

Appendix 1

**Southwark Economic Development Strategy
2010-2016**

CONTENTS

1.	INTRODUCTION	4
2.	EMPLOYMENT STRATEGY	6
	Background and context	6
	Challenges and opportunities	7
	Priorities for action	13
3.	ENTERPRISE STRATEGY	17
	Background and context	17
	Challenges and opportunities	18
	Priorities for action	23
4.	DELIVERING THROUGH PARTNERSHIPS	26

FOREWORD

Unprecedented growth in the decade before the recession galvanised the Southwark economy, driving investment into the borough, attracting new businesses and increasing jobs dramatically. Market-led development and investment such as the Shard of Glass and the council's own regeneration programmes such as Elephant and Castle will continue to transform the borough for the people that live and work here. However, old and new challenges still face us. Despite progress made through growth and opportunities, worklessness remains an entrenched problem in particular areas and certain groups face serious problems in finding work; and the labour market becomes ever more competitive as the effects of the recession continue. Meanwhile we face the further impact of the 2010 Comprehensive Spending Review on jobs and business in both public and private sectors alike.

The challenge remains to make regeneration work for Southwark's residents and businesses and to harness this recent growth. As a partnership we aim to make inroads into persistent concentrations of unemployment and low skills, remove barriers to work and let our businesses flourish, exploiting opportunities from development. Our new strategy aligns the influence of the council and partners in order to bring our residents into jobs in an increasingly tough labour market and to keep our businesses in a position to offer jobs and sustain the regeneration of our town centres.

Signed by Cllr Fiona Colley, Chair of Local Economy Group Strategy Steering Group, Cabinet Member for Regeneration and Corporate Strategy, Southwark Council.

<<<Comments to be Inserted>>>

Quotes by Hazel Renwick, Jobcentre Plus, Chair of Southwark Local Economy Group and Peter Williams, Better Bankside, Vice Chair of Southwark Local Economy Group

1. INTRODUCTION

- 1.1. This strategy has been developed as a response to the challenges and opportunities to Southwark's economy as set out over the following pages. As we face up to these challenges, we know that the immediate future is going to be very tough. In the wake of the 2010 comprehensive spending review, the council's spending and that of the partners to this strategy will be substantially reduced. More people will lose their jobs as a consequence of public sector budget reductions, and businesses are set to suffer a loss of opportunities from a shrinkage in public expenditure. Public sector investment in employment and enterprise initiatives will be limited.
- 1.2. As this strategy is completed, unemployment in London is high and vacancies are low following the impact of the recession. The economic outlook remains uncertain. Major changes are taking place in the national and regional policy environment that affect the planning and delivery of skills development, including the introduction of welfare to work programmes and a major shift in priorities for business support provision.
- 1.3. While we are clearer about the challenges ahead of us, partners also recognise the need to work effectively with reduced resources. This strategy sets out our commitment to more effective partnership working and co-ordination and to finding the most effective way of using partners' individual and collective resources to achieve common goals.
- 1.4. Southwark has changed significantly over the last decade. As part of central 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 for local communities and businesses. This has meant that the number jobs and businesses in the borough has expanded rapidly and Southwark has continued to outperform London averages and similar London boroughs. However despite the large scale growth in jobs, rates of worklessness remain high and unemployment is concentrated among certain groups, particularly in certain localities.
- 1.5. Southwark is highly specialised in a number of sectors, with the business sector driving the expansion of the economy since 1998. However, business formation and self employment rates are below the London average.
- 1.6. Over half of Southwark residents are employed in higher level occupations but there are high levels of economic inactivity and a large number of benefit claimants. Southwark remains the 2nd most deprived borough in London for employment. This employment deprivation has persisted in the context of numerous national interventions over the past 25 years.
- 1.7. Our agreed vision for Southwark is:

- **to build sustainable, inclusive and prosperous communities by reducing worklessness and sustaining high quality employment for all Southwark's residents, and**
- **to create a strong sustainable economy, with a thriving network of town centres, built on an entrepreneurial culture**

1.8. Southwark's strategic economic development priorities are to

- **Tackle the barriers to work faced by priority groups**
- **Increase business and employer engagement**
- **Raise skills for sustained employment**
- **Support existing businesses**
- **Develop key business districts and town centres**
- **Increase business start ups**

1.9. As a borough wide strategy the economic development strategy potentially impacts on all local communities including the business community of the borough. However the core aim of the strategy is to tackle the barriers and market failures that prevent certain sections of the community from being able to achieve their potential, participate in the economy and achieve financial independence and well being.

1.10. The Southwark Alliance Local Economy Group (LEG) oversees the development and revision of a strategy for economic development to maximise partners' contribution to the success of the local economy and to lift the economic well-being of the borough's residents.

1.11. The review of this strategy included consultation with the full range of partnerships operating under Southwark Alliance followed by a wider consultation process including those groups of individuals most in need of employment support and mainstream as well as specialist, local service providers, as well as local businesses and their representatives.

1.12. An economic analysis was commissioned in 2009 to provide evidence of the regeneration and business challenges facing our residents, as well as the opportunities resulting from the potential for growth afforded by Southwark's location within London and the opportunity areas for regeneration. This research provides the basis for identifying strategic priorities, which have also been developed with a close eye on long-predicted changes in the policy and funding environment for employment and enterprise. Acknowledging this evidence, the LEG, working with employers and the voluntary and community sector, is determined to make increasing inroads in tackling deprivation, inequality and child poverty through improving skills and getting people into work, and in extending opportunities from recent economic growth across the borough.

2. EMPLOYMENT STRATEGY

Background and context

- 2.1. Southwark's community strategy sets out a vision for the borough with goals to reduce inequality; to improve life chances of all residents through economic well-being and educational potential; and, to 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 (LEG) in the light of the recent recession.
- 2.2. The impacts of the recent recession increase the risk of marginalisation of those furthest from the labour market. Partners in Southwark have already taken steps to respond to these challenges by: monitoring the impact of the recession; promoting the JCP response to redundancies; creating new jobs for young people through the (now ceased) Future Jobs Fund; and through the work of the Southwark Financial Inclusion Forum, which has won an award for its response to the recession.
- 2.3. Since the Southwark Employment Strategy was revised in 2006, the LEG has continued to focus on providing intensive and personalised employability support for those furthest from the labour market focused on tackling barriers to work. The Southwark Works programme continues to provide valuable outreach and support to residents in their journey to employment. There has been significant work within the partnership to promote employment support activity in other service provision such as mental health services and housing options (for example, through placement of Southwark Works advisers).
- 2.4. Much has also been 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 in 2006 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 rates has fallen from 3.9 to 2.2 percentage points. 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.

Targets

¹ Source Annual Population Survey July 2005 – June 2006

² Source Annual Population Survey July 2008 – June 2009

- 2.6. The LEG will set detailed targets and measure its achievements through review of performance against its employment delivery plan. In addition to the detailed outcomes from individual work streams and projects, the following success measures will be applied:
- by 2016 Southwark's employment rate will be closer to the London average;
 - by 2016 we will reduce the out of work benefit claimant rates in areas with the highest levels of worklessness and bring them closer to the borough average;
 - we will reduce the proportion of working age residents with no qualifications;
 - we will increase the proportion of residents with a Level 2 qualification.
- 2.7. In order to measure progress towards the above outcomes and achievements delivered through this strategy, the LEG will agree annual targets for future years. In 2010-11, the achievement of strategy objectives is measured by a set of indicators stated in Southwark's Local Area Agreement as shown in 2.8 below.
- 2.8. The Local Area Agreement 2008-11 stipulates performance indicators and targets agreed between Southwark Alliance and the government. The key indicators affecting all of the partners in Southwark Alliance which relate to the strategic objectives for employment are:
- working age people on out of work benefits and working age people on out of work benefits in the worst areas (National Indicators 152 and 153)
 - inequality gap reduction in attainment at 19 Level 2 (NI 82)
 - percentage of the working age population with no qualifications (Local Indicator)
 - 16-18 year olds Not in Employment, Education and Training (NEET) (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)
 - ESOL qualifications and part qualifications achieved in Southwark (Local Indicator)
- 2.9. The LEG directly monitors specific targets for 2010-11 related to these indicators; those targets (refreshed in April 2010) are:
- maintaining the gap of -1.7 percentage points between the Southwark and London levels of claimants of out-of-work benefits up to May 2011 against a background of projected increase in claimant rates in the same period;
 - raising the proportion of residents qualified to at least level 2 from 65.8% in 2008/09 to 66.5% by 2010/11;

- reducing the proportion of residents with no qualifications from 20.2% to 19.5% over the same period.

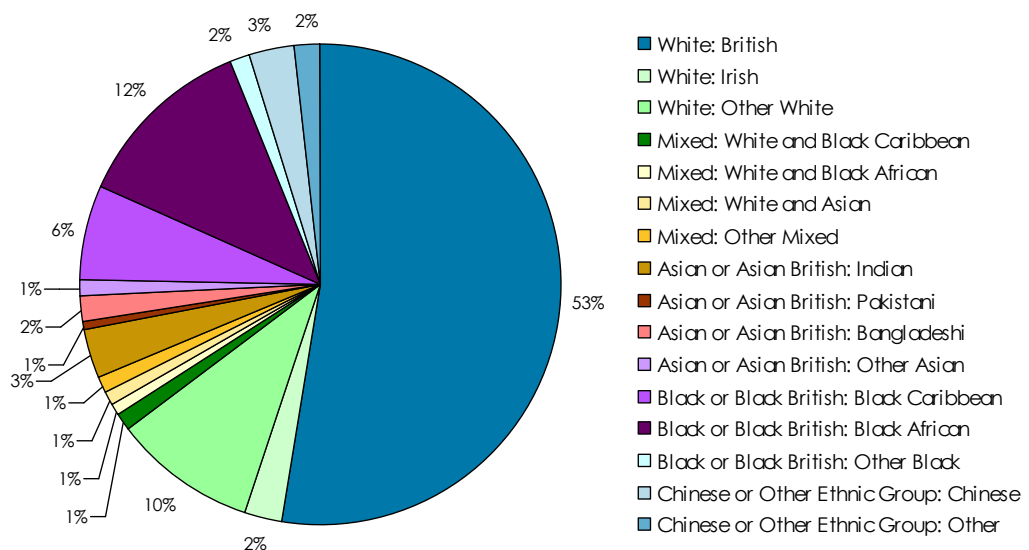
Challenges and opportunities

2.10. Southwark has changed significantly over the last decade. Close to the centre of London, the borough has shared in the dramatic recent growth of the London economy and has seen rapid expansion in the number of jobs and businesses within its borders. However, despite the large growth in jobs, rates of worklessness remain high and unemployment is concentrated among certain groups and in certain localities.

Worklessness is concentrated among particular groups

2.11. The population of Southwark is growing, standing at 278,000 in 2008, an increase of 16% since 1997, a significantly faster rate over the period compared to London (+9%) and GB (+5%), and marginally higher than inner London (+14%). 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%)³. The borough is also a major destination for overseas migrants, in 2009/10 almost 8,600 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)

2.12. The employment rate for ethnic minorities in Southwark was below the average in 2009 at 59% of the working age population. Ethnic minority unemployment is particularly high, with Black and Black British residents being disproportionately represented among the unemployed in Southwark. Despite making up 18% of the local population⁴ they make up over a third (36%) of all Jobseekers Allowance (JSA) claimants in the borough.

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

⁴ ibid

- 2.13. The employment rate is also significantly lower for women in Southwark; in 2008, it stood at 60% compared to 74% for men. The level of economic inactivity among working age women was 32% in 2008, while the rate for men was 18.5%. This pattern is more pronounced in London than elsewhere. In November 2009, there were a total of 5,800 lone parent claims in Southwark, 3% of the working age population.
- 2.14. Nationally collected data found that 18,995 (38%) of dependent children in Southwark were living in poverty in 2007. This was approximately 6 percentage points higher than the London average and 16 percentage points higher than the national average. The cost of living for families in London is very high. Housing and childcare costs put parents at a disadvantage in a very competitive labour market.
- 2.15. The number of young people (aged 16-18) not participating in employment, education or training (NEET) has fallen dramatically over the past five years. In 2004 there were nearly 900 young people NEET in January 2009 this figure had fallen to 326⁵.
- 2.16. Southwark suffers from higher levels of long-term unemployed compared to the national and regional averages, 22% of JSA claimants have been claiming for more than a year⁶, as opposed to 16% nationally and 15% regionally. This indicates that there are more individuals facing multiple barriers to work.
- 2.17. There are also concentrations of worklessness in certain wards linked to the patterns of general deprivation in the borough. Nunhead, Livesey, Peckham and Camberwell Green for example have higher out-of-work benefit claimant rates than the borough average. Exploring a "Total Place" approach to tackling worklessness in the borough, through assessing the total funding spent by public agencies in an area and considering ways in which it can be made more effective, may offer further opportunities for innovation.
- 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 alcohol or drug dependency, homeless people, refugees, people with disabilities, the over 50s, those with mental health needs and families with young children, particularly lone parents. These groups are affected by particular barriers to employment, training and education. The main barriers to employment identified in Southwark include:
- **limited access to and awareness of services and information** - services and information need to be open, transparent, sustainable and available to all parts of the community;
 - **limited access to ESOL courses** - ESOL courses are a vital support for qualified people lacking the necessary English skills to access employment; this provision is particularly important for certain ethnic minority communities, asylum seekers and refugees;

⁵ The nationally reported figure of young people (aged 16-18) not participating in employment, education or training is 8.8%. This is calculated as the number of residents NEET compared to the learning cohort. In most Local Authorities the learning cohort broadly matches the number of residents. Historically, Southwark institutions have offered less post sixteen provision and residents have travelled out of borough to study, thus misrepresenting Southwark's relative position.

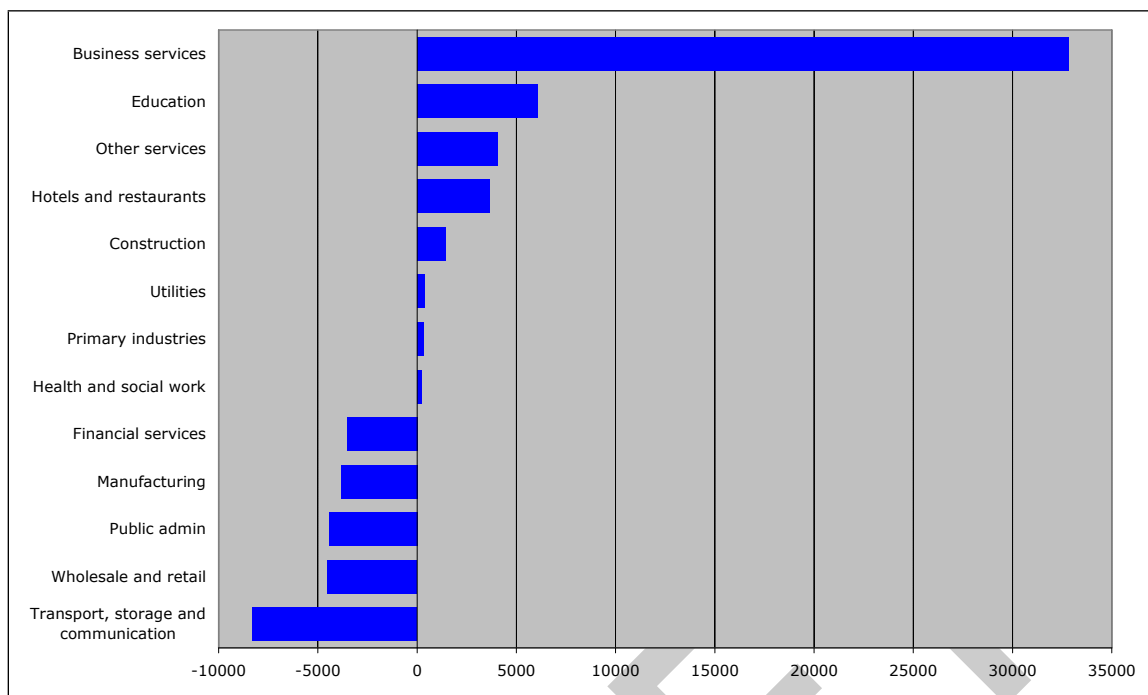
⁶ ONS, Claimant Count, March 2010

- **limited employer participation** - employer engagement is crucial to increase opportunities for those groups who are traditionally excluded from labour market and to sustain people in employment;
- **limited basic and soft skills** - lack of basic skills limits the earning, employment and career progression prospects of individuals;
- **limited vocational skills** - vocational skills and qualifications are essential to many employment sectors, as well as having a strong bearing on individuals' self-esteem and wider social benefits;
- **limited confidence and motivation** - people who have been out of work for long periods experience difficulties in changing their lifestyle, and improving social skills is often useful in searching, finding and sustaining meaningful employment;
- **lack of affordable and flexible childcare** - high childcare costs in London and a lack of flexible childcare that matches work and travel patterns put parents at a disadvantage in the competitive labour market. Inflexibility of employers is also seen as a barrier by many parents; and,
- **poor physical and mental health** - poor health is often associated with poverty and low income amongst the unemployed, and people with poorer health are more likely to be unemployed. Work can play an important role in people's social networks and the way they participate in society.

Sharing the benefits of growth and regeneration

- 2.19. Southwark has embarked on a significant process of transformation through physical regeneration. Regeneration will continue to be an important feature in the future through development schemes such as Elephant and Castle, Canada Water, and the Aylesbury Estate.
- 2.20. In 2008, there were approximately 172,200 people working in Southwark. Employment grew by 22,600 jobs between 2003 and 2007 – a growth rate of 16%. This is significantly higher than the sub-regional average (6%), as well as the regional and national averages (both at 4%). Jobs growth has been concentrated in Southwark's largest employment sector, business services, which since 1998 has contributed 31,500 new jobs to the borough's economy.

EMPLOYMENT CHANGE BY SECTOR IN SOUTHWARK (NUMBER OF NEW JOBS), 1998-2008

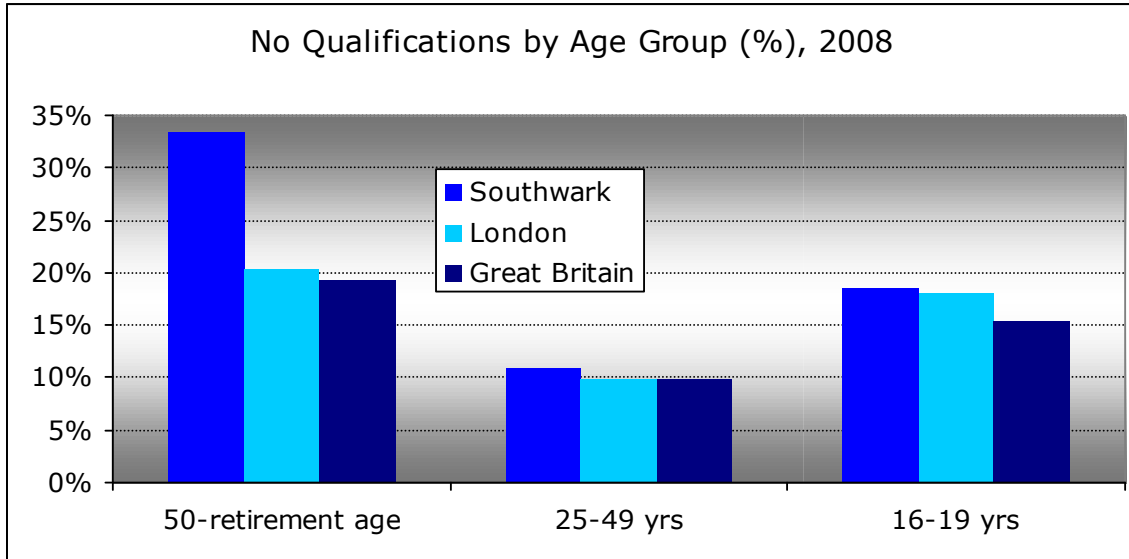


Source: Annual Business Inquiry, 2008

Skills for sustainable employment

- 2.21. Southwark is an integral part of the London labour market with porous borders; 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. 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 equally similarly high levels of competition for jobs in the area as they do in the rest of the London jobs market. While they have the opportunity to access jobs across London, they will need to have the right skills to succeed.
- 2.22. Although our population includes a high proportion of well-qualified people, it also includes high proportion of people with no qualifications. In 2009, 45.1% of Southwark residents were qualified to degree level, above the London average of 39.7%. 10.9% of the working age population have no qualifications (below the regional average of 11.8%). The proportion of residents with no qualifications is highest among women and, by age, among those over 50. Almost 19% of young people aged 16 to 19 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.

NO QUALIFICATIONS BY AGE GROUP (%), 2008



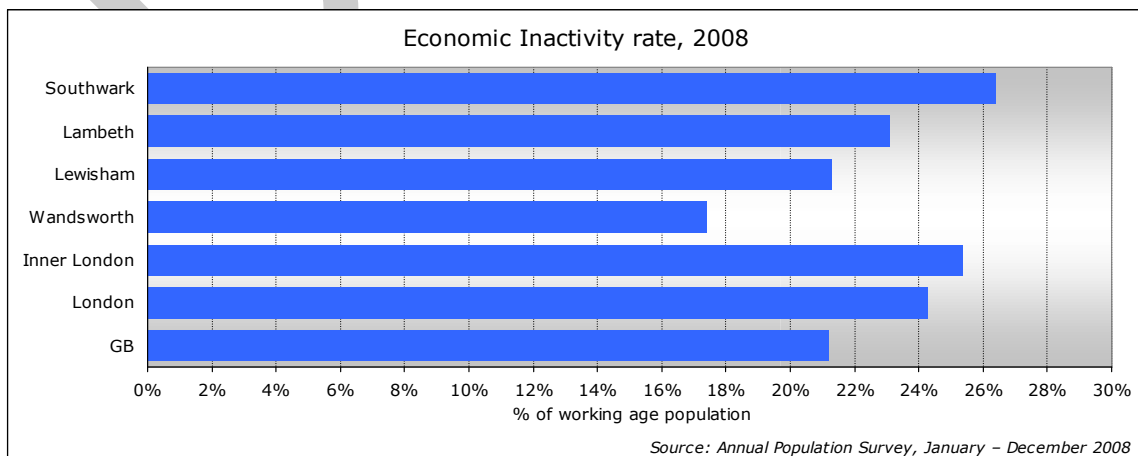
Source: Annual Population Survey, Jan 2008-Dec 2008

- 2.23. 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% compared with 67% nationally⁷.
- 2.24. While raising skills is therefore a 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 free up access to entry-level jobs.

High rates of economic inactivity and benefit claimants

- 2.25. In 2009, 135,500 Southwark residents were in employment, representing 68.5% of the working age population. This figure is significantly below the London and national averages of 70% and 74% respectively.

ECONOMIC INACTIVITY RATE 2008



Source: Annual Population Survey, January - December 2008

⁷ Labour Force Survey, Spring 2006

- 2.26. Levels of unemployment and economic inactivity are above average. There were 12,800 unemployed⁸ people in Southwark in 2009, 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 slightly higher than that seen in London and GB. In 2009, 50,200 residents were classed as economically inactive, a rate of 25%. This compares to regional and national averages of 24% and 21% respectively.
- 2.27. In September 2009, 17% of Southwark's working age population were claiming out of work benefits⁹, a total of 33,540 people. This is higher than the London average (16%) although it is below that of some other Inner London boroughs – Tower Hamlets (21%) and Greenwich (20%). 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 August 2009 there were around 11,960 Incapacity Benefit (IB) claimants in the borough.
- 2.28. The UK moved into recession in 2008. In common with the rest of the country, the claimant count in Southwark has increased rapidly as a result. The number of people claiming JSA increased from approximately 6,320 in June 2008 to 10,096 in March 2010. This was an increase of 60% over the period, the same as Inner London (+60%) but below the London rates of growth (+73%), and significantly below the GB average (+92%). The JSA claimant count rate in Southwark rose from 3.2% of the working age population in June 2008 to 5.1% by March 2010.

⁸ The number of unemployed people in the UK is measured through the *Labour Force Survey* following the internationally agreed definition recommended by the International Labour Organisation (ILO) – an agency of the United Nations. Unemployed people are: without a job, want a job, have actively sought work in the last four weeks and are available to start work in the next two weeks or; out of work, have found a job and are waiting to start it in the next two weeks.

⁹ Out of work benefits are JSA, Incapacity Benefit, Employment Support Allowance and Income Support.

Priorities for action – Employment

Employment Priority One: Tackle the barriers to work faced by priority groups

Rationale	Objectives
<p>The recession has led to rising levels of unemployment in Southwark which has increased pressure on employment services provision. It is important to ensure those furthest from the labour market are not marginalised even further because of the short term impacts of the recession.</p> <p>Levels of worklessness in Southwark are above average and concentrated among certain groups:</p> <ul style="list-style-type: none"> • ex-offenders and young offenders • BME residents • women • young people • people with alcohol or drug dependency • homeless people • refugees • people with disabilities • over 50s • people with mental health needs • families with young children, particularly lone parents 	<ol style="list-style-type: none"> 1. Coordinate local and mainstream provision so that there is a seamless offer of specialist, personalised and tailored support to address barriers to employment for priority groups. 2. Identify employment and skills provision in the borough highlighting gaps and duplication to inform our business case for future local provision. 3. Develop more effective signposting, referral and co-ordination of employment, enterprise and financial inclusion services so that there is no “wrong door” for workless residents seeking support. 4. 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.

- long term unemployed

These residents face multiple barriers to accessing employment, training and education, including:

- limited access to and awareness of services and information
- limited access to ESOL courses
- limited employer participation
- limited basic and soft skills
- limited vocational skills
- limited confidence and motivation
- lack of affordable and flexible childcare
- poor physical and mental health

There are concentrations of worklessness in certain wards, including Nunhead, Livesey, Peckham and Camberwell Green.

DRAFT

Employment Priority Two: Increase business and employer engagement

Rationale	Objectives
<p>Despite strong jobs growth in the borough and a rapid expansion of the business base, many local residents remain without work. Employers have a vital role in tackling persistently high levels of worklessness.</p> <p>Engagement with existing employers is crucial to increase employment opportunities for residents, increase job sustainability and to ensure employment and training provision meets employer demand.</p> <p>Physical regeneration will continue to drive employment growth in Southwark through planned development schemes such as Elephant and Castle, Canada Water, and the Aylesbury Estate. Ongoing work with developers and local communities is needed to ensure that local residents benefit from these training and employment opportunities.</p> <p>Continued engagement with public sector employers is needed to develop work placements and apprenticeships for priority groups and embed local economic benefits into procurement.</p>	<ol style="list-style-type: none"> 1. Engage more employers to identify skill needs and develop entry points for priority groups to access local employment and training opportunities. 2. Continue to promote and develop apprenticeships and work placements with local businesses and public sector partners. 3. Work with developers and regeneration partners to secure employment, training and apprenticeship opportunities for Southwark residents. 4. Co-ordinate business and employer engagement across services. 5. Continue to work with our partners to embed local economic benefits into procurement.

Employment Priority Three: Raise skills for sustained employment	
Rationale	Objectives
<p>Skills are central to increasing employment, helping people stay in work, giving people the opportunity to progress and increase earnings as well as free up entry level jobs for unemployed people.</p> <p>A high proportion of our residents lack the skills and qualifications that they need to be able to compete effectively in the labour market and take advantage of jobs in Southwark and elsewhere in London.</p> <p>Current educational reforms place an increasing emphasis on the needs of the local economy. To ensure that these links are made, it is necessary to develop effective employer engagement mechanisms in the educational agenda and improve the match between skills provision for young people and the current and future skills needs of employers.</p>	<ol style="list-style-type: none"> 1. Improve the links between enterprise and skills provision to meet employer demand. 2. Promote vocational routes to employment and supported placement schemes such as modern apprenticeships and work placements. 3. Promote the take up of in-work training to ensure that businesses benefit from appropriately skilled staff. 4. Support the Southwark Children’s and Families Trust to implement the 14-19 commissioning statement integrating provision with employment and enterprise services.

3. ENTERPRISE STRATEGY

Background and context

- 3.1. Southwark's Community Strategy sets out a vision for the borough with 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 (LEG) in the light of the recent recession.
- 3.2. The context for the Southwark Enterprise Strategy has changed enormously since the documents were last reviewed three years ago and there are a number of new economic and policy drivers including the recession, reductions in public expenditure, and rapid changes to the business support landscape.
- 3.3. Partners in Southwark have already responded to the changed economic climate by: promoting Business Link's Rapid Response Service; providing intensive outreach support to struggling businesses, and; introducing flexible rent payment schedules on council owned commercial properties.
- 3.4. As the signs of emergence from recession appear, efforts are required to ensure that local businesses survive. Partners in Southwark are already responding to these challenges by: monitoring the impact of the recession across industry sectors; promoting the services of Business Link and other locally targeted support agencies, and; seeking to improve access to public sector contract opportunities through initiatives such as the Supply Southwark Group.
- 3.5. Future challenges for partners will arise with the **reduction of public expenditure**. In the face of reduced public expenditure we need to 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 of London's Economic Development Strategy¹⁰ seeks to foster innovation, support business competitiveness, improve the quality of life and make London as attractive as possible to investment, business and workers. We will identify ways in which we can continue to work closely with the LDA and GLA in achieving 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 and will continue to change significantly, with the development of the government's Solutions for Business service offering a streamlined portfolio of business support products, accessed via Business Link. In this model, partners will play a critical role in informing local provision including those services which we do not deliver ourselves, and in co-ordinating an appropriate range of provision related to identified business needs in the borough.

¹⁰ LDA, *The Mayor's Economic Development Strategy for Greater London, May 2010*

- 3.8. The strategic priorities for employment acknowledge the need for co-ordination of the supply of workforce skills with employer demand; the enterprise strategic priorities also seek to engage employers more effectively in order that they can inform the development of education and training and advise on a more responsive approach to local enterprise.

Targets

- 3.9. The Southwark Local Area Agreement 2008-11 provides the framework for monitoring and focusing the implementation of the Economic Development Strategy, and sets out a series of performance indicators and targets that have been agreed by the Southwark Alliance and government. The key indicator for the enterprise strategy is the number of active enterprises in Southwark; the current target adopted by the LEG and the LSP for 2010-11 is to maintain the active enterprise count at the 2008 level of 12,845. The target for the new strategy will be to maintain the number of active enterprises in Southwark at this level through to 2013.
- 3.10. This target has been considered in the light of historical data, the delays in data collection and expected impact of the recession and will present as a considerable challenge, as equilibrium will have to be maintained between business registrations and de-registrations, i.e. a balance between a healthy survival rate and encouraging and sustaining start-ups and growth during a recession.

Challenges and opportunities

- 3.11. Southwark has changed significantly over recent years, driven by the dramatic growth of the London economy, which has brought significant improvements in terms of employment growth, regeneration and environmental improvements. The number of jobs and businesses in the borough has expanded rapidly over the last decade, driven by growth in business services and concentrated in the central activities zone (CAZ).
- 3.12. The impact of the recession was much more pronounced for SMEs which represent a significant proportion of businesses in Southwark. Small businesses offer a narrower range of products and services and tend to be more vulnerable to market shifts. Lower consumer confidence, reduced spending and weak demand will pose further challenges to enterprise and business activity.
- 3.13. Businesses will also feel the impact of reduced public expenditure across practically every area of public sector provision.
- 3.14. Despite the challenges, there are also opportunities for the borough and its businesses. Small businesses can be well placed to respond to the changing needs of a customer/market, or to adapt to new market conditions, which can lead to new business developments and innovation.
- 3.15. Public expenditure will be significantly reduced, however there will continue to be opportunities for businesses to benefit from public sector procurement.

Southwark's role in London

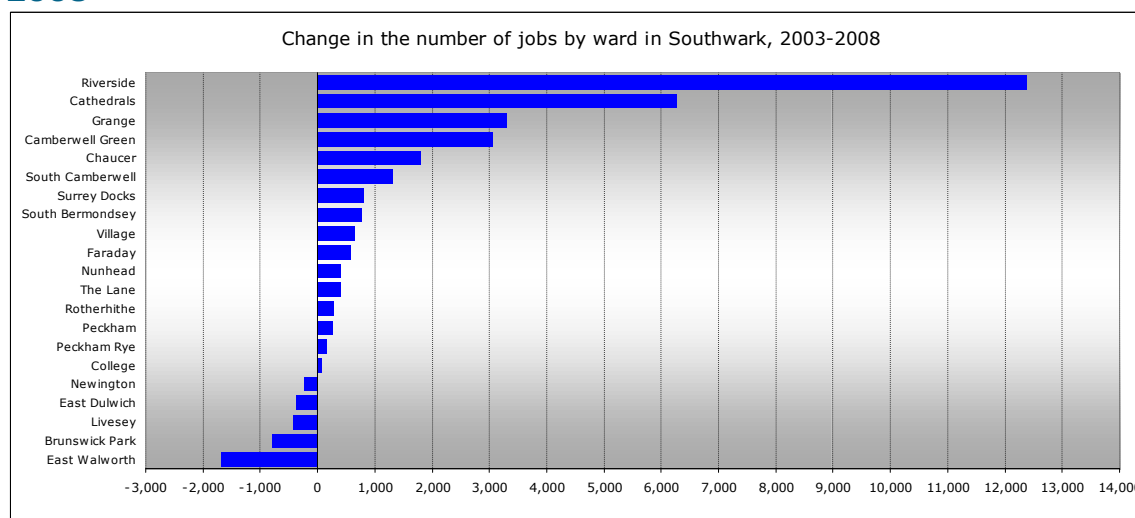
- 3.16. Southwark's local economic analysis sets out its relationship with the economy of the capital and its surroundings. The borough boundaries encompass part of the CAZ as well as areas of declining manufacturing industry, an area including part of inner London incorporating some of the country's most deprived neighbourhoods and some areas of wealthy suburban commuter-belt.
- 3.17. 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.
- 3.18. 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. 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.

Significant growth and regeneration

- 3.19. Over the past decade, there has been a rapid expansion of the business base coupled with considerable jobs growth. There are some 13,500 companies operating in Southwark¹¹. The size of the business base has increased by 4,100 firms (+43%) since 1998 outstripping the Inner London (+17%) and regional (+17%) average growth.

¹¹ Annual Business Inquiry, ONS, 2008

CHANGE IN THE NUMBER OF JOBS BY WARD IN SOUTHWARK, 2003-2008



Source: Annual Business Inquiry 2008

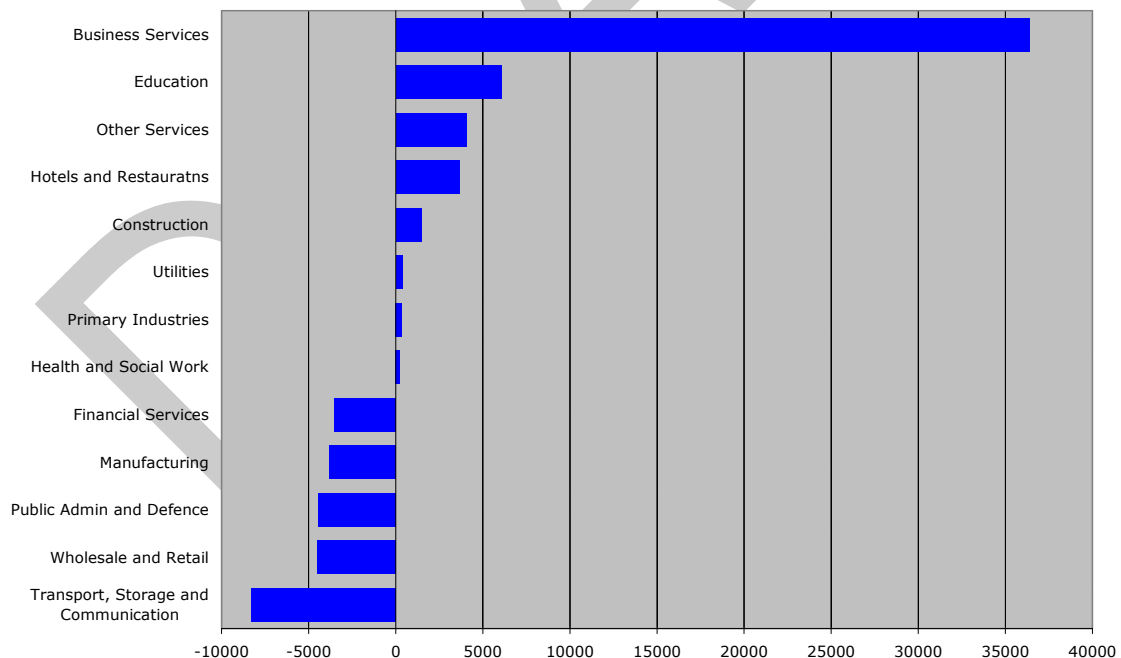
- 3.20. Employment grew by 29,100 jobs (20%) between 2003 and 2008. Growth has been concentrated in Cathedral (+6,300 jobs or +13%), and Riverside (+12,400 jobs or +68%) wards, both of which include parts of the CAZ.
- 3.21. Parts of Southwark have been transformed in recent years through significant physical regeneration with developments such as MoreLondon providing a catalyst for recent employment growth and job creation. This regeneration will continue to be an important feature in the future through development schemes such as Elephant and Castle, Canada Water, and the Aylesbury estate. The preferred locations for growth are set out in Southwark's Core Strategy and include:
- Bankside, Borough and London Bridge Opportunity area – forms part of the CAZ and 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 – forms part of the CAZ and 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 of new shopping and leisure floor space and 25,000-30,000 sqm of business floorspace with the creation of 5,000 new jobs. Public transport will become more accessible through a programme of planned improvements in conjunction with Transport for London and Network Rail. Moreover, 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 an area action plan. The vision for the area is for more new homes and offices to be built, as well as 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 plan is 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, 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. The corresponding office development will provide much needed space for local occupiers which, together with retail development, will generate around 2,000 new jobs.
- 3.22. While there are currently no specific targets for Camberwell it is an important town centre and an area with many independently run small and medium businesses. The council’s emerging vision for this area is likely to concentrate on improving its “liveability” and to develop the range and sustainability of the town centre business and activities, with improvements to transport and open spaces.

The economy is heavily reliant on business services

3.23. The business services sector has driven growth in the number of firms in Southwark. The number of companies in this sector increased by 3,030 between 1998 and 2008 a growth rate of 106%, much higher than Inner London (+49%), London (+46%) and GB (+53%). The number of firms in hotels and restaurants (+280 firms), other services (+360 firms), and health and social work (+280 firms) increased at a significantly faster rate than the sub-regional, regional and national averages.

CHANGE IN THE NUMBER OF FIRMS BY SECTOR, 1998-2008



Source: Annual Business Inquiry 2008

3.24. As suggested by the chart above, the business services sector has been responsible for the majority of jobs growth in the borough since 1998. Since 1998 the sector has contributed 36,400 new jobs to the economy, a growth rate of 118%. This is much higher than the rate of growth across the sub-

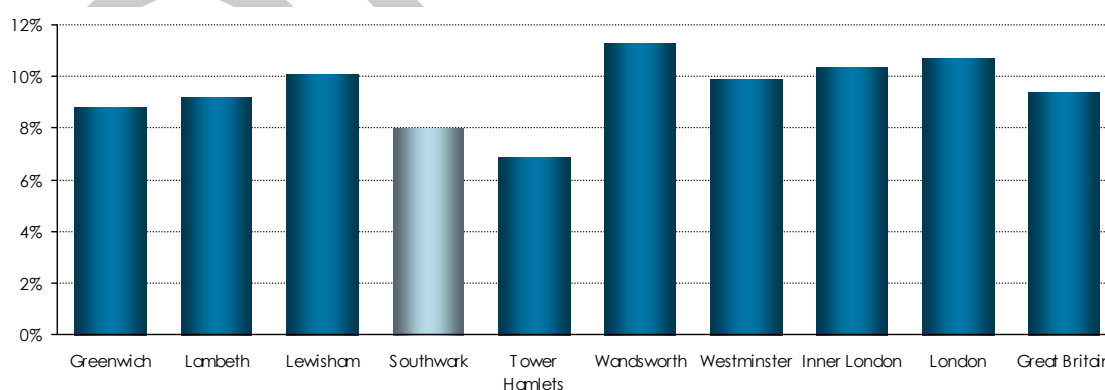
region as a whole (+44%). Other services, hotels and restaurants, education and construction have also expanded rapidly since 1998. Hotels and restaurants has seen growth of 3,670 jobs, a growth rate of 59%, in contrast to growth of just 24% across London as a whole and 28% in Inner London. Employment in the education sector has also grown more rapidly (+6,070 jobs or +63%) than the Inner London average (+27%). Other services grew by 4,070 jobs (+47%) over the period, also above the sub-regional (+24%) and regional (+26%) growth rates. The construction sector was the only other growth sector locally (+1,460 jobs or +32%), while the sector experienced a fall in the number of jobs in Inner London (-2%) and London as a whole (-9%).

- 3.25. Competitive economies tend to be those with clearly identifiable specialisms or clusters of activity, which stimulate productivity growth. It is possible to identify sector strengths in the borough which have the potential to drive employment and productivity growth in the future, such as: knowledge intensive business services; higher education; creative and cultural industries; and tourism.

Levels of self employment and business start ups are low

- 3.26. Despite strong overall growth, business density and formation rates are below the regional average. Business density in 2007¹² (the number of businesses per 1,000 adult population) in Southwark (55) is lower than the London average (63) and considerably below the Inner London average (88)¹³. Business formation 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

¹² Business Demography, ONS, 2007

¹³ 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

- 3.27. 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% of working age women in the borough are classed as self employed compared to 11% of men.

DRAFT

Priorities for action - Enterprise

Enterprise Priority One: Support existing businesses

Rationale	Objectives
<p>As the economy emerges from recession, with a cyclical recovery period, it is important to ensure that good local businesses are not lost. We will create the conditions in which businesses in Southwark can compete effectively within London, across the UK and in the international arena.</p> <p>The impact of the recession was more pronounced for SME's which represent a high proportion of businesses in Southwark. Reduction in public expenditure will have a further impact on existing businesses.</p> <p>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. Reducing the dependence on financial services will make the economy more sustainable. Provision of a wider range of services locally will reduce need to travel out of the borough.</p> <p>We recognise the importance of our key sectors in driving economic growth in the borough – knowledge intensive business services, higher education, creative and cultural industries, and tourism.</p>	<ol style="list-style-type: none"> 1. Co-ordinate, align and rationalise business support in the borough with local, regional and national delivery partners to improve access to information and appropriate support. 2. Support local SMEs to access procurement opportunities and build their capacity to compete effectively. 3. Continue to support business networks, including support for sector-led business networks. 4. Promote green business initiatives and encourage greater levels of recycling and re-use, energy conservation, carbon reduction, and greener travel to work patterns. 5. Support growth of businesses in key sectors, including the development of the green economy. 6. Develop links with further and higher education institutions to support emerging knowledge intensive businesses.

Enterprise Priority Two: Develop key business districts and town centres	
Rationale	Objectives
<p>Southwark has experienced a rapid expansion of its business base coupled with considerable jobs growth over the last decade. This growth has been concentrated in the north of the borough in and around the CAZ. We will continue to support business growth in the CAZ and use this opportunity to drive growth in employment into other parts of the borough through regeneration and inward investment.</p> <p>Development of business districts, town centres and creation of sustainable communities with the right mix of residential, leisure and commercial activity are vital to improving the quality of life and opportunities for the borough’s residents and businesses. Increased private sector investment is essential for Southwark to achieve its regeneration ambitions.</p> <p>Preferred locations for growth and commercial districts include:</p> <ul style="list-style-type: none"> • Bankside, Borough and London Bridge • Elephant and Castle • Peckham and Nunhead • Canada Water and Rotherhithe • Camberwell 	<ol style="list-style-type: none"> 1. Support the development of regeneration schemes across the borough while maximising access to business opportunities. 2. Promote and market the borough to inward investors. 3. Support and stimulate enterprise activity in our town centres. 4. Support the provision of business space including affordable premises and managed workspaces. 5. Improve commercial districts.

Enterprise Priority Three: Increase business start ups	
Rationale	Objectives
<p>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 (particularly amongst women) lag behind the regional average.</p> <p>To increase economic activity we need to stimulate enterprise and encourage the growth of an entrepreneurial culture and use the opportunity presented by economic growth in the central activity zone to drive growth across the borough.</p>	<ol style="list-style-type: none"> 1. Promote self employment as a route into work for workless residents. 2. Improve access to pre-start business support and advice, particularly for priority groups. 3. Encourage business start ups. 4. Work with employers to promote enterprise in schools. 5. Develop business mentoring networks. 6. Identify opportunities to convert activities of community organisations into social enterprise.

4. DELIVERING THROUGH PARTNERSHIPS

- 4.1. While Southwark has been successful in reducing the gap with the London average, levels of unemployment and economic inactivity in Southwark are still relatively high for central 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 more intelligently to achieve this step change. We need to find ways of working more effectively with businesses, providers of employment support, business support and training, the health sector, education and housing services, and with other partners. We need to raise awareness among our residents of the support available and work to create a seamless and joined up offer for residents, businesses and employers so that there is no 'wrong door'.
- 4.2. As a partnership we will continue to make the business case for local, flexible funding to fill the gaps in standardised, nationally or regionally designed mainstream provision.
- 4.3. Southwark Alliance, the Local Strategic Partnership for the borough, brings together the main agencies with a responsibility for and an influence on the public policy and services that shape the future of the borough. As one of five thematic partnerships acting on behalf of the LSP, the Local Economy Group is responsible for implementing the economic development strategy.
- 4.4. The Southwark Alliance Local Economy Group (LEG) brings together statutory, voluntary, community and business sector representatives to jointly determine priorities for developing Southwark's economy. Objectives are aligned to Southwark's Community Strategy objectives and priorities:
- Improving individual life chances - achieve economic well-being and achieve educational potential
 - Making the borough a better place for people – a vibrant economy
- 4.5. The LEG also has ownership of relevant national indicators which measure the current Local Area Agreement up to March 2011 (see 3.6 and 4.7).
- 4.6. One crucial role for the LEG is to provide a forum for monitoring the rapidly changing policy and resource environment for economic development; as the complicated map of employment and enterprise support activity changes, the challenge to the partnership and a major element of its work programme will be to understand these changes and identify how to adapt to them.

RESOURCES

- 4.7. Implementation of the economic development strategy will be through influence over and collaboration with partner resources, and through other external sources of funding. Partners also bring a range of expertise to the LEG that will be used to shape service delivery and influence economic development policy and other policies and strategies.

- 4.8. The following table lists LEG members, describing each partner, their role in the group, their expertise and the networks they represent. This demonstrates the value of the partnership as a whole in influencing economic development in Southwark. Due to the rapidly changing policy and resource landscape at the time this strategy is being developed, this table is an indicative snapshot of the partnership as of August 2010 and is subject to change.

Partner	Role
Business Improvement Districts	<p>Representation of substantial and influential networks of businesses, working to improve locations for commercial activity. Facilitation of business involvement with the local community by supporting education, employment and environment initiatives. Helps businesses meet, learn from, trade and support each other.</p> <p>The LEG has three BID representatives, from Better Bankside (vice chair of LEG), Team London Bridge and Waterloo Quarter.</p>
Business Link in London (BLIL)	<p>Provides start up advice and development support to small to medium sized businesses. Connects businesses to expert help and provides intensive support to businesses that are ready to grow and create jobs. BLIL is the principal gateway to programmes, services and individuals providing business support. Through its services BLIL has an understanding of the issues and needs of supported businesses.</p>
Ethnic minority business network representative	<p>Black Business Initiative (BBI) is a support agency with a mission to promote, sustain and reward entrepreneurship to BME businesses. BBI achieves this through providing a forum for networking for existing and prospective new BME enterprises. It also organises annual business awards to recognise and reward success among its diverse communities.</p>
Flexible New Deal (FND) providers	<p>Operate in regions across London and the UK so can provide a view of service implementation in Southwark and elsewhere in the UK. Expertise on providing personalised programmes for people claiming JSA and working with employers (e.g. on work experience programmes). Flexibility to shape programme design and delivery.</p> <p>The LEG has representatives from both FND providers in Southwark, A4E and Calder.</p>
Jobcentre Plus	<p>Direct provision and commissioning of employment support programmes and welfare benefits to residents and access to a network of advisers and delivery locations – the most significant single resource aimed at reducing worklessness. Provision of information on DWP initiatives and a cross borough view by virtue of district and regional structures.</p>
London South Bank University	<p>Offers a wide range of undergraduate and postgraduate vocational degree courses which gear students towards future employment. The university has over 25,000 students and four faculties; arts and human sciences; business; engineering,</p>

	<p>science and the built environment; health and social care. The university works with schools, colleges and the local community to raise aspirations amongst young people and promote the benefits of higher education.</p> <p>LSBU supports businesses wishing to improve their competitiveness and productivity through the provision of training courses, consultancy, research and Knowledge Transfer Partnerships (KTPs).</p> <p>The London Knowledge Innovation Centre (LKIC) is a joint venture with Business Extra, providing practical business advice, innovation support and serviced office space.</p> <p>The Centre for Efficient and Renewable Energy in Buildings (CEREB) provides research, teaching and technical demonstrations of environmentally sustainable energy systems in buildings.</p>
<p>Skills Funding Agency</p>	<p>Agency of the Department for Business, Innovation and Skills (DBIS) that funds and regulates adult further education and skills training. Investment in colleges and training organisations in Southwark, including revenue funding for courses and capital improvement works. Links with employers through provision of skills support and work with sector skills council. Home to National Apprenticeship Service and delivers Integrated Adult Careers Service. Expertise and knowledge of further education sector and can inform national policy.</p>
<p>Southwark Chamber of Commerce</p>	<p>Representation for subscribing member businesses and non member businesses. Advising, lobbying and influencing on economic policy to and with a range of statutory bodies. Professional skills and abilities in signposting businesses to expert knowledge on a wide range of markets and sector issues. Creating and building business networks with shared interests.</p>
<p>Southwark College</p>	<p>Provision of essential vocational pathways for 14 - 16 year olds, 16 - 19 year olds and adults that include a wide range of qualifications such as NVQs, Apprenticeships, BTECs and City & Guilds qualifications.</p> <p>The college delivers a broad range of curriculum specialisms with programmes available from entry level to level 3. Extensive provision is available for ESOL and Learners with Learning Difficulties and Disabilities (LLDD) and for those learners requiring literacy, numeracy, functional or essential skills to support progress along a vocational pathway.</p> <p>A wide range of partnerships with businesses and public sector organisations along with delivery of bespoke training solutions for employers.</p>
<p>Southwark Council</p>	<p>Leads the regeneration of the borough. Research, influence, partnership building and project development led by the council's economic development and adult learning representatives; leveraging of resources and expertise from across the council</p>

	<p>and promoting the economic development agenda across council departments/divisions. Commissions employment support, training and enterprise support programmes. Facilitation of Local Economy Group meetings and development of strategy and work plans on behalf of LEG.</p> <p>Influence through sub-regional partnerships and collaboration with other London boroughs. Influence over national and regional statutory agencies, and a co-ordinating role on behalf of economic development within the council's full range of services, powers and responsibilities, including housing, education, planning, physical regeneration, health and social care.</p>
<p>Southwark Works</p>	<p>Southwark Works is the council's partnership of specialist employability skills providers for delivery of support to the borough's most disadvantaged unemployed residents. A team of specialist employment advisers engage with workless clients through a range of other services including the NHS, Housing and Social Services. They provide expert, one to one support to tackle clients' barriers to working and have in-house access to job brokerage and an employer engagement team.</p> <p>Currently, Southwark Works is the council's main programme for provision of employment support.</p>
<p>Voluntary and community sector representatives</p>	<p>Advocacy for the sector: expertise on engaging with the largest and newest communities in Southwark and provision of training and capacity building for the voluntary sector and specialised or localised client groups.</p> <p>Representatives from Community Action Southwark and Peckham Settlement.</p>

September 2010