

SHARED INTELLIGENCE

SOUTHWARK

ENTERPRISE AND EMPLOYMENT STRATEGIES 2010 - 2016

JANUARY 2010

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- 1.1. The Enterprise and Employment Partnerships have come together under the umbrella of the Southwark Alliance Local Economy Partnership to agree revised strategies to support the local economy and the economic wellbeing of the borough's residents. The partnerships have successfully worked to make inroads into the borough's economic challenges. However, despite recent large scale jobs growth, rates of worklessness remain high. Overall levels of entrepreneurship are low, and growth has been concentrated in the financial and business services sector in the central activity zone in the north of the borough, distant from the needs and lives of the majority of our residents. The revised strategies have been produced during the most severe recession in recent history, and at a time of significant change in the national and regional policy environment, and in the planning and delivery of skills, welfare to work and business support at the local levels.
- 1.2. The review process for the strategies involved work across the partnerships through a partner conference that refined the visions and priorities for the strategies, and a wide-scale consultation process seeking the views and priorities of a range of those groups of individuals most in need of employment support, as well as local businesses and their representatives.
- 1.3. We have agreed that our visions for the strategies are "to create a strong sustainable economy, with a thriving network of town centres, built on an entrepreneurial culture"; and "to build sustainable, inclusive, and prosperous communities by reducing worklessness and sustaining high quality employment for all Southwark's residents."
- 1.4. The economic assessment that underpins the refreshed strategies describes the challenges facing local businesses and residents in our borough, as well as the opportunities resulting from the potential for growth afforded by Southwark's location within London and the opportunity areas identified for regeneration. The Partnership, working with employers and the Voluntary and Community Sector, is determined to make increasing inroads in tackling deprivation, inequality and child poverty, and in extending the benefits of growth across the borough. Bringing together work on local economic development with improving the skills and employment status of the boroughs residents will help achieve this goal.
- 1.5. At the time these strategies are being developed, unemployment in London is still rising as a result of the recession, and the economic outlook is uncertain. We are also entering a time of forecast reductions in public expenditure. While we are clearer about the challenges ahead of us, we also recognise that we will need to work far more effectively within the resources that are available in order to tackle them in the coming years. These strategies set out our commitment to more effective partnership working and co-ordination and to finding the most effective way of using our individual and collective agency resources to tackling our joint priorities.
- 1.6. The strategies that follow summarise the evidence for identifying these priorities, and these are supported by detailed annual delivery plans. The evidence base is set out in the in the form of the Southwark Economic Assessment published alongside this document.

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EMPLOYMENT STRATEGY

Background and context

- 2.1. **Southwark 2016**, the sustainable community strategy sets out the overarching framework and vision for the borough with ambitious goals to reduce inequality; improve life chances of all residents through economic well-being and educational potential; and, make the borough a better place by developing a vibrant economy whilst using resources sustainably. These ambitions will require an even greater degree of endeavour by the new Local Economy Group in the light of the current recession.
- 2.2. During these challenging economic times it is important to **ensure those furthest from the labour market aren't marginalised even further** because of the short term impacts of the recession. Partners in Southwark are already responding to these challenges by: monitoring the impact of the recession; promoting the JCP Rapid Response Unit; creating new jobs for young people through the Future Jobs Fund; and through the work of the Southwark Financial Inclusion Forum, which has won an award for its action to tackle the impact of the recession.
- 2.3. Since the Southwark Employment Strategy was revised in 2006, the Partnership has continued to focus on providing intensive and personalised employability support for those furthest from the labour market focused on tackling barriers to work. Southwark Works, our flagship worklessness programme, continues to provide valuable outreach and support our residents through their journey to work. There has been much work done within the Partnership to embed the employability agenda in other service provision for example, mental health services and housing.
- 2.4. There has also been much work done to extend the reach of employability services, for example, the Improving Access to Psychological Therapies (IAPT) service within the South London and Maudsley Hospital which has been successfully mainstreamed by the Primary Care Trust. This work has also been recognised as good practice in partnership working by the Cabinet Office.
- 2.5. Since the last strategy refresh the borough's employment rate has risen from 64.9%¹ to 67%² in 2009, meaning that an estimated additional 12,200 residents have secured employment. The gap between the Southwark and London employment rate has reduced from 3.9% to 2.2%. In terms of Education and Skills, according to the Indices of Multiple Deprivation (IMD) 2007, there have been real and significant improvements. No areas of the borough were found in the 10% most deprived band for England, and fewer areas were in the 0-30% most deprived for this domain in comparison to any other domain.
- 2.6. The Southwark **Local Area Agreement 2008-11** provides the framework for monitoring and focusing the implementation of the Employment Strategy, and sets

¹ Source Annual Population Survey July 2005 – June 2006

² Source Annual Population Survey July 2008 – June 2009

out a series of performance indicators and targets that have been agreed by the Southwark Alliance and central government. The key indicators which relate to the employment strategy are:

- Working age people on out of work benefits (NI 152) and working age people on out of work benefits in the worst areas (NI 153)
- Inequality gap reduction in attainment at 19 Level 2 (NI 82)
- % of the working age population with no qualifications (Local)
- 16-18 year olds Not in Employment, Education and Training (NI 117)
- Care leavers in education, training or employment (NI 148)
- Young offenders engagement in suitable education, employment and training (NI 45)
- Proportion of offenders in employment at the end of their order or licence (NI 144)
- Adults with learning disabilities in employment (NI 146)
- Adults in contact with secondary mental health services in employment (NI 150)
- Local ESOL provision (Local)

2.7. The targets related to these indicators – which were refreshed in April 2010 – include maintaining the gap of -1.7% between the Southwark and London out-of-work claimant stock up to May 2011 against a background of projected increase in claimant rates in the same period. Other targets are raising the proportion of residents qualified to at least level 2 from 65.83% in 2008/09 to 66.5% by 2010/11, and reducing the proportion of residents with no qualifications from 20.17% to 19.5% over the same period. The targets are challenging, and need to be so in order to make inroads into tackling the entrenched worklessness and poverty experienced by some of our borough's residents.

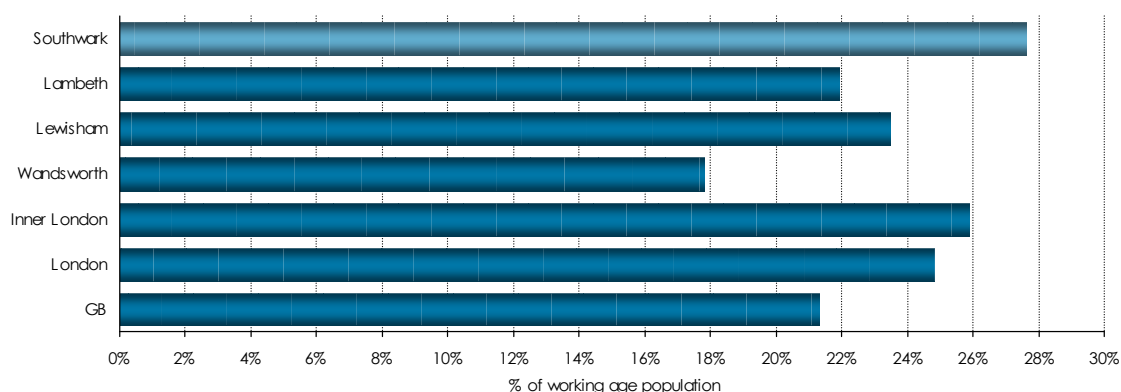
Challenges and opportunities

2.8. Southwark has changed significantly over the last decade. Close to the centre of London, the borough has been able to harness the dramatic growth of the London economy in order to regenerate deprived neighbourhoods for local communities and businesses. This has meant that the number jobs and businesses in the borough have expanded rapidly. However despite the large scale growth in jobs, rates of worklessness remain high and unemployment is concentrated among certain groups, particularly in certain localities.

High rates of economic inactivity and benefit claimants

2.9. In 2008 127,800 residents in Southwark were in employment, representing 66% of the working age population. This figure is significantly below the London and national averages of 70% and 75% respectively.

ECONOMIC INACTIVITY RATE 2008



Source: Annual Population Survey, April 2007 – March 2008

- 2.10. Levels of unemployment and economic inactivity are above average. There were 12,600 unemployed people in Southwark in 2008, an unemployment rate of 9% of the economically active population. This rate was above the Inner London (8%) and London averages (7%). The level of economic inactivity in Southwark is higher than that seen in London and GB. In 2008, 53,500 residents were classed as economically inactive, a rate of 28%. This compares to regional and national averages of 25% and 21% respectively.
- 2.11. In May 2008 16% of Southwark's working age population were claiming out of work benefits, a total of 27,700 people. This is higher than the London average (14%) although it is below that of some other Inner London boroughs – Tower Hamlets (19%), Greenwich (18%). Further, over the previous five years Southwark **has managed to reduce the gap** with the London average. Incapacity Benefit is the most commonly claimed out of work benefit, in May 2008 there were around 13,300 IB claimants in the borough.
- 2.12. The UK moved into a **deep recession in 2008**, the deepest and longest since records began, and evidence suggests **recovery may be hesitant and prolonged**, particularly with respect to employment growth. In common with the rest of the country, the claimant count in Southwark is increasing rapidly as a result of the recession. The number of people claiming jobseekers allowance increased from 6,300 in June 2008 to 9,200 in June 2009. This was an increase of 46% over the period, below the Inner London (+51%) and London rates of growth (64%) and significantly below the GB average (+86%). The claimant count rate in Southwark rose from 3.2% of the working age population in June 2008 to 4.7% by June 2009.

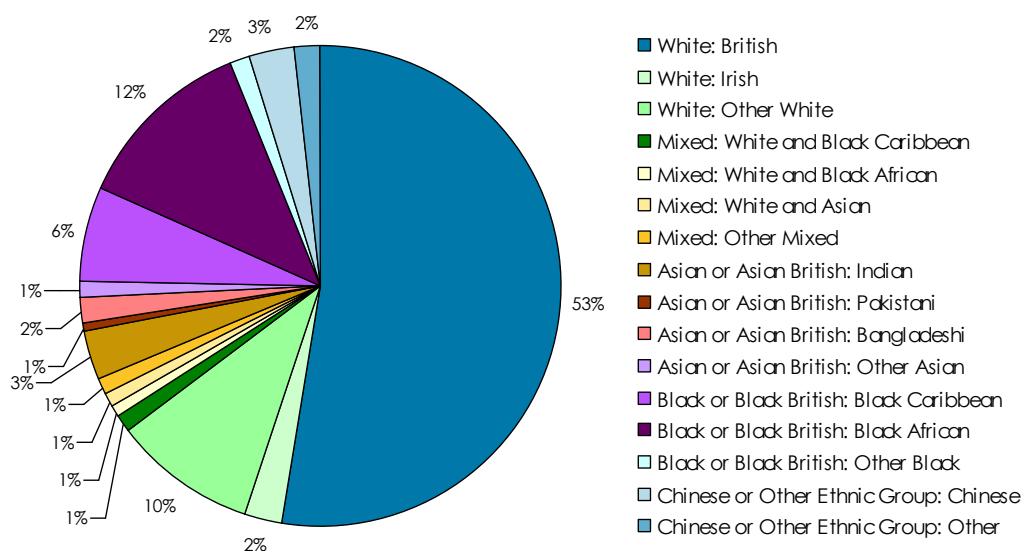
Despite success in reducing the gap with the London average, levels of unemployment and economic inactivity in Southwark are still relatively high for Inner London. We have agreed that to achieve reductions we need a step change in the rate at which we move people into employment. To do this, we need to find ways of working more effectively across Jobcentre Plus, Southwark Works, Health and Housing services, and with other providers.

Priority One: more effective and efficient partnership working to increase the number of residents in work

Worklessness is concentrated among particular groups

2.13. The population of Southwark is ethnically diverse and growing. The total population of Southwark stood at 274,000 in 2007, representing an increase of 15% since 1997. Southwark’s population has grown at a significantly faster rate over the period compared to London (+8%) and GB (+5%), and has experienced a marginally higher growth rate compared to Inner London as a whole (+13%). The population is ethnically diverse, 53% of the resident population were classed as white British in 2007 while the largest ethnic populations are Black African (12%) and Black Caribbean (6%). The borough is also a major destination for overseas migrants, in 2007/08 almost 10,000 migrants registered for national insurance in Southwark.

SOUTHWARK, POPULATION BY ETHNIC GROUP 2007



Source: ONS Estimated resident population by ethnic group, mid-2007 (experimental statistics)

2.14. The employment rate for ethnic minorities in Southwark is below the average at 57% of the working age population in 2008. Ethnic minority unemployment is particularly high, with Black and Black British being disproportionately represented among the unemployed in Southwark. Despite making up just 20% of the local population³ they make up over a third of all JSA claimants in the borough.

2.15. The employment rate is also significantly lower for females in Southwark compared to males. In 2008 the employment rate for women stood at 57% compared to 74% for men. Levels of economic inactivity among working age females (36.4%) in 2008 is significantly higher than the level among men in Southwark (19.7%). This pattern is more pronounced in Southwark than elsewhere. In May 2008 there were a total of 6,900 lone parent claims in Southwark, 3.5% of the working age population. More than half of the borough’s children live in poverty.

2.16. The cost for families of living in London is very high. House prices and childcare costs mean that parents are at a disadvantage in the competitive Labour market. Cost of childcare is a major issue for many parents. For parents who don’t use childcare but would like to use it, the most frequent barrier is that it is too expensive. Inflexibility of employers is also seen as a big factor by many parents in their decision to work.

2.17. The number of young people participating in employment, education or training is below average. This pattern is a reflection of the national and regional picture, but

³ Estimated resident population by ethnicity and age group 2007 (experimental statistics), ONS 2007

the difference is more pronounced in Southwark than elsewhere. Southwark suffers from higher levels of long-term unemployed, 7% of JSA claimants have been claiming for more than two years⁴ a much higher proportion than the national (1%) and regional averages (2%). This indicates that there are more individuals facing multiple barriers to work.

2.18. Levels of worklessness in Southwark are above average and are concentrated among certain groups, such as ex-offenders and young offenders, BME residents, women, young people, people with disabilities, the over 50s, those with mental health needs and lone parents. These groups are affected by particular barriers to employment and training/education. We have identified a number of key barriers to employment these include:

- limited access to and awareness of services/ information;
- limited access to ESOL courses;
- limited employer participation;
- limited basic skills;
- limited vocational and soft skills;
- limited confidence and motivation;
- lack of affordable and flexible child care; and,
- poor physical and mental health.

In Southwark there are concentrations of particular groups facing multiple barriers to employment. We have agreed that tackling the barriers that priority groups face in accessing and sustaining employment should remain the top priority for the partnership.

Priority Two: to tackle the barriers that priority groups face in accessing and sustaining employment.

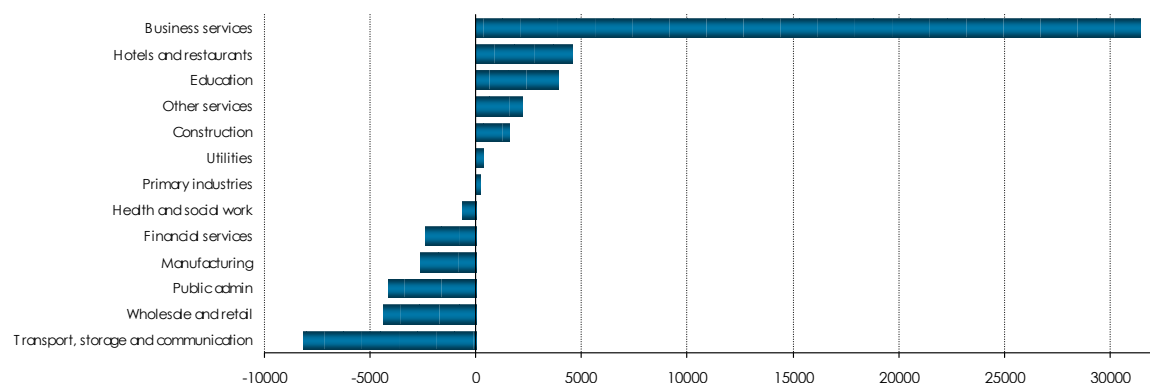
Sharing the benefits of growth and regeneration

2.19. Southwark has embarked on a significant process of transformation through physical regeneration. While development has slowed through the recession, it is forecast to resume, and regeneration will continue to be a key feature in the future through planned development schemes such as Elephant and Castle, Canada Water, and the Aylesbury estate. There has also been a rapid expansion of the business base coupled with considerable jobs growth over the last decade.

2.20. In 2007 there were a total of 165,800 people working in Southwark. Southwark has experienced significant jobs growth since 2003. Employment grew by 22,600 jobs between 2003 and 2007 – a growth rate of 16% outperforming the sub-regional average (6%) and significantly higher than the regional and national averages (both at 4%). Jobs growth has been concentrated in Southwark's largest employing sector, business services which since 1998 has contributed 31,500 new jobs to the borough's economy.

⁴ Claimant Count, DWP, May 2009

EMPLOYMENT CHANGE BY SECTOR IN SOUTHWARK, 1998-2007



Source: Annual Business Inquiry

- 2.21. London forecasts⁵ which take into account the impact of the recession suggest while many sectors are currently experiencing a downturn and in particular financial services, business and professional services, real estate and consumer industries, this will be a short-term cyclical phenomenon and that growth will resume in these sectors the future.

Southwark has benefited from an expansion of jobs outwards from the City of London, and the identification of regeneration and employment opportunity areas. We need to ensure that we promote take up of these additional jobs, as well as jobs with existing employers, by local residents. Working with employers and developers as well as with local communities will be vital to achieve this aim.

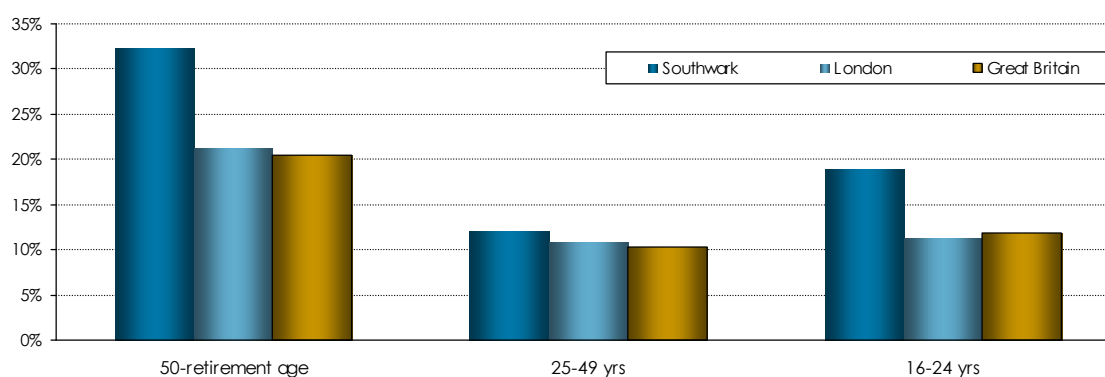
Priority Four: to work with businesses and employers to open up employment opportunities for local residents

Skills for sustainable employment

- 2.22. Southwark is part of the London labour market. Commuting patterns show, as elsewhere in London, that there is a high level of commuting from Southwark into the City, West End and elsewhere in London, and equally there is a high level of commuting into the borough, particularly from the suburbs and the wider Metropolitan area. Our strategy recognises that Southwark's residents will face high levels of competition for jobs in the area, but also have the opportunity to access jobs across London, but need to have the right skills to do this.
- 2.23. Although our population includes a high proportion of well-qualified people, it also includes an above average proportion of people with no qualifications at all. In 2007 43% of Southwark residents were qualified to degree level, above the London average of 37%, but 16% of the resident population had no qualifications against a regional average of 13%. The proportion of residents with no qualifications is highest among women and, by age, among those over 50. However, worryingly, almost one-fifth of young people aged 16 to 24 have no formal qualifications. These young people will find it very difficult to find work. Although improving, the performance of school pupils at GCSE level is slightly below national and regional averages. The level of young people not in employment, education or training (NEET) currently stands at 8.7% which is below the national average of 9.3% but slightly higher than the level for London.

⁵ GLA Economics

NO QUALIFICATIONS BY AGE GROUP (%), 2007



Source: Annual Population Survey, Jan 2007 -Dec 2007

- 2.24. There is a strong correlation between having low skills and being unemployed. This is particularly true in London, where those with low skills (NVQ 2 or less) have an employment rate of 56 percent compared with 67 percent nationally⁶.
- 2.25. While raising skills is therefore a key priority, we also need to make sure that skills provision is tailored to meeting employer needs both now and in the future. We will also work with employers to promote staff training so that once in work people can stay and progress. This will help reduce unemployment “churn” and increase the numbers of entry-level jobs available.

Too many of our residents lack the skills that they need to be able to compete effectively in the labour market and take advantage of the jobs in Southwark and elsewhere in London. Skills are central to increasing employment, helping people stay in work and giving them the opportunities to progress , as well as free up entry level jobs for unemployed people.

Priority Five: to raise the skill levels of our residents and ensure appropriate training is provided to meet employer demand.

Priorities for action

Priority 1. More effective and efficient partnership working

- 2.26. Despite some success in reducing the gap with the London average, levels of unemployment and economic inactivity in Southwark are still relatively high for Inner London. We have agreed that to achieve reductions we need a step change in effectiveness in moving people into employment across our services. We recognise that in the context of reduced public expenditure we need to work together in smarter ways to achieve this step change. We need to find ways of working more effectively across Jobcentre Plus, Southwark Works, Health and Housing services, and with other providers. We need raise awareness among our residents of the support available and work to co-ordinate employability provision in the borough to create a seamless and joined up offer to job-seekers and employers so that there is no ‘wrong door’.

⁶ Labour Force Survey, Spring 2006

- 2.27. Some of the actions we will take to deliver this priority include -
- Align and rationalise employability provision in the borough;
 - Co-ordinate approaches to employers and develop more effective signposting, referral and co-ordination of services for job seekers;
 - Embed employability provision with housing, health, community safety and children's services to extend the reach of employment support, and to tackle multiple barriers to employment; and
 - Co-ordinate employability provision through the development of a Work and Skills Plan.

Priority 2. Tackling the barriers faced by priority groups

- 2.28. The recession has led to rising levels of unemployment in Southwark which has increased pressure on Job Centre Plus and other employment services provision. However, during these challenging economic times it is important to ensure those furthest from the labour market aren't marginalised even further because of the short term impacts of the recession. That's why we are committed, as a partnership, to supporting those are furthest from labour market and who face multiple barriers to accessing employment.
- 2.29. Levels of worklessness in Southwark are concentrated among certain groups, such as ex-offenders and young offenders, BME residents, women, young people, people with disabilities, the over 50's, those with mental health needs and lone parents. These priority groups are reflected in our LAA targets. These groups are affected by particular barriers to employment and training/education. We have identified a number of key barriers to employment which we will seek to address these include:
- limited access to and awareness of services/ information;
 - limited access to ESOL courses;
 - limited employer participation;
 - limited basic skills;
 - limited vocational and soft skills;
 - limited confidence and motivation;
 - poor health/mental health; and,
 - limited access to affordable and flexible childcare.
- 2.30. We will work with our partners to continue to develop innovative projects to improve the employment prospects of priority groups. We are committed to increasing the volume, affordability and flexibility of childcare provision for our residents. We are also committed to tackling in work poverty.
- 2.31. Some of the actions we will take to deliver against this priority include -
- Ensure an appropriate and adequate supply of specialist, personalised and tailored support for priority groups;
 - Commission sufficient high quality basic skills, ESOL and appropriate training for Southwark residents;
 - Continue to make the case for additional funds to meet the needs of priority groups; and,
 - Promote self-employment as a route into employment for priority groups.

Priority 3. Business and employer engagement

- 2.32. Southwark's businesses and residents have already benefited from the physical regeneration of our borough. This regeneration will continue to be a key feature in the future through planned development schemes such as Elephant and Castle, Canada Water, and the Aylesbury estate. We will continue to work with developers and local communities to ensure that local residents benefit from opportunities arising from these regeneration schemes, particularly in relation to training and employment.
- 2.33. Despite strong jobs growth in the borough over the last decade many local residents remain without work. The role of employers is vital in tackling persistently high levels of worklessness despite significant job growth. We will continue to work with our public and third sector partners to develop work placements and apprenticeships for priority groups and embed local economic benefits into public sector procurement.
- 2.34. We will also continue to work in partnership with the local business community building on successful initiatives such as the employer-led START programme and the Local Employer Partnership. This will be increasingly important as public sector recruitment comes under pressure from reduced resources. We will explore new mechanisms for engaging private sector employers, particularly the opportunity to link with smaller businesses located in areas where levels of worklessness are highest.
- 2.35. Some of the actions we will take to delivery against this priority include -
- Engage more employers to identify skill needs and develop entry points for workless individuals, and training for those in work;
 - Co-ordinate business and employer engagement across services;
 - Continue to promote and develop apprenticeships and work placements with local businesses and with public sector partners; and,
 - Work with developers to secure opportunities for Southwark residents.

Priority 4. Raising skills for sustained employment

- 2.36. We need to ensure that our residents have the right skills to be able to compete in the London labour market. Current educational reforms place an increasing emphasis on the educational system to reflect the needs of the local economy. To be able to ensure that these links are made, it will be necessary to develop effective employer engagement mechanisms in the educational agenda. This offers a great opportunity to ensure that skills provision for young people is geared up to meet the current and future skills needs of employers. We will make sure that this happens by working increasingly closely with Young Southwark, the Children's Trust as the strategic commissioners of services for getting more young people into education, employment and training and raising attainment at 19, supporting the delivery of key targets in the Children and Young People's Plan 2010-2013.
- 2.37. We will work to support improved quality and accessibility of Information Advice and Guidance, making links to the Adult Advancements and Careers Service and Connexions. We want to ensure that our Connexions service provides the best possible demand led advice and guidance to young people in the borough.
- 2.38. Train to Gain is designed to respond to the needs of employers. It aims to help improve the productivity and competitiveness of businesses by ensuring that staff

have the right skills to do the best job. We will work closely with Business Link to promote the uptake of Train to Gain in Southwark

2.39. Improving sustainability in work is a major objective for our partners. We will create more vocational routes and supported placement schemes such as modern apprenticeships and placements with public service agencies. We will invest in and promote skills development and career progression which improves people's life chances and generates mobility in the local labour market will enable other unemployed people to access employment.

2.40. Some of the actions we will take to deliver against this priority include -

- Work closely with Business Link and other agencies as appropriate to promote the uptake of train to gain;
- Integrate the work of Connexions, Adult Advancement and Careers Service and other Information Advice and Guidance provision with employment and economic development services;
- Provide increased in-work support for successful job seekers to increase sustainability in work;
- Encourage and promote vocational training within the workplace; and,
- Improve links between employability and skills strategy and commissioning.

3

ENTERPRISE STRATEGY

Background and context

- 3.1. **Southwark 2016**, the sustainable community strategy sets out the overarching framework and vision for the borough with ambitious goals to reduce inequality; improve life chances of all residents through economic well-being and educational potential; and, make the borough a better place by developing a vibrant economy whilst using resources sustainably. These ambitions will require an even greater degree of endeavour by the new Local Economy Group in the light of the current recession.
- 3.2. The sustainable community strategy provides the overall framework for our work. The context for the Southwark Enterprise Strategies has changed enormously since the documents were last reviewed three years ago and there are a number of new economic and policy drivers, these include: the recession; forecast reductions in public expenditure; changes to the business support landscape; and, the election of a new London Mayor.
- 3.3. Southwark's ambitions were set during a period of sustained economic growth and their achievement will require an even greater degree of endeavour by public and private partners in the light of the current recession. The UK moved into a **deep recession in 2008**, the deepest and longest since records began, and evidence suggests **recovery may be hesitant and prolonged**, particularly with respect to employment growth.
- 3.4. During these challenging economic times it is important to **ensure that good local businesses are not lost** because of the short term impacts of the recession. Partners in Southwark are already responding to these challenges by: monitoring the impact of the recession so far; promoting the Business Link Rapid Response Service; providing intensive outreach support to struggling businesses; introducing flexible rent payment schedules on council owned commercial properties and improving access to public sector contract opportunities through the Supply Southwark Group.
- 3.5. Future challenges for partners will arise via the **forecast reduction of public expenditure**. In the face of reduce public expenditure we need work increasingly in partnership to combine services to reduce costs. The current Total Place pilots may provide ways in which this can be done through assessing the total funding spent by public agencies in an area and considering ways in which it can be made more effective.
- 3.6. The Mayor's Economic Development Strategy⁷ argues that to maintain the Capital's competitive position, London must become the world's most attractive proposition. The Mayor will do this by fostering innovation, supporting business competitiveness, improving the quality of life and making London as attractive as possible to

⁷ *Rising to the challenge – The Mayor's Economic Development Strategy for Greater London, Draft, October 2009*

investment, business and workers. We will identify ways in which we can continue to work closely with the LDA and GLA in achieving our joint objectives under new and emerging regional programmes, and collaborate with our partner boroughs in Central London in achieving this.

- 3.7. The policy environment for enterprise support has changed significantly, with the development of the **Business Support Simplification and the Government's Solutions for Business** service offering a streamlined portfolio of business support products, accessed via Business Link. Under this model, we will play a critical role in informing local provision including those services which we do not deliver ourselves, and in co-ordination of an appropriate range of provision related to identified business needs in the borough.
- 3.8. We have recognised the need for our work supporting businesses and local employers to be co-ordinated with the work undertaken under the employment strategy helping residents into jobs. We also want to engage employers more effectively in order that they can inform the development of education and training in the borough, as well as advising us on ways in which we can be more responsive and encourage local enterprise.

Challenges and opportunities

- 3.9. Southwark has changed significantly over recent years. Close to the centre of London, it has been able to harness the dramatic growth of the London economy in order to regenerate areas of the borough, and generate significant improvements in terms of employment growth, regeneration and environmental improvements, provision of better facilities including retail and restaurants and bars. The number jobs and businesses in the borough have expanded rapidly over the last decade, driven by growth in business services and concentrated in the Central Activities Zone (CAZ).

Southwark's role in London

- 3.10. Southwark plays a key role in the London economy, and our Economic Assessment sets out its relationship with the economy of the Capital and its surroundings. The borough boundaries encompass part of the Central Activities Zone as well as areas of declining manufacturing industry, an area including part of inner London incorporating some of the country's most deprived neighbourhoods and some areas of wealthy suburban commuter-belt.

Add map

- 3.11. Southwark stretches from the Central Activities Zone out towards the suburbs, and the spatial distribution of employment activities reflects the distance from the centre and the role of different industrial types in each area. Significant numbers of highly paid accountancy and other business services occupations are located in the north, the presence of the university and health facilities as well as the GLA, LDA and Council, provide significant public employment in proximity to this zone. There are areas of warehousing slightly further out near Peckham, taking advantage of the opportunities for distribution industries of being fairly centrally located, but with lower priced premises; and beyond that, industry is more reflective of the service needs of the general population.
- 3.12. Up until the end of 2008 Southwark's economy was expanding rapidly. Looking at London forecasts, the GLA suggests that while many sectors are currently

experiencing a downturn and in particular financial services, business and professional services, real estate and consumer industries, this will be a short-term cyclical phenomenon, and in the medium term growth in all these sectors will resume. Forecasters suggest that London’s employment growth will, after some time, resume its upward trajectory. Over the medium to longer term, this is a positive finding for Southwark, however the rate of future growth cannot be assumed and the Council and its partners have an important role to play in ensuring the conditions for growth and recovery are in place.

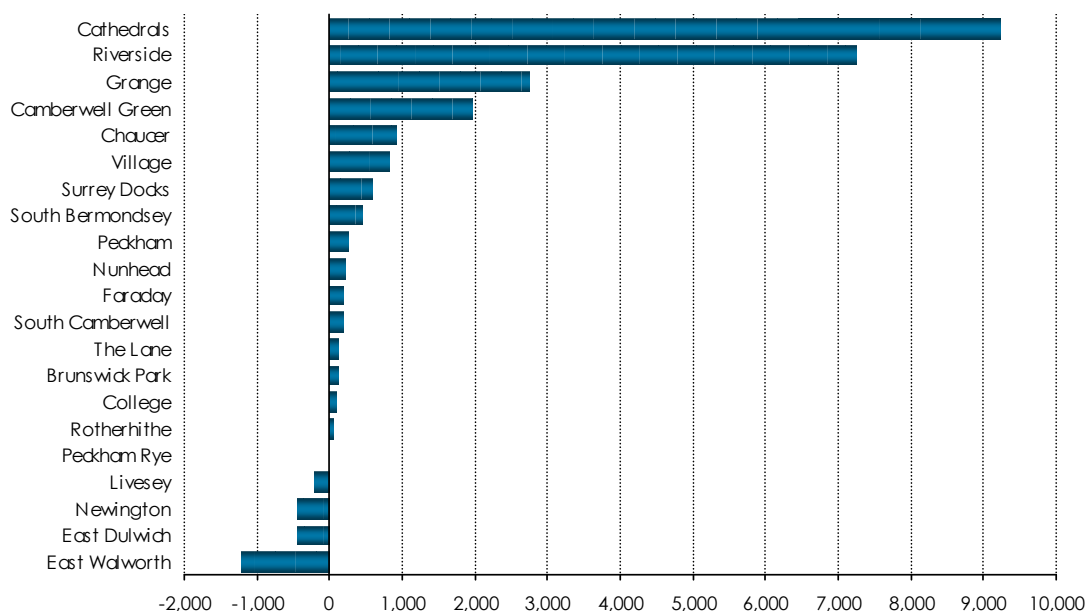
During these challenging economic times it is important to ensure that good local businesses are not lost because of the short term impacts of the recession and that when growth resumes our business are well equipped to harness the benefits.

Priority One: to support our existing businesses through the recession and prepare them for the future.

Significant growth and regeneration

- 3.13. There has been a rapid expansion of the business base coupled with considerable jobs growth over the last decade. There are some 12,800 companies operating in Southwark⁸. The size of the business base has increased by 3,300 firms (+35%) since 1998 outstripping the Inner London (+12%) and regional (+13%) averages. There are 21,600 new jobs in the borough since 1998 a growth rate of 15% - above the regional (+8%) and national averages.

CHANGE IN THE NUMBER OF JOBS BY WARD IN SOUTHWARK, 2003-2007



Source: Annual Business Inquiry

- 3.14. However, this growth has not been evenly distributed in the borough but concentrated in and around the Central Activities Zone. Growth in the number of jobs

⁸ Annual Business Inquiry, ONS, 2007

in Southwark between 2003 and 2007 has been concentrated in Cathedral (+9,200 jobs or +18%), and Riverside (+7,200 jobs or +39%), wards covering the Central Activity Zone.

3.15. Parts of Southwark have been transformed in recent years through significant physical regeneration of our borough with developments such as MoreLondon providing a catalyst for recent employment growth and job creation. This regeneration will continue to be a key feature in the future through planned development schemes such as Elephant and Castle, Canada Water, and the Aylesbury estate. The preferred locations for growth are set out in the Core Strategy and include:

- Bankside, Borough and London Bridge Opportunity area – part of the Central Activities Zone the area will continue to be home to a mix of uses providing high quality office accommodation alongside world-class retail, tourism, culture and entertainment facilities and public spaces providing over 1,900 new homes and 25,000 new jobs by 2026.
- The Elephant and Castle Opportunity area – part of the Central Activities zone the area the area has potential for redevelopment into an attractive central London destination. The vision for the area includes stimulating 440,000 sqm of new development with up to 45,000 sqm new shopping and leisure floor space and 25,000-30,000 sqm of business floorspace with the creation of 5000 new jobs. Public transport will become more accessible through a programme of planned improvements in conjunction with Transport for London and Network Rail and the London South Bank University and London University of the Arts will develop further as important centres of learning and innovation.
- Peckham and Nunhead action area – Peckham town centre is the largest town centre in Southwark and changes and improvements will be guided by the emerging area action plan. The vision for the area is more new homes and offices built and a small increase in retail space, mainly around the Peckham town centre. New development will help the area’s independent shops, businesses and creative industries flourish.
- Canada Water and Rotherhithe action area – the plans are to transform Canada Water into a town centre, with a strengthened role as a shopping destination by expanding retail space by around 35,000 sqm and providing a more diverse range of shops than at present, including a department store and independent shops. The area will provide at least 2,500 high quality new homes, which will be accommodated in generally mixed use development and office development will provide much needed space for local occupiers which together with retail development, will generate around 2,000 new jobs

Southwark has expanded rapidly, but growth has been concentrated in the north of the borough in and around the Central Activities Zone. We will support the spread of employment growth into other parts of the borough through regeneration and inward investment.

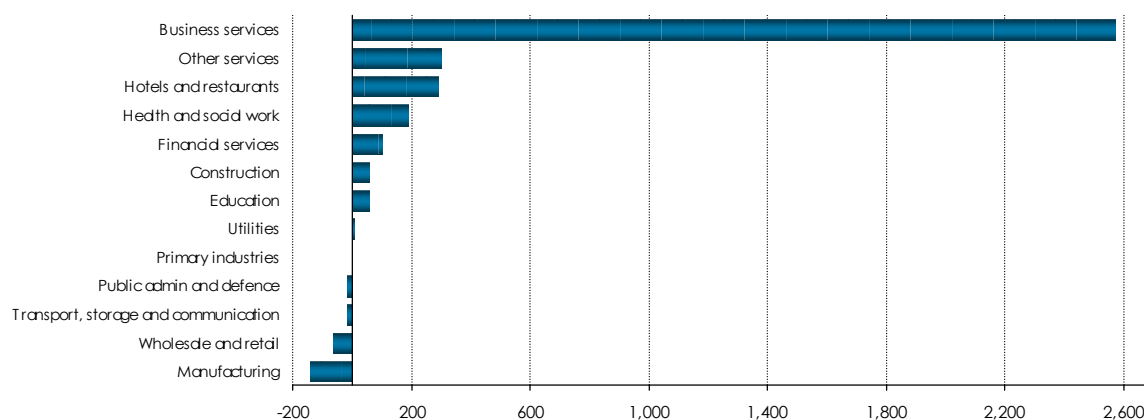
Priority Two: to support regeneration schemes to spread growth across the borough and enhance our key business districts and town centres.

The economy is heavily reliant on business services

3.16. The business services sector has driven growth in the number of firms in Southwark. The number of companies in this sector increased by 2,570 between 1998 and 2007 a growth rate of 90%, considerably higher than Inner London (+39%), London (+39%) and GB (+50%) rates of growth. The number of firms in the hotels and

restaurants (+290 firms), other services (+300 firms), and health and social work (+190 firms) sectors all increased at a significantly faster rate than the sub-regional, regional and national averages.

CHANGE IN THE NUMBER OF FIRMS BY SECTOR, 1998-2007



Source: Annual Business Inquiry

- 3.17. As demonstrated by the chart below businesses services has also been responsible for the majority of jobs growth in the borough since 1998. Since 1998 the sector has contributed 31,500 new jobs to the borough's economy, a growth rate of 102%. This is much higher than the rate of growth across the sub-region as a whole (+34%). Other services, hotels and restaurants, education and construction have also expanded rapidly since 1998. Hotels and restaurants has seen growth of 4,500 jobs, a growth rate of 73%, in contrast to growth of just 19% across London as a whole and 22% in Inner London. Employment in the education sector has also grown more rapidly (+3,900 jobs or +40%) than the Inner London average (+24%). Other services grew by 2,200 jobs (+25%) over the period also above the sub-regional (+20%) and regional (+22%) growth rates. The construction sector was the only other growth sector locally (+1,600 jobs or +35%), while the sector experienced a fall in the number of jobs in Inner London (-3%) and London as a whole (-9%).
- 3.18. Competitive economies tend to be those with clearly identifiable specialisms or clusters of activity, which stimulate productivity growth. We have identified a number of sector strengths in the borough which have the potential to drive employment and productivity growth in the future. These include: knowledge intensive business services; higher education; creative and cultural industries; and tourism.

We want to make our economy more sustainable through supporting new growth sectors. We also want to ensure we take advantage of new opportunities in green industries, and promote a greener economy.

Priority Three: to promote and grow our key sectors and diversify the economy to create an increasingly sustainable local economy.

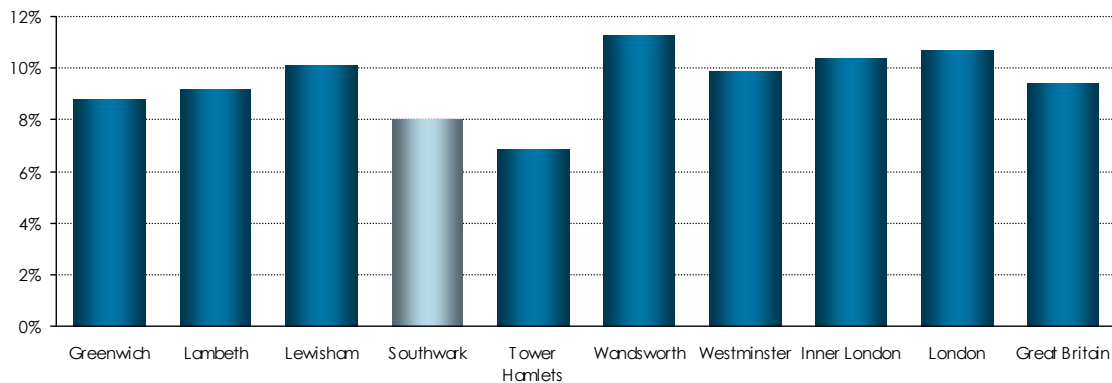
Levels of self employment and business start ups are low

- 3.19. Despite strong overall growth, business density and formations rates are below the regional average. Business density in 2007⁹ (the number of businesses per 1,000 adult population) in Southwark (55) is lower than the London average (63) and

⁹ Business Demography, ONS, 2007

considerably below the Inner London average (88)¹⁰. Business formations rates (per 10,000 resident adults) in Southwark are also lower than the regional figures. In 2007 there were 2,180 business formations, the company registration rate stood at 96 per 10,000 resident adults compared to: 123 in Tower Hamlets; 110 in Wandsworth; and 103 in London as a whole. However, borough level data obscures the geographical distribution of activity in the borough – business formations are likely to be very high in the North and relatively low elsewhere.

SELF EMPLOYMENT RATE, 2008



Source: Annual Population Survey, April 2007 – March 2008

- 3.20. Self-employment rates suggest that there is a lack of entrepreneurial culture among Southwark’s resident population, with particularly low levels of self employment among women. The self-employment rate is relatively low in Southwark compared to many of the other Inner London boroughs displayed in the chart above. In 2008, there were 15,000 self-employed residents in Southwark the equivalent of just 8% of the working age population. This was lower than the Inner London average (10%), the London average (11%), and the neighbouring boroughs of Wandsworth (11%), Lewisham (11%) and Westminster (10%). Just 4.3% of working age females in the borough are classed as self-employed compared to 11.3% of men.

Despite a rapid expansion of the business base in the north of the borough overall business density in the borough remains low, business start ups are below average and levels of self-employment lag behind the regional average. To increase economic activity outside the central activity zone we need to stimulate enterprise and encourage the growth of an entrepreneurial culture.

Priority Four: To create an entrepreneurial culture and increase the rate of business starts.

Priorities for action

Priority One: Support existing businesses

- 3.21. We will create the conditions in which businesses in Southwark can compete effectively within London, across the UK and in the international arena. The role of the Enterprise Partnership is therefore to ensure that business support is co-

¹⁰ It should be noted that Inner London average is considerably inflated by the City of London which has an extremely high businesses density rate (1,963 per 1,000 adult population) owing to a higher number of businesses and a very small resident population

ordinated across the borough so that Southwark businesses have excellent and equal access to information and appropriate business support. We will also work to: improve the level of awareness and take-up of both borough and pan-London services and increase the up take of Train to Gain to ensure that our businesses benefit from appropriately skilled staff.

- 3.22. We recognise the importance of our key sectors in driving economic growth in the borough. We will work with the LDA to ensure that there is appropriate business support for our key sectors and continue to support active sector led networks, enabling opportunities for business to business networking within industry clusters. A key factor in supporting growth sectors will be our ability to supply the right range of skilled personnel by encouraging the Borough's colleges and work-based learning providers to deliver vocational learning options that support the target sectors, in particular, through the our 14-19 Strategy. We will also work to develop links with further and higher education institutions including London South Bank University to support innovation and business development.
- 3.23. Some of the actions we will take to deliver against this priority include -
- Co-ordinate, align and rationalise business support in the borough;
 - Provide specific support for key sectors, including supporting sector led business networks;
 - Promote uptake of Train to Gain; and,
 - Develop links with further and higher education institutions to support emerging knowledge intensive businesses.

Priority Two: Developing key business districts and town centres

- 3.24. Southwark has experienced a rapid expansion of its business base coupled with considerable jobs growth over the last decade. However, this growth has been concentrated in the north of the borough in and around the Central Activities Zone. It is the ambition of the Local Economy Partnership to support the spread of this growth into other parts of the borough through regeneration schemes and inward investment in areas such as the Elephant and Castle and Canada Water. To secure benefits for local residents we will work closely with the employment partnership to identify opportunities for engaging new inward investors in supporting local employment
- 3.25. Increased private sector investment is essential for Southwark to achieve its regeneration ambitions. This includes supporting the development of key sites across the borough, promoting the borough to investors, encouraging retailers to the town centres and supporting small businesses to invest across the borough.
- 3.26. Development of town centres and the development of sustainable communities are vital to improving the quality of life and opportunities for the borough's residents and businesses. To achieve this we will continue to support the excellent work of the Business Improvement Districts and to further build on existing Town Centre Management arrangements. We will work to market our town centres through promoting retail and tourism opportunities to visitors, exploring ways to develop the night-time economy, and creating new business space developing affordable premises and managed workspaces.
- 3.27. Some of the actions we will take to deliver against this priority include -
- Engage new inward investors in supporting local employment;

- Support the development of key sites;
- Promote and market the borough to inward investors;
- Build on Town Centre Management to support town centres; and,
- Continue to provide business space including affordable premises and managed workspaces.

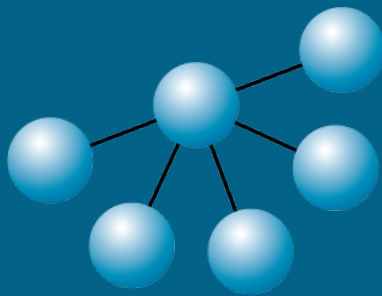
Priority Three: Creating a more diverse economy

- 3.28. The most successful economies combine economic specialisation with diversity. Specialisation drives wealth creation and builds sustainable competitive advantage; diversity makes places more resilient and less susceptible to economic shocks. As well as supporting all of our businesses we will promote the diversification of our economy into other areas with the potential for future growth.
- 3.29. We have identified areas of concentrations of specialist expertise which we will seek to build on, such as cultural and creative industries, tourism, and knowledge intensive businesses. We will also build on the success of HE institutions in developing firms to take advantage of emerging markets in environmental products and services. Reducing the dependence on financial services will make the economy more sustainable. We will also work to develop our local services, for example, through improving our town centres retail and cultural offer. Provision of a wider range of services locally will reduce need to travel out of the borough.
- 3.30. We are committed to supporting the development of a greener economy. We will continue to promote green business initiatives such as the Southwark Environmental Business Awards; the 200 club and improving environmental performance of businesses in the Business Improvement Districts. We will work with partners to encourage greater levels of recycling and re-use, energy conservation and carbon reduction, and cleaner travel to work patterns among employees such as walking and cycling.
- 3.31. We recognise the potential value of public sector spending to the Southwark economy and will continue to support local SMEs to access public procurement opportunities as well as build their capacity to compete effectively. We will also continue to secure supply chain opportunities for local businesses from regeneration schemes and major developments under the Supply Southwark banner.
- 3.32. Some of the actions we will take to deliver against this priority include -
- Support growth of businesses in key sectors;
 - Promote green business initiatives and encourage greener travel to work patterns among employees;
 - Support local SMEs to access public procurement opportunities; and,
 - Secure supply chain opportunities for local businesses from regeneration schemes and major developments.

Priority Four: Increasing business start ups

- 3.33. Despite a rapid expansion of the business base over the last decade overall business density in the borough remains low, business start ups are below average and levels of self-employment lag behind the regional average. Our challenge is raise the level of business start ups and self-employment in the borough and build an entrepreneurial culture in Southwark.

- 3.34. We will develop a culture of enterprise across communities and in particular amongst younger people, women and BME groups. To achieve this objective we shall work to develop a culture that values and supports entrepreneurship through: business education in our schools; working with employers to promote enterprise in schools; promoting and supporting work placements for young people; improving access to pre-start business support and advice, particularly for priority groups; improving access to finance; developing business mentoring networks; and, identifying opportunities to convert activities of community organisations into functioning social enterprises.
- 3.35. Some of the actions we will take to deliver against this priority include -
- Work with employers to promote enterprise in schools;
 - Promote self-employment as a route into work for workless residents;
 - Improve access to finance and pre-start business support and advice;
 - Develop business mentoring networks; and,
 - Identify opportunities to convert activities of community organisations into social enterprise.



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