of skills employers require, and second to prepare them to demonstrate this in an interview situation. This report outlines some specific recommendations which partners including the London Development Agency and the Learning and Skills Council, as well as the Corporation

of London, have endorsed and will seek to take forward. Such action is imperative if we are to ensure that Londoners have the right mix of work-ready skills and are able to succeed in the competitive labour market of the City.

*Michael Snyder
London
July 2005*

Executive Summary

- Opportunities for non-graduates fall into five broad categories: ancillary roles, administrative and secretarial roles, customer support roles, clerical roles and technical roles.
- Employers look for varying levels of qualifications from none (for the most junior ancillary posts) to 280 UCAS points (equivalent to two Grade Bs and one Grade C at A-level) for professional traineeships. Secretarial and customer support roles typically require good GCSEs, whilst clerical and technical roles additionally require A-level qualifications.
- Employers usually define qualification requirements for first jobs in the financial services sector in terms of GCSEs and A-levels; in 32 interviews only one reference was made to NVQs.
- This attitude generates particular barriers for those people who have returned to education later in life, as they are more likely to have acquired vocational than academic qualifications.
- All employers require entry level recruits to have good team-working and communication skills, as well as reasonable levels of confidence. Candidates need to demonstrate these skills through a competency based interview.
- Business English and practical arithmetic are also important for many roles. Employers commented that candidates for ancillary and secretarial jobs often lack basic skills, such as English and maths ability, as well as confidence and presentation skills. Candidates for customer support roles were sometimes found to have poor basic skills.
- Recruiters also complained that candidates for technical roles often lack adequate knowledge of the sector.

- There is scope for non-graduates to develop a career within the financial sector, but with a few notable exceptions they are more likely to move up within a support function than across into core (fee earning/revenue generating) functions.
- Starting salaries range between £10,000 and £20,000; after five years many people will be earning between £20,000 and £30,000.
- Educators could help Londoners access entry level opportunities by:
 - Improving basic skill levels
 - Improving soft skills
 - Ensuring students have appropriate qualifications
 - Enhancing students' ability to perform successfully at interview and selection days
 - Increasing awareness of the sector and its recruitment practices
 - Targeting students at specific types of opportunity where employers currently struggle to recruit
 - Signposting students to FE centres of excellence with established employer links, even if outside the borough.
- Employers could assist the process by:
 - Working with brokerage services to access able students, particularly from the inner London boroughs
 - Helping educators to define the skills and competencies required in the sector
 - Working with training providers to develop relevant training
 - Support relevant education initiatives such as increasing awareness of the financial sector, or improving practical literacy and numeracy.
- Recruitment of high calibre students to A-level entry roles, would also be facilitated if the government recognised high quality professional traineeships as of equal status to university entrance when compiling performance statistics, giving schools more incentive to promote such opportunities.

1. Introduction

1.1 Research Aims

The purpose of the research was to define the range of junior or entry level jobs available in the City of London's financial and related business services sector. The aims were to investigate the skills, attributes and qualifications needed to carry out these jobs; review the relevance of existing qualifications to the sector; produce a broad profile of workers currently doing these jobs; and review methods of recruitment used. In addition, the research aimed to review best practice among employers in terms of developing and training people in these jobs.

The decision to focus on 'entry level' or non-graduate roles was informed in part by the profile of inner London residents' qualifications established through supply side studies, and in part by an awareness that, at graduate level and above, the market leading position of the City of London means that financial sector recruitment is an international market, rather than a local or regional one.

1.2 Research Context

The following research, relating to both entry level jobs and skills in London, has been conducted recently:

- An annual report on **'London's Place in the UK Economy 2003'** (October 2003) by the London School of Economics. A special chapter in the report highlighted a lack of skills in the capital, where average exam results for London schools tend to fall below the national average and the proportion of eighteen and nineteen year olds attaining two or more A-levels, is slightly below average. The report also underlined the problem of lack of 'soft' skills, and argued that this can make it difficult for employers to recruit below the professional and managerial level.

- London's Learning and Skills Councils commissioned a report on **'Employers' Needs and the Development of Provision'** (2004) and this echoed the points made in the publication above. Employers interviewed stated that many entry level candidates were often lacking in 'soft' and basic skills, such as communication skills, team working, the ability to follow instructions, literacy and numeracy.

1.3 Approach and Methodology

Greater London Enterprise in consultation with the Corporation and its partner in the research, the Brokerage Citylink, adopted a qualitative approach to this research. The decision to favour in-depth interviews rather than a large quantitative survey was informed in part by our recognition of the need to follow through on answers of particular interest to the survey, and in part by historically very low levels of response to questionnaires.

The researchers interviewed a sample of people from the following categories:

- Human resource managers
- Entry level personnel.

These interviews were sought from across the full range of the financial services sector (retail and investment banking, insurance, legal, accounting), organisational sizes and locations (City, Canary Wharf, West End). An initial pilot study highlighted the important role played by both outsourcing companies and employment agencies in financial sector employment at entry level, and the sample was adjusted accordingly to include representatives of these organisations.

Different methodologies were adopted for the two target groups:

- Human resource officers were interviewed in depth, on a one-to-one basis
- Junior or entry level personnel were interviewed in focus groups of eight to ten people.

Researchers focused their enquiries on jobs and functions which were usually or typically filled by people without degrees. Hence those roles which are theoretically open, but where in practice non-graduates are ‘crowded out’ by competition from graduate entrants, are not considered in this report.

Final Sample

The information presented in this report is based on the following:

- 32 interviews with human resource officers
- 19 junior or entry level personnel interviewed in two focus groups.

HR Interviews

In total, 26 organisations in the financial sector were interviewed directly:

- 11 banks were interviewed: 4 employed less than 250 employees and 7 employed between 3,000 and 10,000 employees in London
- 2 accountancy firms were interviewed: 1 medium sized practice employed less than 1,000 employees and 1 very large practice employed more than 5,000 employees
- 6 law firms were interviewed: 2 employed less than 50 employees and 4 employed between 700 and 2,500 employees
- 7 insurance firms were interviewed: 4 employed between 50 and 250 employees and 3 employed between 300 and 900 employees.

A further 6 organisations were also interviewed:

- 5 recruitment agencies and outsourcers
- The Corporation of London.

Recruitment agencies typically specialise in placing secretarial and administrative, clerical and customer support staff within financial institutions, on a temporary or permanent basis.

Outsourcing involves the transfer of particular processes within an institution to another company with specialist expertise in that field. The outsourcer will normally hold contracts to deliver such services to a range of financial services institutions. Examples of services which are commonly outsourced include catering and ‘document services’ (printing, copying, archiving etc).

Focus Groups

Entry level employees were interviewed in focus groups. The 19 individuals interviewed worked for banks, insurers and accountancy firms.

Representativeness

The range of organisations interviewed was fairly representative of the financial and related business services sector. For example, just 20 companies in the City employ almost 25% of the City’s workforce. The study reflected this by including 11 very large companies (i.e. employing more than 2,500 employees) in the sample of HR officers, accounting for one-third of the sample.

It should be noted here that this study did not aim to produce a statistically representative random sample of employers and employees in the financial and business related services sector. Rather, due to the qualitative nature of the study, the aim was to simply interview a wide range of organisations and individuals, in order to highlight as many issues as possible.

2. Entry Level Skills Requirements

This research suggests that the majority of positions within financial sector institutions, particularly those which can be seen as relating to the ‘core’ function of a business are either officially, or by default because of high levels of competition, restricted to graduate entry. For example, one leading law firm interviewed found that almost all of its successful applicants for paralegal positions were holders of law degrees, albeit of a lower grade or from less prestigious institutions than those people recruited onto training contracts. For the purpose of this report, core functions are defined as those which generate income for the institution, and hence which generally command the highest salary packages and offer most opportunities for progression into senior roles.

Nonetheless there are still a number of routes into financial sector employment for people leaving school aged sixteen or eighteen, and for older people who do not hold a degree.

The research finds that job opportunities to join London’s financial services sector without holding a degree fall broadly into five categories:

- Ancillary
- Secretarial/Administrative
- Customer Support
- Clerical
- Technical

The requirements in each area are explored in more detail below, but it is worth making one general observation, which is that the larger and more prestigious the organisation the higher the level of achievements and ability it requires for each type of role.

In many cases, these qualifications and skills requirements may at first glance seem no different to those required by other industries, such as the retail sector for example. However, it was apparent from the interviews that while broad categories of

competence are the same (i.e. as customer support employees in other sectors require good communication skills, so do those in the financial sector) – baseline standards for admission are high and each skill is rigorously tested for at the interview stage. While this may be seen as a barrier by some recruits from less advantaged backgrounds, such standards are not set as discriminatory devices, but rather in order to maintain and enhance individual organisations' performance, and hence uphold the tradition of excellence on which the City of London's pre-eminence is based. For example, a major law firm had recently introduced a five A-C GCSE threshold for all recruits, even for those working in the post room. Similarly, a major investment bank was concerned to have the best available personnel at all levels (including such outsourced services as catering and photocopying), and ensured this by offering (directly or through its suppliers) salaries substantially above the benchmarked industry norm.

It was also notable that employers usually defined qualification requirements for first jobs in terms of 'academic' qualifications, i.e. GCSEs and A-levels. In 32 interviews only one reference was made to NVQs. However, there was some interest in sector-specific professional/vocational qualifications when recruiting to a highly specialised function such as legal secretary, or insurance technician.

Ancillary Posts

Ancillary functions are here defined as those which support or facilitate the business but which are not related to core (revenue-generating) activity and hence do not require personnel to have any specialist knowledge of the sector. For example, someone could move from a security or cleaning role with an investment bank, to one with a law firm, without requiring any re-skilling.

The large size of many financial sector institutions and the range of services offered on-site to their employees has resulted in a wide variety of ancillary roles available in City institutions. These include:

- Cleaning
- Security
- Catering
- Reprographics
- Post/despatch

Moreover, some functions are much more elaborate or diverse than elsewhere. For example, catering provision could extend to a brand name coffee bar, several staff cafeterias offering a range of cuisines, a licensed bar for staff and a fine restaurant dining facility, and hence provide a chance for entry level recruits to develop highly marketable, transferable skills.

People fulfilling these functions are employed on a variety of bases: some directly by the financial institutions themselves, some by the operator of the relevant concession or sub-contract and some by outsourcing organisations.

Of the 26 firms interviewed, 10 outsourced all of their principle ancillary functions including catering, cleaning, security and document services; these tended to be the largest employers. In almost all cases cleaning and security were outsourced, but smaller firms were less likely to have a full-scale catering function and tended to use a combination of administrative staff and external suppliers for document production. Two of the largest firms interviewed also outsourced their reception function. The clear implication of these findings is that a large proportion of people working in ancillary roles within the financial services sector are not directly employed by the institutions themselves.

Qualifications required

With the exception of one law firm, there were no formal academic qualifications requirements for most of the ancillary roles, and posts were open to school leavers as well as older people with work experience.

Soft skills

A great deal of emphasis was placed on soft skills/competencies, in particular:

- Team-working
- Communication (including good spoken English)
- Confidence

Nearly all HR officers in firms with substantial ancillary functions stated that confidence and communication skills were essential for all roles (even for such back office functions as reprographics and post). This was explained as necessary because of the demanding working environment in City firms. Ancillary staff would be working for and with ‘internal clients’, people in high-pressure jobs, who required a very high quality service in order to meet their own objectives and targets, and who were often forthright in expressing this requirement.

Work experience

In most cases, candidates do not require work experience for ancillary roles. However, recruiters acknowledged that many young people without work experience might struggle to demonstrate their soft skills at interview. In practice, therefore, an ancillary role in the financial sector was often a second rather than a first job for those who left school at sixteen.

Secretarial/Administrative

The majority of financial sector institutions still recruit directly to secretarial and administrative roles, although the number and nature of these roles has changed significantly as increased computerisation has resulted in the majority of administrative job functions being conducted electronically.

A significant proportion of vacancies at this level, particularly in accountancy firms and investment banks, are filled via agencies, and so information from financial sector employers was cross-referenced with interviews with three major recruitment

consultancies and one smaller consultancy specialising in the recruitment of administrative and secretarial staff.

In organisations such as investment banks and insurance companies which have substantial sales and broking teams, common roles include those of team administrator and team secretary. Job functions vary, but would typically include assisting or managing the production of documents and presentations, and organising meetings.

Significant, though smaller, numbers of opportunities also exist in the legal sector for specialist secretaries, who provide a comprehensive support service to lawyers, including co-ordinating legal documents. One of the larger law firms interviewed had a regular intake of around 10 junior legal secretaries per annum, in addition to ongoing recruitment at other levels.

Functions common to all companies included personal assistants (PAs) to senior executives and partners. While PA roles are open to non-graduates they do require a number of years secretarial experience, thus school leavers would not be hired straight into such a position.

Qualifications required

The secretarial and administrative roles detailed above typically require GCSE maths and English at Grade A-C as a minimum, or the demonstration of equivalent standards in the case of older and more experienced recruits. There is some variation, with some larger or more prestigious organisations looking for a minimum of 5 or 6 Grade A-C GCSEs, and some smaller companies prioritising attitude over formal qualifications.

GCSEs are sought for two reasons:

- As a guarantee that candidates have a certain level of academic competence
- To ensure adequate ability in Maths and English (although these can be of varying relative importance).

Interestingly, some recruitment consultancies working on the employers' behalf, test for literacy and numeracy, or offer further training in these areas, even where candidates hold the relevant GCSEs. This does not necessarily imply 'dumbing down' or a lowering of standards at age sixteen, although a few employers did have concerns in this area. It was more the case that the qualifications were thought not to equip recruits with particular basic arithmetic skills or business English for letter writing and other professional communications.

Recruiters of legal secretaries also valued the specialist ILEX¹ qualification, and in one case had developed a partnership with training providers to recruit ILEX-qualified entrants (see case study, Chapter 3).

Soft skills

The following soft skills – demanded at a much higher level than those sought for ancillary positions – were considered essential for secretarial and administrative functions:

- Team-working
- Communication
- Confidence
- Personal presentation

Team-working skills were considered essential because of the nature of entry level secretarial vacancies; people would be either joining a secretarial team or 'pool', or providing a dedicated service to a team of revenue-earning staff. In either case the ability to work in partnership with fellow team members to ensure work is timely and of good quality is essential to meeting the productivity requirements of the roles. Effective communication skills were required for the same reasons. Good levels of confidence and high standards of personal presentation were particularly important in cases where recruits had substantial dealings with 'clients' (either external customers of the organisations or fellow employees for whom they performed services).

¹ The Institute of Legal Executives (ILEX) is the professional body which represents Legal Executives and trainee Legal Executives and enhances their role and standing in the legal profession.

Work experience

Recruits at this level were also expected to have some work experience, with the amount required depending on both employer and role. A position as a PA would typically require a minimum of three years experience. For other administrative functions, however, work experience attained at weekends and during summer holidays might be sufficient. More prestigious employers tended to require a greater amount of experience.

Customer Support

A large number of vacancies exist within the retail banking sector for customer support staff, both branch-based and in telephone contact centres. Such opportunities are distributed across London, with contact centres located outside of the City and West End, in areas with lower commercial property values. One retail bank advised that in excess of 1,000 such jobs per annum were normally available, although numbers varied from year to year.

Qualifications required

Customer support positions typically require a minimum of GCSE Maths and English at Grade A-C, or the demonstration of equivalent standards, in the case of older and more experienced recruits. In some cases, as with secretarial roles, organisations test for literacy and numeracy, or offer further training in these areas, even where candidates hold relevant GCSEs.

Soft skills

Given that employees in customer service positions would necessarily have a high amount of contact with clients, the following soft-skills were particularly valued by recruiters:

- Communication skills/customer facing skills
- Personal presentation
- Team-working

Work experience

Although the amount of work experience required for customer service roles varied depending on the employer, it is possible to start in a customer service function for a retail bank with only holiday or weekend work experience.

Clerical

Computerisation has significantly reduced the number and range of clerical roles on offer in the financial sector. However, all sectors still had clerical positions associated with their billing and payment systems. In most cases, these functions would be familiar to someone working in another industry such as manufacturing; but, may require some specialisation which could be developed on the job (for example, mastering a specific legal billing software package). Clerical roles tend to be relatively self-contained, and offer limited interaction with a company's core business.

Qualifications required

Clerical positions in accounts departments were usually filled by people with A-levels, and with a minimum Grade B in GCSE maths. This was a reflection of the minimum level of competence sought for the roles. As with secretarial and administrative roles, some organisations test for literacy and numeracy even where candidates hold the relevant GCSEs.

Soft skills

Reflecting the importance attributed by organisations to executing clerical functions in an accurate and timely manner, recruiters to clerical positions generally valued the following soft-skills:

- Team-working
- Communication
- Precision
- Diligence

Precision and diligence were deemed particularly necessary for clerical roles. Clerical employees are expected to manipulate data using complex spreadsheets and databases, and inaccuracy or carelessness could generate significant errors which would be costly and/or time consuming to identify or correct.

Work experience

The amount of work experience required for clerical positions depended very much on the employer and the level of role. However, recruiters for a clerical role in a larger firm would typically look for between one and two years of relevant full-time work experience.

Technical

In broad terms, technical posts, like clerical roles, involve the processing and/or verification of high volumes of complex data. Technical traineeships, however, are often linked to a form of recognised qualification which can offer much scope to progress within a company's core business. As such, they are generally competitive and highly-prized.

Insurance companies recruit a number of staff to technical roles, in which they are responsible for compiling and checking the detail of complex policy documents.

Depending on the organisation, there can be scope to progress into a sales or broking position.

The technician posts and traineeships offered by several of the major accountancy firms also fall under this heading. Packages on offer vary between firms, in terms of the length of training provided and the qualifications offered, but all offer able trainees the opportunity to progress to full chartered or certified accountant status, without going to university.

Investment banks have a substantial operations or 'middle and back office' function which supports the work of the sales teams by processing transactions. Functions include settlements, confirmations and reconciliations. These positions are well paid in themselves and may offer scope to progress into a sales/trading role, hence they are highly prized as they are seen to be ideal opportunities for progression.

Opportunities also exist within the specialist teams of retail banks, such as commercial/business banking, personal banking for high net worth clients, and credit card services. These functions are based centrally, or at specialist business centres, rather than being distributed across the branch network.

Qualifications required

The qualifications demanded by employers for technical roles typically vary across different parts of the financial services sector.

The accountancy firms interviewed both specified a minimum of 280 UCAS points (equivalent to two Grade Bs and one Grade C at A-level) for admission to their programmes. They were flexible on A-level subjects but required a minimum Grade B in GCSE Maths. Candidates had previously been admitted to the technician programmes with lower A-level grades, but had struggled to pass the necessary examinations, and reconcile the demands of work and study, so a decision was taken to raise minimum admission requirements. In addition, one of the accountancy firms interviewed ran a particular scheme for top A-level students (holding Grades As and

Bs). Technicians in this programme would qualify one year ahead of other recruits, in three years rather than four years.

Most successful candidates for operations roles within investment banks were also qualified at A-level, reflecting both competence requirements on the part of the employers, and competition for roles which excluded those with fewer qualifications. Again, the larger and more prestigious the organisation, the higher the levels of qualifications required.

The specialist retail/commercial banking roles generally required people either to have A-levels, or to have demonstrated their ability through previous work (often branch-based) within the organisation. These roles had recently been re-opened to school leavers, following a period in the 1980s and 1990s when, as a matter of company policy, they were restricted to graduate entry only.

Insurance firms were generally more flexible than other recruiters at this level regarding qualifications required, although good literacy and numeracy were a prerequisite. Recruiters in this sector felt that insurance was an 'unfashionable' career choice, which was not properly understood or sufficiently well known by school leavers. Insurance firms were, as a result, less likely than other employers in the wider financial services sector to demand strong academic qualifications. However, they were increasingly likely to demand insurance-specific professional qualifications from experienced recruits.

Soft skills

The following soft skills were valued by employers recruiting to technical roles:

- Team-working
- Communication
- Confidence
- Ambition and interest in the sector
- Diligence

In terms of soft skills sought, team-working, communication skills and confidence were as important for recruits at this level as for previous categories. However, at this level, interest in personal and career development assume greater importance – human resource officers see these posts as starting points for a career rather than simply as jobs and expect that recruits will do the same. Diligence and thoroughness were also seen as important attributes, as errors made by staff in these functions (such as failure to complete an investment banking trade) could have a damaging impact on the business. In addition, recruiters preferred candidates with a real and informed interest in the sector. Such individuals were perceived to be more committed to career development, and hence to be more productive and enthusiastic employees.

Work experience

Traineeships in accountancy firms are open to talented school leavers. However, for insurance positions, such as junior underwriters or claims staff, companies preferred to recruit people with some experience of the role, and this experience was generally considered more important than academic qualifications. Professional qualifications are of increasing importance in the insurance sector due to new regulatory requirements (see Chapter 7 on Career Progression). Generally, technical roles in the banking sector also require at least two years of experience.

3. Recruitment Practices

This chapter looks at both how and where opportunities are publicised and the selection process for candidates. A wide range of recruitment practices were identified during the interviews and these are outlined in more detail below, according to the broad categories of employment as defined in the previous chapter.

Ancillary

As identified above a large proportion of ancillary roles are outsourced, with the majority of the remainder being filled through recruitment agencies. Responses from the interviews suggest that outsourcers are the only employers to use local press² as a recruitment medium. Other media or methods used by outsourcers include word of mouth and local Job Centres. Recruitment consultancies also advertised but were more likely to use the Evening Standard and the free magazines distributed at underground and railway stations, than borough-specific publications.

Typically, candidates are shortlisted on the basis of a CV, followed by a telephone screening interview. Selected candidates are then interviewed face to face by representatives of the employing (frequently outsourcing) company, which may include their contract manager at the relevant financial organisation. In other cases, there may not be direct involvement on the part of the client company itself, but strong attention is paid to matching its particular requirements by the outsourcer.

There is a particularly strong emphasis on competency based interviewing for these lower level roles, and recruiters acknowledge that such interviews may prove difficult for inexperienced, non-academic school leavers. However, it is precisely the absence of experience and qualifications that puts the focus on competencies, as they provide the only fair basis for comparison in the absence of other differentiators. Candidates may also be tested for relevant skills, for example, an alphabetising exercise for a filing position.

² Local press here means newspapers specific to a borough or area of London (e.g. Hackney Gazette, South London Press), as distinct from the Evening Standard, which was used by a number of recruiters.

Secretarial/Administrative

Most organisations interview potential candidates for their administrative and secretarial staff directly and put permanent staff on their own payrolls, although the majority source these candidates via recruitment consultancy firms. Particularly in larger organisations with high volume needs (i.e. recruiting in excess of fifty administrative staff per annum), people tend to be hired in the first instance on a temporary basis, with the option to convert them to a permanent position at a later stage if they prove a good fit for the role. The primary sources of recruitment to these roles are advertisements (in the Evening Standard, Metro, TNT) and the agencies' own websites. In some cases one consultancy will 'manage' other recruiters on behalf of their financial sector clients, widening the pool of candidates available. In addition to advertising new roles, agencies also search their existing candidate database to access suitable individuals.

Candidates are shortlisted on the basis of their skills match to the job specification. Practice varies depending on the client organisation, but in most cases agency personnel will conduct initial interviews and shortlist for a second interview by the client itself. The second interview will usually be conducted by a line manager in the same function – e.g. a senior secretary will interview someone applying for a secretarial role. In some cases, where a good personality fit is particularly important, candidates may need to meet other members of the team.

One notable exception to this approach is provided by a major law firm, which recruits its entry level legal secretaries via links with Further Education (FE) colleges.

Case study: Direct recruitment from FE colleges

Herbert Smith LLP currently works with four Further Education Colleges to recruit candidates for its legal secretary traineeship scheme. All partner colleges offer the ILEX legal secretary diploma, and were selected on the basis of the high calibre of their student intake. Recruitment for the scheme starts in November, when a team from the firm visits each college to present the scheme to students. In January, posters are distributed inviting applications with a February deadline; an initial interview and final selection day take place during March. The selection day includes tests for various relevant skills and competencies (typing, accuracy, prioritising), team building exercises, opportunities to meet people already working as legal secretaries and a talk from one of the firm's partners. Successful candidates start work at Herbert Smith LLP in August, with places usually being offered to everyone who meets the selection standards. Numbers vary, but on average, 10 people per year are recruited on this basis.

On joining, recruits undertake a three month training programme, during which they work in four different departments and are matched with 'buddies' to offer support and advice while they settle in. Upon satisfactory completion of training, recruits are offered permanent roles within the firm. They are encouraged to apply for roles within individual departments, joining the secretarial pool in the interim if nothing appropriate is immediately available.

Customer Support

Many of the customer services roles in retail banking are filled via advertisements in the branch network, but recruiters also use Job Centres, recruitment agencies and advertise locally. Candidates are usually subject to an initial telephone screening, followed by competency tests and a competency based interview.

Clerical

Most organisations also employ their clerical staff through recruitment agencies and, as such, practices are broadly in line with those identified for secretarial and administrative staff. Generally, candidates are subjected to two interviews – the first by the recruitment agency and the second by the client.

Technical

In general, companies have more direct involvement in the recruitment of their technical staff than for the other functions considered in this report.

All of the companies interviewed advertised vacancies on their own websites. This was supplemented by the use of the general press (Evening Standard), and the specialist trade press for more experienced hires, particularly in the insurance industry. Other sources included advertisements in branches (for retail banking) and sometimes through recruitment consultancies.

Those companies offering specialist training programmes, such as the accountancy firms and one of the banks interviewed, often run their own schools round, which can range from a simple poster campaign to full scale careers presentations.

Two recruiters interviewed were hoping to launch initiatives targeting nearby schools in a bid to increase diversity and develop a local workforce (although it was subsequently learned that one of these had been rejected at board level because of concerns regarding cost). However, others explained that given limited resources they were unable to work with inner London schools, as they did not produce high performing candidates in sufficient numbers.

As a minimum, candidates for these roles have two interviews with line managers and HR officers, and interviews are usually competency focused. Candidates may also be tested for particular skills. In some cases, particularly where recruiting to structured traineeships, the process is more lengthy, involving a selection day and final interviews with senior staff.

Case study: Getting a head start

BDO Stoy Hayward's newly launched 'Commercial Trainee' programme offers young people the opportunity to get a head start on a career in accountancy, without going to university. Trainees need to have a minimum of 280 UCAS points in any subjects (excluding general studies), and are selected on the basis of ability tests, competency based interviews, group exercises and a final interview with a partner.

During the first year of the programme trainees get the opportunity to learn about BDO's two main areas of work (audit and tax) through a mix of training and work experience. This year is free of exams, as its purpose is to familiarise young people with the options available, before they decide in which area to specialise. Trainees can also draw on the support of a mentor to help them through the first year.

In year two, commercial trainees will join up with the graduate intake, on the same salary scale, and enjoying the advantage of a year's practical experience and no student debt. They have the potential to become fully qualified accountants by the age of twenty-two. All feedback received from the first year's intake has been extremely positive, suggesting the scheme is set for success.

Work Experience

All recruiters were asked whether they offered work experience opportunities. While many did, the positions were usually offered on an ad-hoc basis and filled by word of mouth, limiting opportunities for young people without connections in the industry.

Recruitment methodologies

This table illustrates commonly used recruitment methodologies by job category and method of recruitment.

	Outsourcer		Recruitment Agency		Direct Recruitment by Employers		
	Advert	Job Centre Plus	Advert	Website	Advert	Website	Schools/ Colleges
Ancillary	(1)						
Secretarial/ Administrative			(2)				(3)
Customer Support					(4)		
Clerical							
Technical					(5)		

	Methodology used
	Methodology not used

- (1) Local press
- (2) Regional press
- (3) Only one example found
- (4) In branch network
- (5) Regional and trade press

4. Geographical Background of Recruits

HR staff were asked about where the people who filled entry level positions tended to come from. It should be reiterated that the roles under discussion are those typically or usually filled by people without degrees. Hence, these responses do not reflect the diversity of the financial sector workforce as a whole, or the fact that many people now living in central or inner London and commuting to work in graduate jobs in the City, were born and brought up outside London, or overseas.

No recruiter interviewed was able to provide us with a report on the home addresses or postcodes of company employees, and thus our review of where entry level employees live is based on the impressions and perceptions of recruiters, rather than on hard data. However, a strong recurrent theme emerged in recruiter responses, which was that employees in the more highly paid entry level functions were more likely to come from outer London and the home counties (particularly Kent and Essex), than from inner London.

Confirming this information, many of the young people involved in our focus groups, who were from the inner London boroughs, such as Camden, Hackney and Tower Hamlets, commented that they were the only members of their immediate peer group to be working in the City, suggesting low levels of awareness and access to the City's opportunities. This is despite the relative physical proximity of inner London residents to City and West End workplaces, and the fact that 61% of inner London residents hold the necessary GCSE qualifications, and 48% the A-level qualifications, required to reach interview stage for the majority of entry level roles.³

Recruiters explained this employment pattern largely on the basis of family traditions of financial sector employment. These helped set a precedent, and provided young people with obvious role models, whereas those without such traditions were less aware of the opportunities available, and how to access them.

³ Source: 2001 Census – ONS. These statistics are for all inner London residents aged between 16 to 74 years.

One HR officer also commented that schools and colleges – including specialist secretarial colleges – in outer London and the home counties turned out young people with the appropriate soft skills to acquire entry level financial sector roles, whereas young people from inner London tended to be ‘rawer’ or less finished.

Ancillary

The perception was that the majority of employees in these areas were from the inner London boroughs, as it would not be practical for people from further afield to take these posts because:

- Salaries were insufficient to cover high commuting costs associated with longer distances
- A number of jobs involved anti-social hours, making long distance journeys time consuming and difficult.

Secretarial/Administrative

Perceptions of where staff in this category came from were particularly interesting. Most recruiters to secretarial and administrative positions believed (NB hard data was not available) that the majority of employees came from further afield than the inner London boroughs, sometimes from outer London but most commonly from Essex and Kent.

One recruitment consultant, based in a major investment bank, commented that as many as 60% of the people she had previously placed on temporary contracts at entry level were from Australia and New Zealand. This was one of the very few references made to the City being an international employer, suggesting that this is not so much the case at entry level as at graduate level and above.

Customer Support

Generally, recruiters to customer service positions in retail banks fill a good proportion of vacancies from the local area (i.e. the inner London Boroughs), and

attributed this largely to their policy of advertising posts via the branch network. The quality of local applicants was variable.

Clerical

Like the secretarial and administrative roles described above, there was a perception that clerical employees tended to come from outside the central London boroughs, sometimes from outer London but more usually from the home counties, particularly Essex and Kent.

Technical

Again, as with secretarial and administrative roles, recruiters' perceptions were that candidates tended to come from Kent, Essex and outer London rather than the inner London boroughs – but they did not have the facility to analyse their personnel records on this basis and confirm or refute this impression. The technician schemes run by the accountancy firms interviewed recruited nationally.

Geographical background of staff

The table below summarises the background of staff, by area and job category.

	Inner London	Outer London	Kent	Essex	UK-wide
Ancillary					
Secretarial					
Customer Support					
Clerical					
Technical: - <i>Insurance</i> - <i>Accountancy</i>					

	Employees are rarely recruited from these areas
	A sizeable minority of employees are recruited from these areas
	Employees are predominantly recruited from these areas

5. Skills Shortages

Interviews with HR officers also investigated areas of difficulty in staff recruitment and retention for entry level jobs, in order to measure any perceived skills shortages. Many of the findings in this area confirmed, in part, the results of existing research. For example, as in the report published by London's Learning and Skills Councils on employers' needs (detailed in Chapter 1), it was found that many employers complained that entry level candidates often lacked 'soft' skills such as verbal communication and team-working, and basic skills such as literacy and numeracy.

Ancillary

Recruiters did not generally experience a problem with the availability of people for ancillary posts, although quality and reliability was sometimes a concern. Candidates sometimes struggled to present themselves well, and to demonstrate their suitability in a competency-based interview, even where recruiters could identify from the CV that they probably had appropriate experience which could have been applied to answering the questions.

Secretarial/Administrative

Responses here varied substantially; most recruiters who accessed administrative staff through recruitment consultancies felt that there was no issue with finding staff. However, the consultants themselves identified a variety of issues of which the most important were poor literacy and numeracy, and a lack of confidence which led individuals to present themselves poorly.

In very few cases, recruiters also found more specialist secretarial roles difficult to fill. For example, one large law firm valued candidates with good foreign language skills and had experienced difficulty finding a Swedish-speaking legal secretary.

Customer Support

In some cases, as for administrative and clerical positions, direct recruiters to customer service roles identified problems with candidates' basic skills, including business English for letter and report writing and practical arithmetic (basic mathematical calculations).

Clerical

Many recruiters accessed clerical employees through recruitment consultancies and thus felt that there was no issue with finding staff. Recruitment consultancies, however, did cite that poor basic skills and lack of confidence were sometimes a problem when recruiting for such roles.

Technical

Compared with other sectors, technical positions offered higher salary levels and therefore had more limited problems in the field of recruitment. Nonetheless, recruiters had experienced difficulty in filling technical roles for a variety of reasons.

Insurers' difficulties in recruiting to their technical posts reflected the fact that there is less awareness of the sector. In addition, they tended to prefer recruiting people with some experience, and were therefore 'fishing from a smaller pool'.

Accountancy firms had also been unable to fill all of their technician and traineeship roles. They received a reasonable number of applications, but insufficient candidates met their quality threshold. The two firms interviewed identified the most common problem as a lack of interest in and knowledge of the accountancy sector. This was despite applicants being sent substantial briefings alongside their application packs. Recruiters to these posts felt that they were being 'squeezed' by the government's targets for higher education entry. These targets rank schools and sixth form colleges according to the number of their students starting university, and thus tend to

discourage careers teachers from promoting the post A-level traineeships as an option to able students, despite the attractive opportunity they represent.

The retail banks, recruiting for central functions, and the commercial banks were not yet in a position to make general observations regarding the availability of candidates, as they had only recently re-opened these roles to non-graduates.

Skill shortages

The following table summarises skill shortages by job category.

	General ability to attract sufficient applicants	Reliability	Confidence/presentation skills	Basic skills	Knowledge of sector	Business English	Maths
Ancillary	Good						
Secretarial	Good						
Customer support	Good						
Clerical	Good						
Technical: - <i>Investment banking</i> - <i>Retail banking</i> - <i>Insurance</i> - <i>Accounting</i>	Good Information unavailable 						

	Not raised as a problem by recruiters
	Skill not required for these roles
	Occasionally a problem

6. Numbers of Jobs

Interviews with HR staff included a question about how many non-graduate jobs come up every year, and this chapter will present our findings in this area. It should be emphasised that these projections are estimates and are not based on hard quantitative data. Working on the assumption that people change jobs on average every three years, annual recruitment figures have been used to make an approximate estimate of the total number of jobs in the sector. Our estimate also assumes relative stability in job numbers over the sector as a whole – reflecting the overall balance of findings across our research. Some recruiters reported headcount freezes or redundancies in recent years, some reported that levels were stable whilst others cited substantial increases associated with particular expansion plans or new projects. As demonstrated below, numbers of jobs varied considerably depending on the type of job, sector and size of organisation.

Ancillary

All organisations interviewed deployed significant numbers of staff in ancillary positions, predominantly in cleaning and security roles. Moreover, firms often employed people to carry out other practical roles, such as setting up conference facilities and organising post rooms. In general, the larger the organisation, the wider the variety of ancillary roles on offer – large organisations tended to provide much more to their employees in terms of the quality and the quantity of services and often had in-house cafes and gyms. As such, these larger firms had significant numbers of ancillary jobs to fill. Unfortunately, as the majority of ancillary positions were outsourced, HR staff interviewed were unable to give an estimate of how many ancillary roles came up per annum (a function of turnover within roles) as they were not directly involved in recruitment to these roles.

Secretarial/Administrative

As ‘core’ employees in the financial sector now tend to carry out a significant proportion of their own administrative tasks, such as typing letters, the number of

secretarial and administrative positions on offer has declined over the past ten to fifteen years. However, as this report has suggested, secretaries still have a key support role to play in the financial sector, for example in organising meetings and producing documents. Indeed, our data suggests that the number of secretarial and administrative staff in the financial sector has stabilised, and that current demand for staff in this area remains significant.

Generally, the number of secretaries and administrative staff employed by an organisation per year tended to reflect the size of the organisation, although in some cases the smaller firms reported a slightly higher turnover of staff in this area. This can largely be accounted for by the fact that once secretaries have amassed a certain amount of experience in smaller firms, they tend to look for work in larger organisations, where they can command higher salaries.

On average, based on the data collected in our interviews, for every 100 people employed in the financial sector one secretarial or administrative role is generated per annum. This figure is an estimate, based on the HR officers' responses to a question about how many secretaries they recruit, on average, per year. Proportionally, the number of new recruits per year is lower for very large firms (ie. more than 2,500 employees). This is a reflection of lower staff turnover at these organisations, rather than lower numbers of administrative staff.

In total, our information suggests that around 3 % of employees in the financial sector work in secretarial or administrative roles.

Clerical

The number of clerical positions available in the financial sector has also declined immensely over the last twenty years, as many procedures have become computerised. However, information collected suggests that, as with administrative functions, the numbers of clerical jobs in the sector has stabilised and there continues to be a small but significant number of jobs available in this area.

On average, based on the data collected in our interviews, for every 100 people employed in the financial sector 0.5 clerical positions are generated per annum, around half the number of secretarial and administrative roles generated. Again, it should be noted that this figure is an estimate, based on the results of 32 qualitative interviews.

In total, around 1.5 % of employees in the financial sector work in clerical positions.

Customer Service

The number of customer service positions available in the financial industry varied considerably depending on the sector. In some sectors, for example retail banking or insurance, there is a particularly high turnover of customer service positions. One retail bank interviewed, which employed over 10,000 employees, claimed that it had an annual turnover of over 10% for its customer service roles.

In the course of our interviews, no HR officers referred to the 'off-shoring' of customer service positions in their companies. As a recent Corporation report makes clear, these roles in general are susceptible to restructuring and relocation. The apparent absence of evidence of recent off-shoring activity in the interviews, however, suggests that most of the jobs remaining in the City are those that depend on frequent face-to-face contact with customers and are thus not likely to be moved away for cost reasons. The major class of City-based support jobs that are most likely to be candidates for future off-shoring seem to be IT-related activities, most of which are graduate level posts.⁴

Technical

Various sectors, such as insurance, have undergone increasing professionalisation in recent years and, as such, fewer positions are available to non-graduates. Entry level candidates who do secure places on competitive recruitment programmes are supported through professional exams whilst in employment.

⁴ 'Off-shoring and the City of London', The Corporation of London, March 2005

In terms of numbers, both accountancy firms interviewed took on 20 school leavers into technical roles per annum. The larger insurance firms interviewed (with over 250 employees) all employed around 15 to 20 non-graduates every year in technical roles.

The most significant numbers of technical opportunities for non-graduates arise in the investment banking sector. Here, middle and back office posts equal or exceed front office vacancies in number with opportunities annually numbering in the hundreds.

Various retail banks are beginning to reverse the trend towards employing graduates, although the current number of non-graduates employed to technical positions in this sector remains small.

7. Career Progression

Opportunities for people joining companies without a degree to develop and progress their career varied widely from organisation to organisation and between sectors. In general, recruiters stated that it was easier to move up within a support or ancillary function than move across into organisations' core business.

This was not a reflection of the organisations' commitment to employee development which in most cases was very strong, but more to do with the highly competitive nature of the financial sector, and the high calibre of employees. In such circumstances, a non-graduate would need to demonstrate exceptional experience and ability to beat other very highly qualified candidates for a post.

The professional qualification requirement for lawyers and accountants, is of course, another deterrent to ancillary and support staff making such a move. However, it should also be highlighted that many of the institutions interviewed could point to one or two people who had achieved seniority and status within their core business areas without holding a degree. These were very much seen as exceptions and usually the result of substantial work experience and exceptional performance levels either within the organisation, or for a competitor company. Moreover, a number of HR officers commented that increasing regulation and professionalisation of the sector may further reduce the ability of entry level recruits to ancillary and support roles to progress to core positions in the future.

The commitment to training and staff development offered by the companies interviewed ranged from good (a commitment to ensuring staff had all the necessary skills and qualifications for their current post) to excellent (supporting employees in their personal career development goals and funding professional training which would allow them to develop their career and move on to other more senior posts within the organisation). Organisations' training policy usually applies to all directly-employed staff, including people in very junior roles, but excludes those employed through outsourcing firms, or on a temporary basis via recruitment consultancies. However, it is clear that the higher level or more complex the role is, the more

training that may be required. Hence someone employed in a technical role in an investment bank could expect to receive a higher level and more expensive training than someone employed in an administrative role at the same institution. Staff training needs were assessed on joining the organisation and via regular development reviews, and met by a combination of in-house and external training.

Some of the larger companies offered their employees training in the form of mentoring and job shadowing; some also offered a great variety of online training courses, and access to books, tapes, videos and CDs to facilitate distance learning. Many employers were prepared to support staff through degrees and professional qualifications, although in most cases the employee needed to demonstrate the training's relevance to his or her current role, which would of course limit the opportunities of ancillary or support staff to take advantage of such offers.

In one exceptional case the employee was simply required to prove that the course was of relevance to the business as a whole. Hence someone in HR could apply for and in theory get support to retrain in marketing or accountancy.

A number of employers had in-house training teams and resources, and interestingly this was not directly related to the size of the organisation – a relatively small company of 170 employees had a training team of three people.

Ancillary

Those working in ancillary positions are highly unlikely to move into 'core' business functions, as they tend to lack the necessary skills, abilities and qualifications. Moreover, ancillary personnel would have very limited opportunities to develop an understanding of the 'core' business areas. However, there is significant scope for ancillary staff to gain promotion into a supervisory or managerial role within their employer organisation, usually an outsourcing company rather than a financial services organisation. For example, someone starting work as a reprographics operative (photocopying) could progress to a job as team leader or manager of a large document services function.

Secretarial/Administrative

Similarly, administrative and secretarial employees seldom move into 'core' business areas and rarely go on to sit professional qualifications, although this is not unheard of. One law firm noted that it had supported and encouraged several of its legal secretaries to retrain as lawyers. However, on completion of their law degree they had been unsuccessful in their attempts to rejoin the firm on training contracts, due to the intense competition from people with stronger academic backgrounds. These people did, however, successfully secure training placements with smaller firms.

Larger firms often offer the scope for secretaries and administrators to develop their career by moving into a team leader role, or becoming a PA. Those working in smaller organisations may need to move employer in order to secure a more responsible position.

Secretarial and administrative staff often have access to relevant training in areas such as:

- Client relations/communication/presentation skills
- Software training e.g. Excel, PowerPoint, Access

Clerical

As clerical functions tend to be relatively self-contained, offering limited interaction with a company's core business, it is unusual for clerical employees to move into these 'core' business areas. However, there is scope for people to develop their careers by moving into supervisory roles.

Clerical employees would be likely to access the following training:

- Job specific training e.g. related to invoicing or regulatory requirements
- Software training e.g. Excel, Access, specialist packages

Customer Service

On occasion, customer service positions in retail banks and insurance firms did offer potential for non-graduates to move into central office functions. In fact one retail bank commented that ‘poaching’ of good quality staff from the branch network by the centre was a recurrent problem. On the other hand, employees working in call centres, rather than face to face positions, would in general be unlikely to be promoted into central office functions.

Relevant training for employees in customer service positions would be:

- Client relations/communication/presentation skills
- Software training e.g. Excel, Access, specialist packages
- Training and knowledge in financial products (as having knowledge of the products is an important element of the jobs).

Technical

Those working in technical positions are the most likely to move into ‘core’ business functions. In some cases technical roles offer the opportunity to acquire professional qualifications, while in others technical staff, have direct exposure to revenue generating functions, allowing them to develop their understanding of the sector, and demonstrate their ability and enthusiasm to managers with hiring responsibility. Growth in compliance and regulation in the financial sector is likely to have most effect on those working in technical roles.

Insurance is one area in which providing support for sales teams can present opportunities to move into a more senior sales or broking role. Opportunities to gain professional qualifications are also increasing. At the time of writing, all the insurance firms interviewed were investing heavily in training in order to meet new Financial Services Authority regulatory requirements which, from 15th January 2005, require people working in the industry to demonstrate their competence in their current role. Many employees were therefore being supported to acquire Chartered Insurance Institute (CII) qualifications.

Accountancy traineeships provide opportunities for strong career progression without a degree. People joining an accountancy firm on a technician or trainee contract aged eighteen could find that, provided they have sufficient ability, their paths will merge with those of graduate recruits. Indeed in some cases they might have a 'head start' on the graduates, achieving chartered or certified status up to 2 years younger. Although unable to cite any specific examples (perhaps because recruitment at eighteen lapsed for a number of years during the 1980s and 1990s), recruiters acknowledged that *in principle* there was no reason why someone joining at eighteen should not progress to partner level.

Back and middle office staff in investment banks may also be able to make the move into a sales or broking role by demonstrating strong levels of ability and enthusiasm. However, in most organisations the onus would be on individuals to make their case for promotion both in the formal context of performance reviews, and, more informally, by developing relationships with the relevant managers.

One European bank already ran, and another UK bank was in the process of developing an apprenticeship programme, offering work-based training combined with classroom teaching and the chance to study for technical qualifications.

Employees working in technical roles would have access to:

- Sector specific training including, in some cases, support in passing professional exams
- Client relations/communication/presentation skills
- Software training e.g. Excel, PowerPoint, Access, specialist packages.

Case study: Apprenticeship scheme

Commerzbank has been running an apprenticeship scheme since 1992, and to date around thirty-five trainees have completed the programme. Apprentices tend to be from inner city London, often from ethnic minorities or disadvantaged backgrounds.

Throughout the 2 year traineeship, apprentices study on day or block release at the European College of Business and Management. Successful candidates gain a HND in business administration, various BTECs, and a German 'Kaufman' vocational qualification. Most of their training period, however, is spent on placement at Commerzbank.

The company takes on two trainees every year. Candidates require 3 Grade Cs or higher at A-level, and basic IT skills are a bonus, as is GCSE German, which is seen as an indicator of a broader cultural awareness. Work experience of any form is also an advantage.

Commerzbank has learned that it must waive the high standards of confidence and communication skills usually required for City type jobs in order to give people from more disadvantaged areas the chance to work with them. They view enthusiasm as more important, as well as a basic knowledge of what the scheme involves.

An initial selection of candidates for the programme is made by Brokerage Citylink, and then the Bank's HR department conducts final interviews. The Brokerage also works to market the scheme to inner city London schools.

Commerzbank's apprenticeship programme has several success stories, where past trainees have moved into senior roles. The two apprentices from the 2002 intake, both of African origin, have secured permanent positions in the compliance and IT departments.

8. Salaries

Entry level salaries vary substantially from post to post. The lowest example cited was £10,000 p.a.; however this was for an apprenticeship contract involving substantial amounts of classroom training time. At the other end of the scale, secretaries in managerial positions or PAs could earn in excess of £50,000 p.a.

Ancillary

Typical starting salaries are circa £12,000 for ancillary roles (e.g. a basic job in a postroom or photocopying), increasing to around £15,000 with experience. Supervisory roles will pay in the region of £20,000 and there are a limited number of more highly paid jobs (in some cases as much as £50,000 p.a.), managing support functions either for financial services organisations or for outsourcing companies.

Secretarial/Administrative

These roles pay between £13,000 and £18,000 as a starting salary, depending on the size and prestige of the organisation. Salaries increase with experience, with more available for team leading/supervisory roles. With the exception of some managerial roles and PA positions (which might pay circa £50,000), the upper level quoted for most secretarial salaries was £35,000.

Customer Support

Entry level salaries for customer support roles in retail banking range between £12,000 and £15,000, with higher salaries on offer for team leaders. However, people joining the financial sector in this function, would probably need to move across into head office function to achieve a significant increase in earnings.

Clerical

Those joining a financial services organisation in a clerical function could expect to earn between £17,000 and £20,000, increasing to circa £30,000 with experience and seniority.

Technical

The various technical positions discussed all offer a starting salary of between £17,000 and £20,000. Increased experience, seniority and the acquisition of professional qualifications could see this increase to circa £35,000, while remaining within the same function. Where people joining in a technical role take the opportunity to move across into a 'core' (revenue generating) function, earnings potential is extremely high.

9. Key Findings

Entry level skills requirements

- Good basic skills are very important – practical literacy and numeracy are required for all but the lowest paid ancillary opportunities.
- Qualifications sought range from none (for the most junior ancillary posts) to 280 UCAS points (equivalent to 2 Grade Bs and 1 Grade C at A-level) for professional traineeships.
- Employers defined qualification requirements exclusively in terms of GCSEs and A-levels. With the exception of one firm, no reference was made to NVQs or other vocational qualifications.
- The closer the role is to the income generating oriented roles, the higher the emphasis placed on soft skills such as team-working, communication, confidence, diligence, and on good standards of personal presentation.
- In order to secure employment, candidates need not only to possess such skills but to be able to demonstrate them in a competency-based interview or testing framework.
- For those posts offering the best scope for career progression, candidates must demonstrate a real interest in and knowledge of the sector in order to differentiate themselves from other candidates.

Recruitment practices

- For ancillary posts, jobs within the financial sector are often controlled by outsourcing companies rather than the financial institutions themselves.
- For administrative/secretarial, customer support and clerical roles, the main route of entry into the sector is via recruitment consultancies.
- With the exception of ancillary and customer support roles, posts are not advertised ‘locally’. Company, careers and consultancy websites, and London-wide press are the preferred recruitment media.
- Companies usually have more direct involvement in the recruitment of their technical staff compared to other functions in the sector, through advertising

on their website, in the London-wide press and, in some cases, running their own schools rounds.

Geographical background of recruits

- Although no data is available, many recruiters perceived that those working in administrative, secretarial, clerical and technical positions tend to come from outside of London, for example from Essex and Kent.
- This is despite 61% of inner London residents holding the necessary GCSE qualifications, and 48% holding A-level qualifications, to reach interview stage for such roles.
- On the other hand, ancillary and customer service staff are often more locally based. This is mainly due to the fact that salaries for these roles were insufficient to cover the high commuting costs associated with longer distances.

Skills shortages

- Recruiters stated that candidates for administrative and secretarial, clerical and customer support positions often lack basic skills and soft skills, as well as lacking in confidence and presentation skills. In some cases, recruiters also noted that it was hard to find good quality and reliable ancillary staff.
- Candidates' lack of awareness of the sector was cited as a problem by those recruiting to technical roles.
- Generally companies do not find it difficult to recruit for more technical roles due to the high salaries offered, and the opportunities such positions offer to move into 'core' revenue-generating roles.
- However, recruiters to technical roles in the insurance sector face problems finding suitably experienced candidates.

Numbers of jobs available

- The majority of job opportunities in the financial and related business services sector are now at graduate level. However, there remains a significant number of entry level opportunities in London's financial sector.
- There are substantial numbers of ancillary roles available, fulfilling such functions as security, catering and cleaning. As such roles require staff presence on site, they are protected from the trend to 'off-shore' non-revenue generating functions.
- Secretarial and administrative positions have declined in number owing to increased computerisation, but there remains a significant number of these sorts of jobs.
- Companies interviewed reported substantial recruitment for customer service jobs. Furthermore, although many such jobs elsewhere are vulnerable to future off-shoring, those remaining in the City are those which actually require a high degree of face to face contact and cannot thus be moved elsewhere.
- Clerical roles have also declined significantly in volume because of computerisation, but numbers are now relatively stable.
- Technical job opportunities for non-graduates are on the increase, as employers (particularly banks and accountancy firms) look again at A-level entry for business areas which were restricted to graduates during the 1980s and 1990s.

Career progression

- Many roles, even in the ancillary category, offer progression opportunities and the chance to increase earnings.
- It is much more difficult for candidates to move across into core business areas (where they are competing with highly-skilled graduates) than up within a support function.
- Some A-level entry opportunities provide significant opportunities for further training, and can place trainees on a par with graduates in terms of career progression within an organisation.

Salaries

- Starting salaries are between £10,000 and £20,000 depending on the role.
- Most people in non-ancillary roles could expect to be earning in excess of £20,000 within 5 years of starting work in the City.
- There are a number of areas in which non-graduates could earn salaries of between £30,000 and £50,000, for example, in senior secretarial, clerical and technical roles and in limited cases, supervisory ancillary positions. Those in customer service positions would have to move into a head office function to earn these higher salaries.
- There are some limited opportunities for non-graduates to earn substantially higher salaries in technical roles.

10. Recommendations

Ensuring educators meet employer needs

Ensuring students have appropriate qualifications

The City employers interviewed required their recruits to achieve high standards in traditional academic subjects and qualifications. Educators should recognise this when providing course/career options advice and designing programmes of study. In particular they should:

- Continue to strive for the highest educational attainment of inner London schools and its pupils.
- Encourage students to choose traditional subjects and qualifications and support them towards excellence in these areas.
- Consider making GCSE and A-level study more readily available to people returning to education.
- In recognition that employers will only recruit candidates with high academic attainment, educators should only promote City-type financial services careers to the brightest and most able students. This will ensure that expectations are not raised which can then not be met.

Improving basic skill levels

The research has found that although employers generally have few difficulties in recruiting, some feel that there are areas where skills could be improved. For example, recruiters identified weaknesses in a number of students' numeracy and business English skills, and a number of employers have now introduced tests to screen out candidates who perform poorly in these areas. Educators could address this by:

- Introducing specialist coaching in business English and Maths, and its application to financial products and calculations.

Improving soft skills

Poor soft skills, interpersonal and team working skills and lack of confidence were frequently mentioned by the employers interviewed in this research, and have also been raised in other studies undertaken about employability issues. This problem is not only apparent during the interview process, but throughout the earlier stages of an individual's career. Employers remarked that students from inner London were particularly "raw" or "unpolished" in their interpersonal skills.

- Educators could increase the number of school activities which foster team and interpersonal skills, for example by providing public speaking opportunities or delivering team projects. This would benefit students throughout their careers.

Increasing awareness of the sector and its recruitment practices

A number of employers commented that many candidates lacked an awareness of the sector they were applying for, which was particularly a problem for technical roles. Furthermore, employers reported that financial literacy and general awareness of financial products such as pensions and mortgages, is weak amongst new recruits, hampering their career development. Recruiters also identified lower levels of applications and recruitment from certain geographical areas, and attributed this to lower awareness of how and where to access opportunities.

Educators can address this concern by working to increase awareness and understanding of the financial services sector, and how to find employment there. In particular they could:

- Ensure educators, including teachers, career advisors, information and guidance officers are aware of the opportunities in the sector and understand how to access further information.
- Provide students with more information on careers in the sector, emphasising that opportunities are not solely restricted to graduates. (As a starting point for

such information, all of the employers interviewed maintained company websites with an extensive careers section.)

- Explain the role of outsourcing companies and recruitment consultancies and the means by which they advertise financial sector vacancies to those students who are intending to leave school at sixteen, and help students to access information on these organisations.
- Recognise A-level entry into technical roles as a viable route into a well-paid financial sector career.
- Encourage students, particularly those from disadvantaged backgrounds who may be debt-averse, to consider such posts as a real alternative to university.
- Offer training in financial literacy, which would assist applicants to understand the functions of the financial services sector, and put specific jobs into context.
- Introduce mentoring schemes to help those students without family traditions of working in the financial services sector. Such programmes would provide students with role models and a better understanding of how the sector operates.
- Facilitate work experience and placement schemes and encourage employers to accept appropriate candidates.

Enhancing students' ability to perform successfully at interviews and selection days

Employers frequently remarked that students who appeared qualified for the roles on paper, let themselves down by poor performance at interview. In particular, they identified a lack of confidence (and resulting inability to communicate effectively), and an inability to answer competency-based interview questions appropriately.

Educators could address this by:

- Offering students in Years 10 and 11 more opportunities to practice and improve interview skills, particularly responding to competency type questions. This form of assistance should be an essential part of the school

curriculum, as it will partly alleviate the persistent problems many school and college leavers have presenting themselves at interview.

Raising the awareness and perception of vocational qualifications amongst employers

Employers made almost no reference to vocational qualifications during the research, yet it may be argued that many of the skills they are seeking can be equally or perhaps be better met by vocational qualifications, particularly those focusing on financial services. Whilst in the short term, it is recognised that employers will continue to express their qualification requirements in terms of traditional qualifications, over the longer term, more could be done to ensure employers have a more positive perception of, and a direct involvement in, relevant financial services vocational qualifications. This could be achieved by:

- Developing means of engaging with employers to enable positive discussion on current qualifications and how employers can input into these.
- Supporting employers in embedding vocational qualifications into their recruitment criteria.

Targeting students at ‘niches’ where employers currently struggle to recruit

The research identified two areas which offered excellent career prospects but in which employers were currently struggling to recruit. The first of these are the accountancy technician roles offered by large firms, where candidates often failed at the interview stage through being unable to demonstrate sufficient knowledge of and interest in the sector.

- Intensive coaching regarding the accountancy sector for selected students could put London’s students, particularly those from the inner London boroughs, on an equal level with candidates from elsewhere when applying for accountancy technician roles.

The second area is insurance, where employers are more flexible regarding academic qualifications, but prefer recruits to have some practical experience of the job into which they are being recruited.

- In this instance, educators may want to consider working with employers to develop and offer a practically based vocational qualification, piloted in schools and colleges.

Signpost students to Further Education (FE) institutions with established employer links, even if outside the area

Currently few of the schools and FE colleges recognised as excellent by City employers are located in inner London. The measures recommended above can help to address this issue in the medium term, but it will take time to overcome current perceptions. In the meantime:

- It may be appropriate to signpost young people interested in a City career to colleges that have already developed working partnerships with employers, even if these colleges are outside their local area.
- Use brokerage type agencies to create a pool of able students from across a range of inner London schools. This will support employers by meeting their recruitment needs but also reducing their requirement to contact a number of individual schools in inner London.

Opportunities for employers to improve the levels of local recruitment

Although very few employers identified local recruitment as a target in itself, they may find that it has a useful role to play in helping them towards their diversity goals and targets, which are increasingly a feature of financial sector organisations' human resources policy. Local recruitment can also contribute to companies' sustainability targets, through greater retention of employees who live locally. Financial sector

employers wanting to increase levels of local recruitment should consider the following actions:

- Work through local organisations such as the Brokerage to identify high flying candidates from inner city areas. Instead of working with a wide number of schools to meet their recruitment needs, employers would be able to access high calibre local candidates more directly through such organisations, which would save employers time and effort.
- Clearly articulate competency requirements to brokerage organisations and educators and trainers so they can screen and prepare people more effectively. Employers could also adapt their own interview processes to enable them to test competency skills in more creative ways, making them more comprehensive and accessible.
- Work with training providers and governing bodies to develop more appropriate and relevant training for City-type employment.
- Encourage employers to offer work experience opportunities, particularly those involving students from inner London.
- Support education initiatives which raise awareness of the sector to young people or contribute to the development of practical literacy and numeracy skills.

Revisiting government priorities for post-18 progression

Finally, there may be a role for both educators and employers to play in influencing government thinking around post-18 progression routes. There are strong arguments for high quality professional traineeships to be given equivalent status to university entry in school league tables, both in terms of their entry requirements and in terms of the career progression and earnings potential which they offer. Such a change would increase the incentive for schools and colleges to promote these opportunities, thus increasing the flow of able candidates to these positions.

Annex: Research Advisory Group

This research and its findings have been supported and endorsed by an Advisory Group. During the course of the research, the group met three times and provided expertise and useful contacts. The organisations have all given their commitment to taking the recommendations forward where possible.

The Advisory Group comprised the following organisations:

Brokerage Citylink

City Fringe Partnership

City of Westminster

Corporation of London

East London Business Alliance

Financial Services Skills Council

Job Centre Plus

Learning and Skills Councils; London East and London Central

London Development Agency

Thames Gateway London Partnership

Tower Hamlets College

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The Corporation of London

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Alongside its promotion of the business community, the Corporation has a host of responsibilities which extend far beyond the City boundaries. It runs the internationally renowned Barbican Arts Centre; it is the port health authority for the whole of the Thames estuary; it manages a portfolio of property throughout the capital, and it owns and protects 10,000 acres of open space in and around it.

The Corporation, however, never loses sight of its primary role – the sustained and expert promotion of the 'City', a byword for strength and stability, innovation and flexibility – and it seeks to perpetuate the City's position as a global business leader into the new century.

