

Report for FE Commission: Local Needs Analysis – Lambeth, Lewisham, Southwark

Business base

The combined business base across Lambeth, Lewisham and Southwark (LLS) is 35,575. However, residents are not parochially restricted to working within their boroughs and they have access to one of the largest labour markets in the world – across Inner and Outer London combined, there are over 400,000 enterprises (ranging from micro businesses to large businesses). Taking into account the South East region (352,725), there are over three-quarters of a million enterprises within the wider geographical region. And as the next section on sector growth demonstrates, it is vital to ensure residents across LLS are at the forefront of the race to secure the opportunities afforded by the burgeoning London labour market.

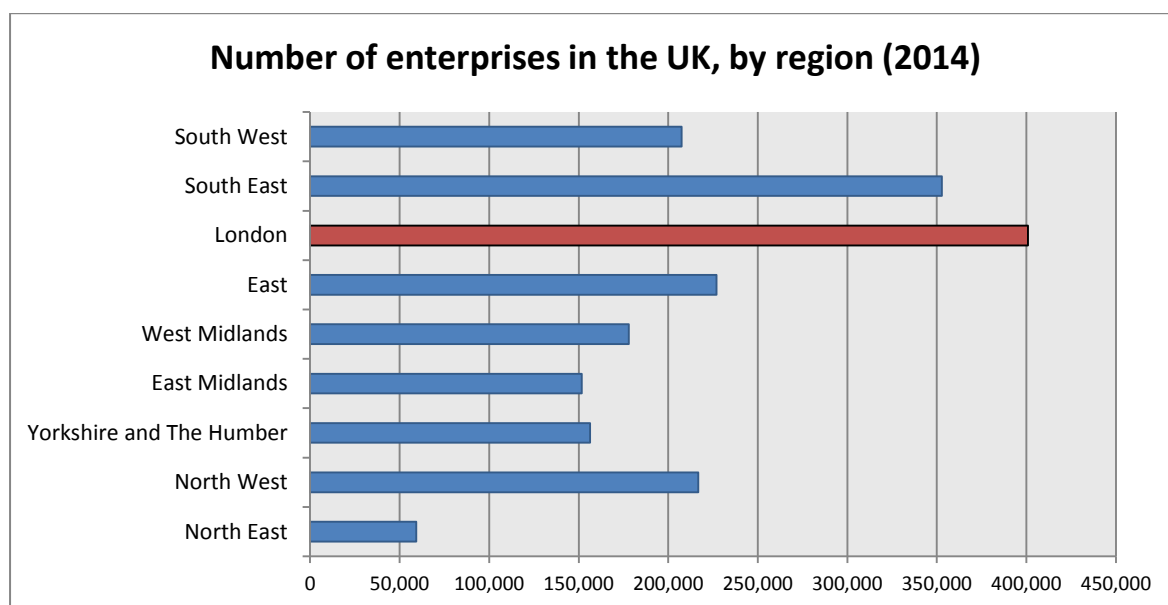


Chart 1 - ONS, Inter-Departmental Business Register (2014)

Sector growth and decline

GLA Economics have forecast that by 2036 the London jobs market will have swelled by 860,867. The predominant sectors in London will be: professional, real estate, scientific and technical activities; administrative and support service activities; information and communication; and accommodation and food service activities. Conversely, the sectors set to experience the greatest decline are: manufacturing; wholesale; transportation and storage; and public administration and defence (see [Appendix 1](#)). Whilst construction as a whole is projected to undergo a small decline London-wide, feedback from employers indicates that the decline is chiefly amongst the self-employed and contractors. In contradistinction, the scale of current and upcoming major works in and around our three boroughs (see [Impending major investments](#)) underscores an urgent need to supply skilled local labour.

Comparing these growth sectors against the sectors in which LLS residents were employed in (as at the 2011 Census) shows that the proportion of residents working in health, education and the arts far outstrips the projected proportion these sectors are expected to comprise of 2036 London economy. The proportion working in professional/scientific/technical activities,

administrative/support, accommodation/food service and information/communication all lag behind the levels of the projected 2036 London economy – highlighting the need to equip and upskill residents in order to enable them to adequately compete for the jobs being created in these sectors.

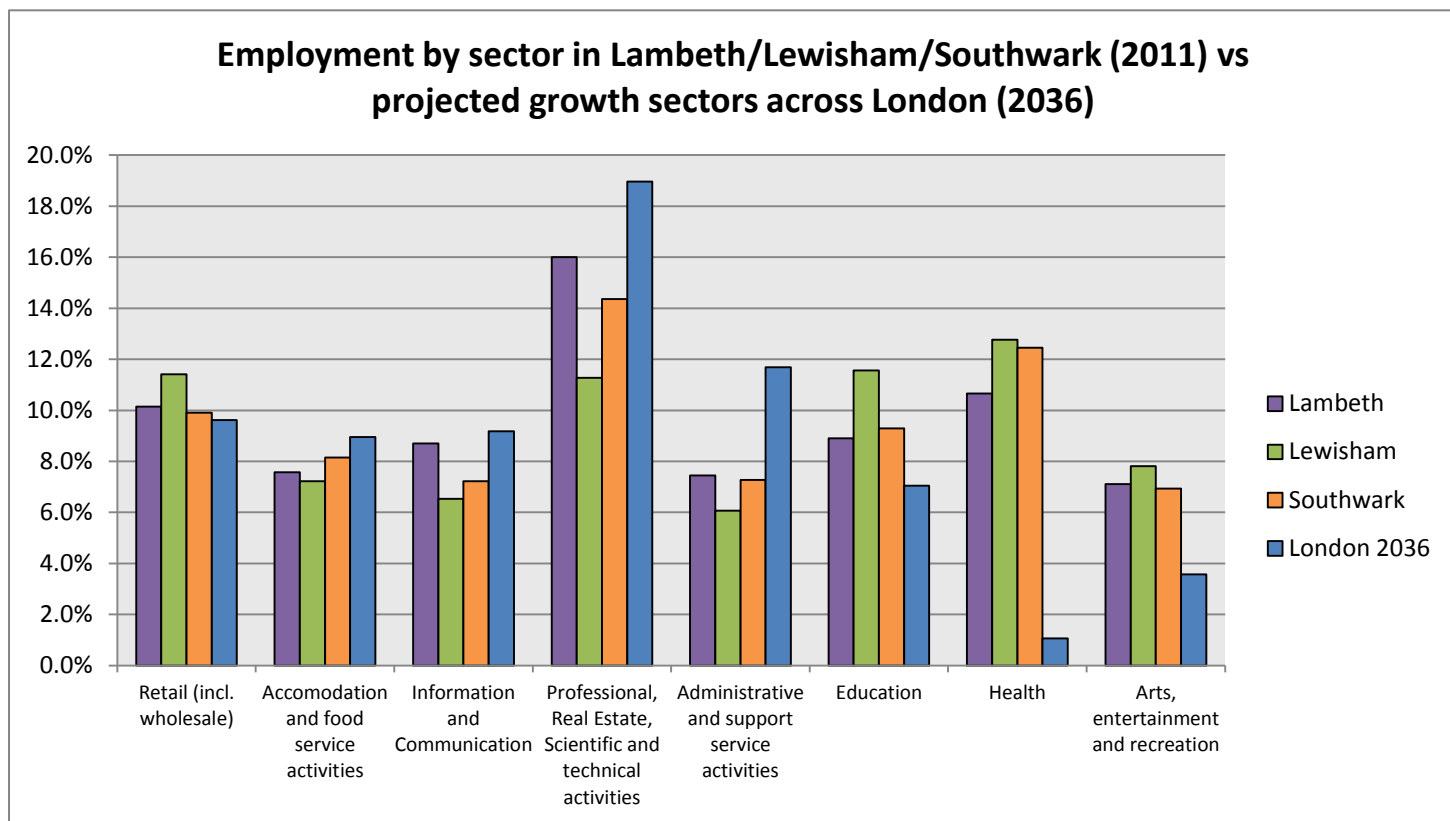


Chart 2 - borough-level sector employment rates (2011 Census) / projected proportion of London growth sectors in 2036 (GLA)

Travel to work

With the vast majority of London jobs based in the central and riverfront areas of the city, the data on travel to work patterns across the three boroughs is not altogether surprising. This, allied to geographical factors, access to the London Underground and the territories over which the boroughs stretch, explains why almost 67% of Lambeth residents and over 70% of Southwark residents travel less than 10km to work, whereas the corresponding proportion in Lewisham is 55%. This shortfall, however, is largely made up when also adding in the proportion of residents who travel between 10km-20km – by which point approximately 77% of residents in each of the three boroughs have completed their commute. This indicates the vast majority of the population work within the London economy – be it inner London or outer London (confirmed by an average of just 2.7% who travel over 30km to work).

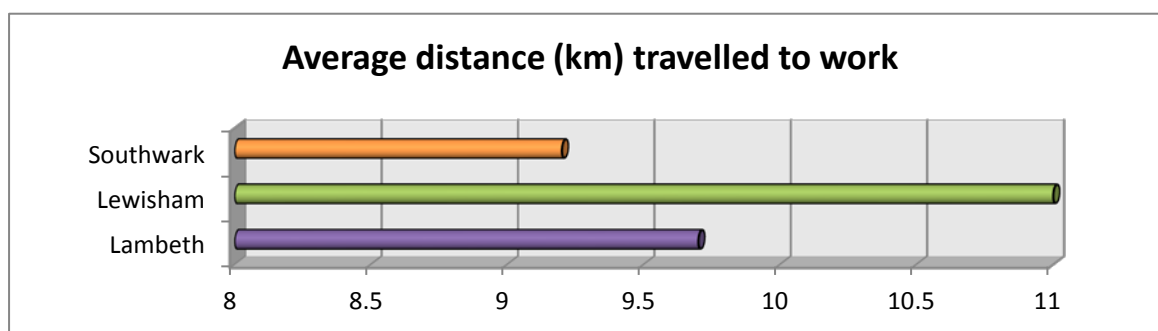


Chart 3 – distance travelled to work, 2011 Census

Impending major investments

Research commissioned by QTS indicates there is over £10.7bn worth of construction works to be completed in Southwark (£3.9bn), Lambeth (£2.5bn), Lewisham (£1.1bn) and cross-borough (£3.2bn) between 2014 and 2017. When looking at London as a whole, the capital investment is huge. There is a total projected capital investment of £62bn between 2014-2017 (£17.6bn projected for 2014, £19.4bn for 2015, £13.5bn for 2016 and £11.5bn for 2017). Combined with the Nine Elms Vauxhall development in Wandsworth, worth an estimated £20bn over 4 years, the total exceeds that of the Olympics (£8.7bn) and Crossrail (£14.8bn).



Figure 1 – projected construction works, 2014-2017

Pipeline projects identified in the LLS region include: the Shell Centre (Lambeth), Elephant and Castle (Southwark) and the Lewisham Gateway. Alongside this is the forecast construction of 20,000 to 30,000 new homes within the region. This is in addition to the Nine Elms Vauxhall development. The scale and number of programmes in the pipeline highlight the acute need for talented, appropriately skilled labour.

Unemployment rate

Mirroring both national and regional trends, unemployment has broadly declined across the three boroughs over the past 5 years. However, a sharp incline in both Lambeth and Southwark between April 2013 and March 2014 (mirrored slightly in Lewisham the year before) is cause for some concern. Similarly, the underlying data reveals that in spite of an overall downward trend, much of this is due to growth in the base population (those aged between 16-64), rather than any precipitous decrease in the number of those unemployed (for example, in Lambeth: 17,900 unemployed out of 176,800 in 2009/10 and 16,700 unemployed out of 199,500 in 2013/14).

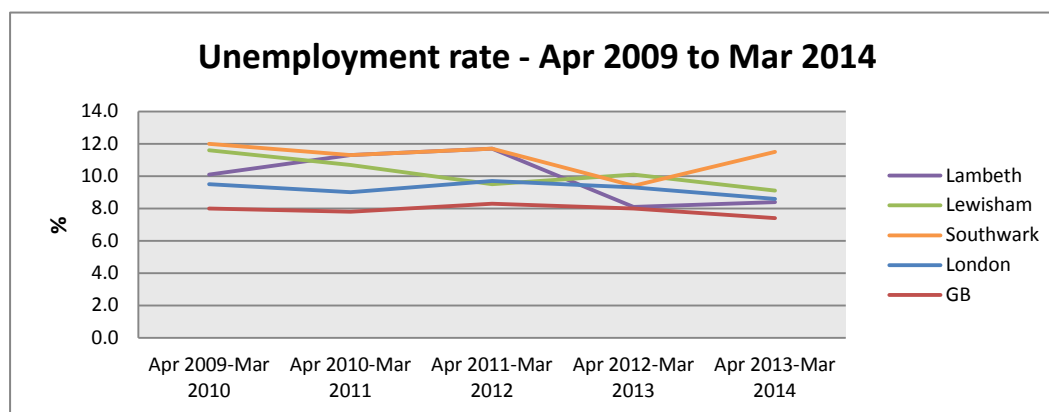


Chart 4 – unemployment rate (model-based estimates) - ONS

Skills base

There are marginal differences between the three boroughs and London in terms of the level of qualifications held by residents. All three boroughs either match or outperform the Inner London average for the proportion of residents with Level 1 or Level 2 qualifications. Whilst Lambeth and Southwark have a similar proportion of residents qualified to at least Level 4 as Inner London, there is a lower proportion in Lewisham. Both Southwark and Lewisham have a higher proportion of residents with no qualifications than the Inner London average. Though the margins are fine, the

data indicates a need to improve the skills base of residents at those margins so that they can take advantage of the opportunities offered up by the London labour market.

Qualification	Lambeth	Lewisham	Southwark	Inner London	London
No qualifications	14.2%	17.7%	16.3%	15.8%	17.6%
Level 1	8.5%	11.1%	9.4%	8.5%	10.7%
Level 2	9.8%	12.5%	10.2%	9.4%	11.8%
Apprenticeship	1.1%	1.4%	1.1%	1.0%	1.6%
Level 3	9.7%	10.8%	10.5%	10.1%	10.5%
Level 4 and above	46.6%	38.0%	43.1%	44.7%	37.7%
Other	10.1%	8.5%	9.3%	10.5%	10.0%

Table 1 – Qualification level by local authority area (2011 Census)

Ward	No qualifications (aged 16-24)
Downham	16.8%
Whitefoot	14.2%
Bellingham	14.0%
Grove Park	12.9%
Gipsy Hill	12.8%
Rushey Green	11.3%
Lewisham Central	11.3%
Coldharbour	10.7%
South Bermondsey	10.7%
Perry Vale	10.4%

A ward-level analysis highlights the impact of geographical location upon attainment; the majority of the wards with the highest proportion of 16-24 year olds with no qualifications are towards the south of Lewisham. It is crucial to ensure the further education offer across the three boroughs takes these place-based factors into account, so that those furthest away from the jobs market – both in terms of attainment and geography – are not at risk of further disenfranchisement. With large-scale local developments in the pipeline, the reshaping of the local FE offer must focus on ensuring a consistent flow of talented, skilled local labour towards these impending opportunities.

Table 2 – qualification by ward and age (Census 2011)

Alignment to LEP priorities

The aim to ensure local residents are adequately skilled to the commensurate level and in the disciplines required by employers is aligned with the London LEP ambition of developing Londoners' employability: "dramatically scal[ing] up efforts to ensure that everyone who grows up in London is equipped to compete for jobs in a changing and increasingly competitive labour market."¹ There is further resonance with the LEP priority on skills and employment: "In order for London's economy to grow, employers need to have a workforce with the knowledge, experience and skills to help them run and expand their operations."²

The employer perspective

There are opportunities for realignment between the supply of skills in the tri-borough area and the demand of employers and businesses. A report prepared by Economic Modelling Specialists International (EMSI) (see [Appendix 2](#) for full data) for Lewisham Southwark College shows subject areas where the courses at Lewisham Southwark College are most sufficiently meeting local labour market needs (once the flow of JCP claimants are factored in) are: Horticulture (102%), Building and Construction 'not elsewhere classified' [n.e.c.] (94% - though an analysis of the types of courses and specific disciplines being offered indicates a mismatch in adequate levels of study and in supplying

¹ [London 2036: An Agenda for Jobs and Growth](#) – London Enterprise Panel

² https://lep.london/content_page/our-work-and-priorities

the market with people who possess the right skills), IT User Skills (92%), Transportation Operations and Maintenance (91%), and Customer Services (90%).

The top five subject areas where the College supply points to an oversupply into the labour market are: Painting and Decorating (479%), Floorcovering Occupations (303%), Plastering (293%), Bricklaying (235%), and Floristry (191%).

Subject areas where there appears to be undersupply into the labour market in the College's catchment area include Business Management n.e.c. (1%), Hairdressing (2%), Accounting and Finance (11%), Mathematics (15%), Performing Arts (17%), ICT Practitioners (20%), Media and Communications n.e.c. (21%), Public Services (23%), Travel and Tourism (23%), Hospitality and Catering (24%), Engineering (24%), Applied Science (26%), Health and Social Care (27%), Crafts, Creative Arts and Design (39%), Education Support (41%) and Sports, Leisure and Recreation (46%), and Business Administration (62%).

As part of the aforementioned QTS research, data was gathered pertaining to the number and types of workers required to complete the construction projects up to November 2018 across the three boroughs (and including nearby Nine Elms Vauxhall). The table at [Appendix 3](#) lists the top ten trades and estimated volumes required. This data determined that the labour requirement for the entire area is 32,579. The training requirement (those who need to be in competency-based training) would be 6,515 (5% of the 32,579). The current number needed to be in training is 1,629. The competency-based training deficit (the numbers of workers who should be in training but are not) is therefore 4,889 workers or, calculated as a percentage of the deficit, 75%. This deficit demonstrates that there is a particular problem in LLS, compared to the London region deficit of 51%.

Research commissioned by LLS and delivered by the Centre for Economic and Social Inclusion (CESI) in 2013 on the supply and demand of skills across the three boroughs (as shown in tables 3.1 and 3.2 below) highlighted a proliferation of short courses at Level 1 and a number of courses covering subjects that did not match those needed for current and future occupations. Furthermore, there was a paucity of starters for the types of higher level courses employers look to for workers. Taken as a whole, the data highlights dissonance between the supply of skills in the region and those sought by the employer base.

Course Count

Course type	Level						Total	%
	Entry	Level 1	Level 2	Level 3	Level 4+	Unknown		
A, AS, A2 Levels	0	0	0	38	0	0	38	4%
Advanced Apprenticeships	0	0	0	12	0	0	12	1%
FE long courses	52	86	144	118	6	2	408	45%
FE short courses	54	95	70	15	8	2	244	27%
FE very short courses	21	38	16	0	2	0	77	8%
Intermediate Apprenticeships	0	0	27	0	0	0	27	3%
Workplace Learning	0	0	68	34	0	0	102	11%
Total	127	219	325	217	16	4	908	100%
%	14%	24%	36%	24%	2%	0%	100%	

Sum of starters

Course type	Level						Total	%
	Entry	Level 1	Level 2	Level 3	Level 4+	Unknown		
A, AS, A2 Levels	0	0	0	130	0	0	130	0%
Advanced Apprenticeships	0	0	0	0	0	0	0	0%
FE long courses	2,880	2,970	3,910	1,850	50	260	11,920	39%
FE short courses	4,990	3,360	3,350	400	140	0	12,240	40%
FE very short courses	400	2,720	700	0	0	0	3,820	13%
Intermediate Apprenticeships	0	0	100	0	0	0	100	0%
Workplace Learning	0	0	1,910	420	0	0	2,330	8%
Total	8,270	9,050	9,970	2,800	190	260	30,540	100%
%	27%	30%	33%	9%	1%	1%	100%	

Tables 3.1 & 3.2 – course types, levels and sum of starters across LLS region, 2012-13 (South London Tri Boroughs Skills and Jobs Matching – CESI)

The CESI research also emphasised the problem of inadequate provision at Level 3 and above across the region:

Local Authority of Provider (Main Address)	Provider (more than 1,000 learners)	Below Level 2	Skills for Life	Level 2	Full level 2	Level 3	Full level 3	Level 4 and above
Lambeth	LAMBETH COLLEGE	17%	25%	19%	15%	14%	10%	1%
Lambeth	MORLEY COLLEGE LIMITED	65%	10%	14%	1%	8%	2%	-
Lambeth	NACRO	52%	40%	6%	2%	-	-	-
Lambeth	LAMBETH LONDON BOROUGH COUNCIL	10%	85%	4%	1%	1%	-	-
Lewisham	LEWISHAM COLLEGE	15%	21%	24%	21%	9%	9%	0%
Lewisham	CHRIST THE KING SIXTH FORM COLLEGE	16%	5%	31%	2%	29%	17%	-
Lewisham	LEWISHAM LONDON BOROUGH COUNCIL	16%	58%	15%	6%	3%	3%	-
Southwark	SOUTHWARK COLLEGE	11%	20%	30%	21%	8%	8%	0%
Southwark	SOUTHWARK LONDON BOROUGH COUNCIL	10%	78%	10%	2%	-	-	-

Table 4 – skills provision across LLS region, 2012-13 (South London Tri Boroughs Skills and Jobs Matching – CESI)

This again highlights alignment problems between the provision of courses and the requirements of the labour market. Alongside data which shows a preponderance of short courses and the subjects needed for current and future job demand, the pressures on FE colleges are eminently clear.

Subject area	Occupations matched to subjects by volume 2013 %	Occupations matched to subjects by volume 2020 %	No of college courses	%	No of starters	%
Business Management	16%	17%	53	6%	1,470	5%
Administration	11%	9%	48	5%	630	2%
Preparation for Work/Foundations for Learning and Life	10%	10%	213	23%	15,510	51%
Health and Social Care	8%	9%	55	6%	2,380	8%
Accounting and Finance	5%	5%	27	3%	940	3%
Media and Communication	5%	5%	16	2%	70	0%
Nursing & medical Subjects/Vocations	4%	5%	2	0%	60	0%
Teaching and Lecturing	4%	4%	13	1%	140	0%
Retailing and Wholesaling	4%	3%	3	0%	130	0%
ICT for Users	3%	4%	33	4%	1,310	4%
ICT Practitioners	3%	4%	22	2%	620	2%
Marketing and Sales	3%	3%	3	0%	30	0%
Manufacturing Technologies	3%	3%	2	0%	0	0%
Public Services	3%	3%	14	2%	570	2%
Hospitality and Catering	3%	2%	31	3%	220	1%
Transportation Operations/Maintenance	2%	2%	7	1%	60	0%
Child Development and Well Being	2%	2%	20	2%	210	1%
Sport, Leisure and Recreation	2%	2%	30	3%	1,140	4%
Law and Legal Services	2%	2%	4	0%	0	0%
Travel and Tourism	1%	1%	14	2%	80	0%
Medicine and Dentistry	1%	1%	1	0%	130	0%
Other Languages, Literature and Culture	1%	1%	23	3%	150	0%
Crafts, Creative Arts, and Design	1%	1%	20	2%	110	0%
Engineering	1%	1%	31	3%	1,080	4%
Science	0%	0%	17	2%	300	1%
Sociology and Social Policy	0%	0%	2	0%	40	0%
Building and Construction	0%	0%	99	11%	1,650	5%
Urban, Rural and Regional Planning	0%	0%	1	0%	40	0%
Horticulture and Forestry	0%	0%	2	0%	30	0%
Performing Arts	0%	0%	26	3%	180	1%

Table 5 – subjects for current and future job demand, 2012-13 (South London Tri Boroughs Skills and Jobs Matching – CESI)

There is a worrying lack of supply for the future growth sectors, and almost half of all starters are enrolling onto Preparation for Work/Foundations for Learning and Life. There is pressure on colleges to keep courses short and popular so that payments can be quickly claimed upon completion. In large part, this reflects the way in which funding rules work, discouraging providers from putting on longer courses where there is a risk people may drop out before completion. The perversity of this is that it

becomes riskier to enrol learners who are likely to drop out – single parents, those with criminal records, and even those who are likeliest to find employment. Colleges also face supply/demand pressures from the learner marketplace, in that young learners do not want to study courses perceived as boring or uninteresting. In order to remain viable, therefore, colleges must respond to demand from learners for short courses and specific areas (e.g. hairdressing), otherwise private providers will fill the gap and colleges will face a funding shortfall. Once again, the perversity of this is that it entrenches a sharp divide between the supply of skills and the demand of employers. Unpicking this supply/demand relationship and rebalancing it is central to ensuring a supply of high-quality skills provision to meet employer demand and equip residents for the jobs of the future London labour market.

Summary

- Large employer bases in Lambeth and Southwark; smaller in Lewisham.
- Small and medium enterprises dominate in all three boroughs.
- Professional, real estate, scientific and technical activities; administrative and support service activities; information and communication; and accommodation and food service activities are forecast to grow to 2036 across London.
- Manufacturing; wholesale; transportation and storage; and public administration and defence are set to wane.
- Construction forecast to decline slightly across the city by 2036, but local programmes over the coming years are worth over £10bn (over £30bn when Nine Elms Vauxhall is factored in) and have begun to sharpen the demand for skilled local labour.
- The overwhelming majority of residents in the three boroughs work within the London economy. Those located further south, with no access to the Underground, face longer commutes.
- Residents across the three boroughs are well-qualified, with strong cores of people qualified to and beyond Level 4.
- However, data points to a stratum of residents with no qualifications – and further analysis points to a number of wards with a high proportion of residents with no qualifications (again chiefly towards the south).
- It is crucial to ensure the further education offer across the three boroughs takes these place-based factors into account, so that those furthest away from the jobs market – both in terms of attainment and geography – are not at risk of further disenfranchisement.
- The reshaping of the local FE offer must focus on ensuring a consistent flow of talented, skilled local labour towards the impending opportunities provided by the London labour market and by the large-scale regeneration work across the three boroughs.
- Ensuring local residents are adequately skilled to the commensurate level and in the disciplines required by employers aligns with the London LEP ambition of developing Londoners' employability so that "everyone who grows up in London is equipped to compete for jobs in a changing and increasingly competitive labour market".
- Research highlights the misalignment between the supply of skills in the region and the demands of employers. Whilst market needs are met and even surpassed for certain sectors, others are woefully undersupplied.
- Even with sectors that appear to be adequately supplied, such as construction, further analysis demonstrates a mismatch between courses on offer (too short, pitched at the wrong level, not covering the right disciplines) and the skills employers are seeking.

- A future needs analysis of the construction labour demand in the area, brought on by the wave of large-scale development, highlights a supply deficit of 75% (compared to a London region deficit of 51%).
- The primary goal must therefore be a systematic realignment between the supply of skills in the tri-borough area and the demand of employers and businesses.

Appendix 1 - GLA Economics, London Employment Projections (2013) to the year 2036

Sector	Growth/contraction
Professional, Real Estate, Scientific and technical activities	421,686
Administrative and support service activities	210,045
Information and Communication	168,186
Accommodation and food service activities	158,065
Health	61,232
Education	52,464
Other services	51,958
Arts, entertainment and recreation	41,415
Retail	18,600
Construction	-6,595
Primary & utilities	-18,034
Financial and insurance activities	-21,731
Public Admin and defence	-48,331
Transportation and Storage	-65,846
Wholesale	-66,116
Manufacturing	-95,132
All sectors	860,867

Source: <http://data.london.gov.uk/dataset/gla-employment-projections>

Appendix 2 - Comparison between Jobcentre Plus Claimants, Lewisham Southwark College Course Completions by Subject Area and Market Demand

Discipline /SSA3	Demand		Supply		Supply / Demand Ratio
	2014-19 Annual Openings	College Completions	JC+ Claimants 2014		
Accounting and Finance	14,669	265	1,288	11%	
Accounting	7,335	167	644	11%	
Bookkeeping	7,335	98	644	10%	
Agriculture	821	8	522	65%	
Land Based Studies	821	8	522	65%	
Horticulture & Forestry	353	27	365	111%	
Horticulture	316	3	318	102%	
Floristry	37	24	47	191%	
Business Administration	18,996	531	11,153	62%	
Business Administration.	11,243	354	7,462	70%	
Typing and Information Processing	986	74	215	29%	
Property and Facility Services	3,342	15	488	15%	
Customer Service 1	3,425	88	2,989	90%	
Building and Construction	6,066	557	5,133	94%	
Building and Construction n.e.c.	453	35	146	40%	
Bricklaying	67	67	90	235%	
Carpentry	235	62	230	124%	
Construction	3,805	227	2,934	83%	
Plumbing	371	41	230	73%	
Plastering	56	34	131	293%	
Electrical and Electronic Technology	856	36	409	52%	
Painting and Decorating	195	40	893	479%	
Floorcovering Occupations	28	15	71	303%	
Business Management	160,269	347	7,157	5%	
Business Management.	16,930	9	2,814	17%	
Business Management n.e.c.	123,065	159	1,181	1%	
Business	20,274	179	3,163	16%	
Child Development and Well-Being	1,655	159	1,189	81%	
Crafts, Creative Arts and Design	4,095	203	1,410	39%	
Art and Design	1,319	160	535	53%	
Applied Art and Design	2,308	24	636	29%	
Fashion and Textiles	467	19	238	55%	
Education Support	1,635	12	660	41%	
Engineering	1,731	88	332	24%	
Engineering (General)	1,731	88	332	24%	
Foundations for Learning and Life	399	37	189	57%	
English Language and Literature	399	37	189	57%	
Health and Social Care	19,164	501	4,710	27%	
Health and Social Care.	9,710	346	1,856	23%	
Care Services	9,127	140	2,794	32%	
Counselling	327	15	60	23%	

Source:

Discipline /SSA3	Demand		Supply		Supply / Demand Ratio
	2014-19 Annual Openings	College Completions	JC+ Claimants 2014		
Hospitality and Catering	14,012	172	3,160	24%	
Cookery and Catering	3,986	89	847	23%	
Tourism and Hospitality	1,875	60	226	15%	
Food and Beverage Services	8,152	23	2,087	26%	
IT User Skills	1,436	495	826	92%	
ICT Practitioners	15,660	213	2,902	20%	
IT/Computing	9,100	183	1,540	19%	
ICT Systems Support	6,559	30	1,362	21%	
Mathematics	533	61	19	15%	
Media and Communication n.e.c.	3,893	36	763	21%	
Performing Arts	7,924	281	1,044	17%	
Performing Arts.	641	142	380	81%	
Stage Management	1,783	14	545	31%	
Music	5,499	125	119	4%	
Public Services	13,267	317	2,731	23%	
Housing and Property Services	4,023	48	523	14%	
Public Services.	6,324	261	1,172	23%	
Security Operations	2,920	8	1,037	36%	
Applied Science	954	32	212	26%	
Science (General)	666	29	141	26%	
Science n.e.c.	288	3	71	26%	
Service Enterprises in Hair & Beauty	17,503	200	935	6%	
Hairdressing	15,292	49	284	2%	
Hairdressing and Beauty Therapy	1,562	17	431	29%	
Beauty and Complementary Therapies	649	134	220	55%	
Transportation Operations and Maintenance	319	51	240	91%	
Automotive Maintenance and Repair	243	1	220	91%	
Aircraft Operations	76	50	19	91%	
Travel and Tourism	1,508	91	257	23%	
Sport, Leisure and Recreation	2,988	202	1,166	46%	
Sport	904	123	382	56%	
Sport, Leisure and Recreation n.e.c.	1,434	13	582	42%	
Fitness Instruction	252	55	169	89%	
Leisure Management	398	11	33	11%	

Source: EMSI Covered Employment - 2015.1

Appendix 3 - Labour requirement and training requirement by trade area, to deliver the pipeline of projects for 2014-17 across tri-borough and Nine Elms Vauxhall

Trade	Lambeth	Southwark	Lewisham	Tri-borough	Tri-borough peak profile	NEV	Total incl. NEV	Profiled peak total incl. NEV	Annual training demand (lower estimate)	Annual training demand (upper estimate)
Wood trades and interior fit-out	2,236	2,723	1,031	5,990	5,054	1,051	7,041	6,105	305	352
Plumbing, heating, vent & air con	1,420	1,733	654	3,807	3,209	685	4,492	3,894	195	225
Electrical installation	1,386	1,685	636	3,707	3,132	667	4,374	3,799	190	219
Painters & decorators	1,101	1,338	504	2,943	2,478	668	3,611	3,146	157	181
Labourers	981	1,195	453	2,629	2,212	455	3,084	2,667	133	154
Building envelope	811	985	372	2,168	1,830	479	2,647	132	115	132
Bricklayers	735	894	341	1,970	1,667	730	2,700	135	120	135
Non-construction operatives	615	753	283	1,651	1,383	n/a	1,651	83	69	83
Civil engineering operatives	497	602	227	1,326	1,113	362	1,688	84	74	84
Specialist building operatives	482	587	222	1,291	1,080	n/a	1,291	65	54	65
Total for top ten	10,264	12,495	4,723	27,482	23,158	5,097	32,579	20,110	1,412	1,630

Source: QTS Ltd: South London Construction Training Network report, February 2015