

<b>Item No.</b> 15.	<b>Classification:</b> Open	<b>Date:</b> 13 December 2016	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Refresh of Southwark's Economic Wellbeing Strategy 2017-2022	
<b>Ward(s) or groups affected:</b>		All wards	
<b>Cabinet Member:</b>		Councillor Johnson Situ, Business, Employment and Culture	

## **FOREWORD - COUNCILLOR JOHNSON SITU, CABINET MEMBER FOR BUSINESS, EMPLOYMENT AND CULTURE**

In 2012, Southwark council's cabinet adopted a new Economic Wellbeing Strategy; at the time we set out to support our residents through tough economic times. We re-prioritised the council's efforts to support local economic growth, made the council open for business and helped residents into work. Almost five years in and half way through our strategy life term we're seeing our efforts pay off. Southwark now has record numbers of residents in employment, dozens of businesses paying the London Living Wage and we've seen the creation of a Business Forum. Every day we are demonstrating that we are a borough that is open for business and will promote and support economic wellbeing.

However, though the challenges facing our local economy have changed, they still exist; the downturn in the economy has been replaced by the economic implications of the UK leaving the EU. Digital innovation has brought about small scale entrepreneurship, and spurred an on-demand 'gig economy' which is creating exciting economies and unleashing creativity. But it is also raising hard questions about workplace protections and what a good job will look like in the future. Finally sustained pressures to local council budgets have meant we will need to continue to focus our efforts on supporting residents at risk of being left behind.

Now, more than ever, we will help families, individuals and businesses through the challenges that the current economic climate brings. Being at the heart of London brings lots of opportunities – including locally through our major regeneration projects.

This refresh outlines the strategy we will work with partners to achieve over the next five years.

### **RECOMMENDATION**

1. That the cabinet approves the proposed refresh of the economic wellbeing strategy for 2017-2022 (Appendix 1).

### **BACKGROUND INFORMATION**

2. The economic wellbeing strategy for 2012-2020 was approved by the cabinet in November 2012. It set out the council's ambitions under four headings and our strategy to work with partners to achieve them:
  - Employment – narrowing the gap with the London employment rate

- Southwark – the place of choice to start and grow a business
  - Thriving town centres and high streets
  - Promoting financial wellbeing and independence.
3. Since the strategy was adopted, much has been achieved towards delivering on these ambitions. Southwark's employment rate now stands at its highest this century, above that of London; there are 25% more businesses in Southwark than in 2012; our town centres and high streets are benefitting from new investment; and the number of residents dependent on working-age benefits is falling faster in Southwark than in both London and the rest of the country.
  4. Over the same period, there have been significant changes in the economic and policy contexts which frame the strategy. Developments in national, London and local government have introduced new policy trends, much detail of which is still emerging, including welfare reforms, the apprenticeship levy, the area-based review of skills and the localisation of business rates. These reframe many of the key economic challenges and opportunities facing the borough, its residents and businesses. The uncertainty created by the recent referendum decision to exit the EU has also brought about new strategic challenges and opportunities for the council and our partners, as we continue to pursue economic growth and wellbeing in the borough.
  5. Throughout these transformations, the fundamentals of the current strategy have remained sound. Raising employment, growing our business base, supporting high streets and town centres and promoting financial wellbeing continue to be at the heart of the council's approach to economic wellbeing in Southwark. The refreshed strategy proposed in this report at Appendix 1 therefore builds on the solid foundation set in 2012. It has been updated to reflect the new economic and policy context and, along with the refreshed Council Plan for the period 2016-2018, it sets our ambitions looking forward to 2022.

## **KEY ISSUES FOR CONSIDERATION**

6. The strategy has been brought up to date to address current and projected future needs, which have been assessed from a range of sources and evidence bases. Labour market data highlights that the key strategy objective to narrow the gap with the London employment rate has been met, with Southwark's employment rate now above that of London. Yet economic instability could threaten this achievement. We also continue to face the significant challenge of supporting residents into sustainable employment who haven't benefited from the improved labour market conditions, particularly the more vulnerable and those furthest from the labour market, while equipping residents of all ages with the skills required by employers to enable rewarding and well-paid careers.
7. The skills and apprenticeship landscape has moved on substantially since the strategy was first adopted, and the refreshed strategy reflects our increased work with business and education providers under this agenda. The strategy refresh is timely in setting new and higher expectations of local provision, as the area review of skills completes its findings, establishing clear expectations for a high-quality and accessible further education and skills offer in the borough, with a broad curriculum that is responsive to employer needs and provides a route to a rewarding career.

8. Welfare reforms continue to reduce some of our most disadvantaged residents' spending power, while costs of living, including housing and childcare, continue to rise. The council's leading work on pay and the cost of living, set out in the recent report "Local action towards a Living Wage" has been integrated into the strategy, placing fair pay, gender pay equality and working conditions at the heart of our approach to economic wellbeing in the borough. For those who are moving towards employment and whose income is affected by welfare reforms, the refreshed strategy reflects the need for a universal support offer in the borough, with the council at its centre.
9. Southwark is leading with our partners on developing a local response to the devolution of powers relating to skills and growth to the Mayor, and the refreshed strategy reinforces the opportunities and challenges this represents to the borough, with the Work and Health Programme presenting the next significant opportunity to influence this agenda. Sub-regional partnerships, such as the Better Placed initiative with Lambeth and Lewisham councils, are demonstrating the effectiveness of local authorities working jointly to tackle shared agendas for employment, skills and growth. Implications for the borough arising from the Chancellor's Autumn Statement will be further analysed to help shape onward implementation of the refreshed strategy.
10. The strategy also responds to the planned increased devolution of business rates to local government, and the fundamental change to local government funding and the relationship between the council and its businesses that this represents. The refreshed strategy builds on the work done so far in growing the council's strategic engagement with business voices through the Southwark Business Forum, BIDs and wider networks, bringing the council's relationship with business and strategies for business growth further to the fore.
11. Since the adoption of the strategy in 2012, the council has embarked on the development of the New Southwark Plan, including a new employment land review for the borough and the Old Kent Road has been designated an Opportunity Area in the London Plan. The council's own regeneration programmes in Elephant and Castle, Peckham and elsewhere have also gained pace. The refreshed strategy is clear on the need to promote the development of land for business uses in the borough and drive growth, particularly in the Central Activities Zone and our town centres, if we are to continue to enjoy the growth in local businesses and jobs that the borough will need in years ahead.
12. In November 2016, the cabinet adopted the refreshed Council Plan, with revised targets and milestones up to 2018. The themes of 'Strong local economy', 'Revitalized neighbourhoods' and 'Best start in life' are embedded strongly in the refreshed Economic Wellbeing Strategy. This reflects the commitment to these themes, including the key Council Plan targets:
  - Keep council tax low
  - Deliver value for money in council services
  - Make sure young people are ready for work
  - Guarantee education, employment or training for every school leaver
  - Deliver an hour's free parking in our shopping parades
  - Open a credit union account with a £10 opening deposit for every 11 year old
  - Deliver good money advice for secondary school students
  - Establish a Southwark Business Forum

- Stop the spread of pawnbrokers, betting shops, gambling machines and pay day lenders
- Invest in more affordable business space, street markets and encourage pop-up shops to help start up businesses
- Support 5,000 local people into jobs
- Create 2,000 new apprenticeships
- Make sure local residents benefit from new jobs and apprenticeships
- Award scholarships to local young people from low income backgrounds to study art foundation courses
- Support business improvement districts including around the Blue in Bermondsey
- Enhance and expand affordable studio and performance space.

The refreshed strategy also reflects the Council Plan's acknowledgement of the positive change of direction of Southwark's employment rate and business growth. It also captures the council's commitment to regeneration of town centres and high streets, and support for Southwark's most vulnerable residents.

### **Making it happen - delivery**

13. The new strategy sets a series of ambitions and planned actions in four updated sections:
  1. Employment and skills - A full employment borough with a job opportunity for every resident who wants to work
  2. Business - A growth borough, where business thrives and prospers
  3. Thriving town centres and high streets - Dynamic, diverse, digital centres that are great places to visit, spend time and enjoy
  4. Financial wellbeing - Helping people to grow their incomes and ensuring a fair day's pay for a fair day's work.
14. Each section's ambitions and planned actions lay the foundations of a framework for continuing to support a strong local economy. The instability created by the EU referendum reinforces the need for clear local leadership in setting a direction for inclusive economic growth and the refreshed strategy forms a timely response. In the current climate of uncertainty, the strategy reflects the need for flexibility to respond to new challenges and also take advantage of new resources and partnership opportunities that become available over the period to 2022. Our next steps will involve building on our implementation plans under the current strategy and we will extend our engagement with partners to identify opportunities for further action.
15. The council has already set in motion a number of actions in delivery of these ambitions, which include but are not limited to:
  - Leading on promotion of the London Living Wage locally through our Living Wage Symposium and report "Local Action Towards a Living Wage", the Southwark Apprenticeship Standard, the ethical care charter and the SEEDS (Southwark Employment and Enterprise Development Scheme) project.
  - Establishing the Southwark Business Forum to grow relationships with major local employers and more effectively consult private sector corporate partners on issues affecting business in the borough.

- Using its leadership and influence to drive effective devolution at the city and borough level and shape the opportunities for improvements in local delivery through the Better Placed initiative.
  - Creating quality apprenticeships through the Southwark Apprenticeship Standard, setting the standard for quality apprenticeships in Southwark, addressing secure employment, payment of the London Living Wage, quality training provision, and mentoring and support. Providing direct support for local businesses, linking business support to apprenticeship creation at all skill levels and lobbying for the use of the apprenticeship levy to support small businesses. Promoting these opportunities to residents through media campaigns and provision of pre-apprenticeship support.
  - Commissioning of the Southwark Construction Skills Centre at Elephant and Castle in partnership with Lendlease, which supports Southwark residents with the skills needed to enter and build a career in construction, as well as developing opportunities for partnerships across sectors with schools and in further and higher education.
  - Building on our employment programmes such as Southwark Works, supporting over 3,000 people into work since 2014.
  - Developing a strategy to deliver 500 affordable business units and encouraging space for start-ups and growing businesses in our developments.
  - Investing over £600,000 in locally-led town centre and high street improvement projects through our High Street Challenge programme
  - Working with key partners including the DWP to identify vulnerable adults, the specific barriers they face, and develop a universal support offer to improve their financial wellbeing.
16. Following approval of the strategy, the first step will be to work collaboratively across all council services and with our private, public and third sector partners to develop implementation plans and targets. We acknowledge this level of ambition and change will be challenging, requiring partners to collaboratively tackle complex and multi faceted issues; to take immediate actions where we can; and create the basis for longer term changes where required. We anticipate that a formal delivery plan will follow approval of this plan and actions and targets will be incorporated into the Council's performance management framework, Council Plan, and into the relevant cabinet performance schedules.

### **Policy implications**

17. The proposed strategy is in line with the Council Plan and identifies cross-council actions to maximise value of council activity and partnership working in support of employment and skills, business, town centres and high streets, and the financial wellbeing of residents.

18. It is also reflects existing and refreshed strategies, including:

- Council Plan 2014 to 2018 (summer 2016 refresh)
- Southwark CCG and Southwark Council Five Year Forward View of Health and Social Care
- Southwark Health and Wellbeing Strategy
- Southwark Advice Strategy
- The New Southwark Plan (emerging)
- Southwark Voluntary and Community Sector strategy
- Children and Young People's Plan
- Cultural Strategy
- Housing Strategy
- Early Years and Childcare Strategy
- Workforce Strategy
- Procurement Strategy
- Licensing Strategy
- Health and Wellbeing strategy
- Markets and Street Trading Strategy
- Digital Strategy.

### **Community impact statement**

19. Set out below is an overview of the assessment of impacts on the community, this includes the equality analysis carried out on the refreshed strategy. Specific measures and actions to address inequalities and assessment of the impact on protected characteristics in line with the equality duty will be developed as part of the implementation plans as relevant. The analysis will therefore be ongoing.
20. The economic wellbeing strategy will impact on the whole community in all wards including the borough's business community. A core aim of the strategy is to identify what actions the council and partners can take to build on the high employment rate and growing number of businesses to ensure all sections of the community benefits from these opportunities. We want all our residents to participate in the economy in Southwark which is job and business-rich, and achieve financial independence and wellbeing.
21. While the numbers of young people claiming JSA and those 'not in education employment or training' continues to fall, 18 to 24-year-olds are still more likely to struggle to find work than older, more experienced workers, and some, including children leaving care, often need additional support. The strategy sets out to ensure better co-ordination of the many different efforts to help young people enter the world of work, ensuring no one is left behind and all have the opportunity to excel. We will respond to the changing nature of the economy and young people's increasing interest in self-employment and starting up their own business.
22. We will raise the profile of older people in the labour market and explore links to adult skills, the voluntary and community sector and wider council services. For today's workforce, lifelong learning and skills development is crucial to maintaining earnings in a rapidly changing labour market.

23. There is a gender pay gap in Southwark, with women earning less than men on average. Southwark's Childcare commission has highlighted the importance of family-friendly employment policies in supporting everyone to have fair access to work and we recognise the impact that affordable childcare and family-friendly policies can have on the gender pay gap. The strategy commits to promoting family-friendly employment policies through our own commissioning, and more widely through partnerships such as the Southwark Business Forum.
24. The employment rate of people belonging to ethnic minorities is lower than that of the overall population in Southwark. The strategy addresses the complex and multiple barriers to employment that can intersect with ethnicity to limit access to good employment opportunities for people belonging to ethnic minorities.
25. The ongoing implementation of welfare reforms and the increase in low-paid work are causing difficulties for some. The strategy sets out our ambition to support individuals to understand and manage the impacts of welfare reform changes, to be more able to address the complex issues in their lives, and to be financially sustainable and free of debt.
26. Poverty, including food poverty, related to worklessness or low-waged employment continues to affect many people and families in Southwark, which also can have a detrimental effect on health and wellbeing. The strategy reinforces the role of the Living Wage as set by the Living Wage Foundation as a principal way to counter the threat of poverty, and the importance of growing skills and wages in the borough. Working conditions can also have an impact on an individual's physical and mental health and wellbeing, and the strategy sets out the importance of healthy workplaces and businesses adopting the Healthy Workplace Charter.
27. The strategy also reinforces our commitment to ensuring our high streets and town centres are accessible places, offering affordable, healthy food shopping.
28. As the strategy is implemented, project monitoring arrangements will continue to follow the council's equalities monitoring guidance to ensure it captures the detailed information about impact on intended target groups and protected characteristics as relevant to individual projects.

## **Resource Implications**

### **Financial and budget issues**

29. No additional funding assumptions beyond those already set out in agreed budgets have been made in designing the refreshed strategy. The strategy sets out core ambitions and our anticipated delivery in achieving those ambitions, including with partners. Any new funding requirements, if they arise, will be assessed and reviewed as part of the council's normal budget process.

### **Staffing issues**

30. Officer time to effect the recommendations will be contained within existing resources.

## **Consultation**

31. A range of external and internal stakeholders have been consulted during the process of refreshing the economic wellbeing strategy. Formal consultation has taken place at two key stages. Firstly initial research in September 2016, to group achievements against the original strategic aims, consideration of new strategic trends and thinking, and the format and presentation of ambitions and planned actions. Secondly, consultation on the strategy draft was held in October and November 2016, in writing and through face to face meetings including with the Business Forum and targeted discussions with council services.
32. External consultation partners included: DWP, Southwark Business Forum, Better Bankside BID, Blue Bermondsey BID, Southbank BID, Team London Bridge BID, We Are Waterloo BID, Southwark Chamber of Commerce and Industry, Federation of Small Businesses, Lambeth Council, Lewisham Council, Lewisham Southwark College, University of the Arts, London College of Communication, Southwark Citizens Advice Bureau and delivery partners on our Southwark Works Framework. Further engagement will take place as the refreshed strategy is implemented.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Law and Democracy**

33. The Director of Law and Democracy has reviewed this report and confirm that as this report affects more than one portfolio under the provisions of Part 3D of the council's constitution cabinet should approve the recommendation in paragraph 1 set out in this Report.
34. The Equality Act 2010 introduced a single public sector equality duty. This duty requires us to have due regard in our decision making processes to the need to:
  - (a) Eliminate discrimination, harassment, victimisation or other prohibited conduct
  - (b) Advance of equality of opportunity between persons who share a relevant protected characteristic and those who do not share it
  - (c) Foster good relations between those who share a relevant characteristic and those that do not share it.
35. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also applies to marriage and civil partnership, but only in relation to (a) above.
36. The council is required to act in accordance with the equality duty and have due regard to the duty when carrying out its functions, which includes making decisions in the current context.



## Strategic Director of Finance and Governance

37. The Strategic Director of Finance and Governance notes the recommendation in this report and that there are no immediate financial implications arising from this report.
38. The staffing and other costs connected with the proposed refresh of the economic wellbeing strategy for 2017-2022 need to be contained within existing departmental revenue budgets, the agreed housing revenue account, or the council's agreed capital programme as applicable. Any additional resources required in connection with this report will be subject to the council's usual financial governance procedures.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Economic Wellbeing Strategy 2012-2020		Danny Edwards 020 7525 5105
<b>Link:</b> <a href="http://www.2.southwark.gov.uk/info/347/economic_wellbeing">http://www.2.southwark.gov.uk/info/347/economic_wellbeing</a>		
Economic Wellbeing Strategy 2017-2022 Equalities Impact Assessment		Danny Edwards 020 7525 5105
<b>Link:</b> <a href="http://www.2.southwark.gov.uk/info/347/economic_wellbeing">http://www.2.southwark.gov.uk/info/347/economic_wellbeing</a>		
Council Plan		Danny Edwards 020 7525 5105
<b>Link:</b> <a href="http://www.2.southwark.gov.uk/info/200293/a_fairer_future/3156/council_plan">http://www.2.southwark.gov.uk/info/200293/a_fairer_future/3156/council_plan</a>		

## APPENDICES

No.	Title
Appendix 1	Economic Wellbeing Strategy 2017-2022 (circulated separately)

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Johnson Situ, Cabinet Member for Business, Employment and Culture	
<b>Lead Officer</b>	Eleanor Kelly, Chief Executive	
<b>Report Author</b>	Richard Pearce, Senior Strategy Officer, Local Economy Team	
<b>Version</b>	Final	
<b>Dated</b>	1 December 2016	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments sought</b>	<b>Comments included</b>
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		1 December 2016