

# Employment and Unemployment in Southwark

Report of the Regeneration & Leisure  
Scrutiny Sub-Committee

May 2012



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## Introduction

- 1.1 The Regeneration and Leisure Scrutiny Sub-Committee agreed to look into the issue of employment and unemployment in Southwark as members believed this was one of the biggest areas of concern and challenges facing our constituents in Southwark, particularly young people who are disproportionately affected by rising unemployment.
- 1.2 The sub-committee agreed to focus our attention on what more the council could do to support retaining existing jobs and employment in the borough and to create the conditions for new businesses and jobs to locate to Southwark.
- 1.3 The sub-committee recognises that some of Southwark's biggest existing employers, such as health and the local authority, are seeing a reduction in their existing workforces and limited opportunities for job creation in the foreseeable future due to the reductions in Government expenditure in the public sector.
- 1.4 The council has also seen the withdrawal or significant downsizing of a number of Government grant-funded schemes such as the Single Regeneration Budget (SRB) and Working Neighbourhood Funding, which means that the council will become less of a procurer of employment and enterprise projects and more of an enabler and partner in supporting our key partners to create economic growth in Southwark's local economy.
- 1.5 Against this background the Government is also embarking on a wholesale reform of welfare, including the launch of the Work Programme in June 2011. In Southwark there will be three "prime contractor" delivery networks competing across London East, which is made up of 17 boroughs over 7 years.
- 1.6 The sub-committee heard that the total population in Southwark is 287,000 and the working age population is 211,400 (73.7%).
- 1.7 We were also informed that the number of claimants on Job Seekers Allowance (JSA) has increased from 10,145 in January 2011 to 11,085 in January 2012, an increase of 9.3%. This increase was the 17<sup>th</sup> highest in London and slightly below the London average of 9.7%
- 1.8 In January 2012 there were 1,417 vacancies in Southwark. This compared to 1,500 in December 2011 and 1,128 in January 2011.
- 1.9 The information that was presented to the sub-committee showed that Southwark has been more successful than many other London boroughs over the last 15 years in attracting new employment and businesses to Southwark, and the council has led the way with its ambitious regeneration programmes.

- 1.10 Yet despite this, and the fact that each month there are job vacancies available in Southwark, there are clearly still barriers or a skills gap that are stopping Southwark residents successfully securing existing employment opportunities.
- 1.11 To this end the sub-committee have tried to identify recommendations that could build on the council's leadership role in the borough to develop new employment opportunities and improve the number of Southwark residents securing employment.
- 1.12 The recommendations are listed at the end of the report.

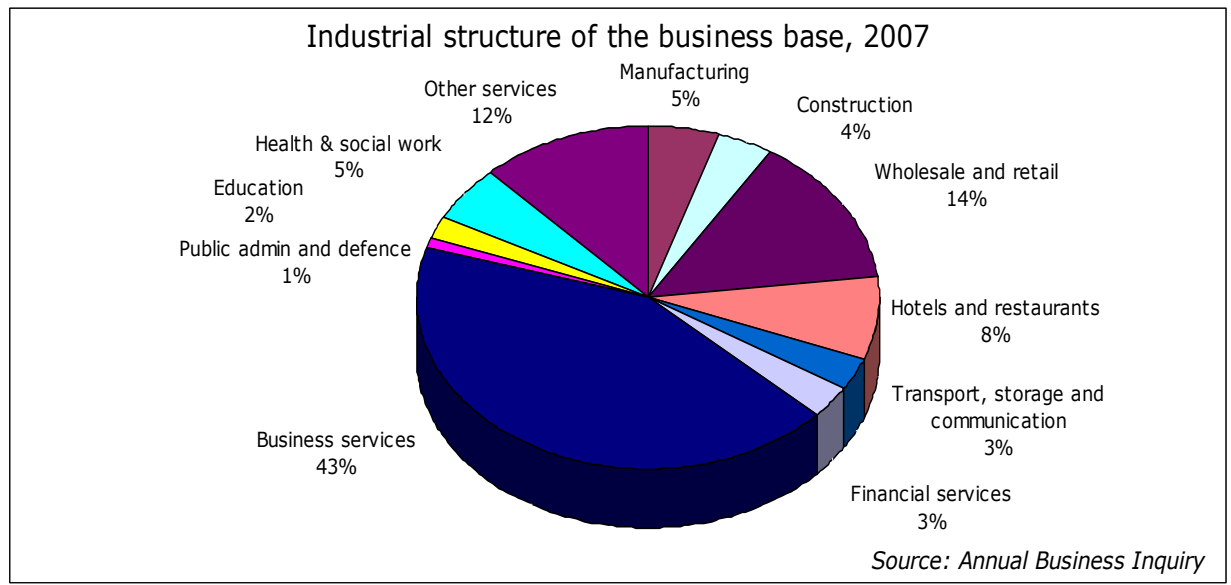
### **Evidence**

- 2.1 The sub-committee took verbal and written evidence at our Regeneration and Leisure Scrutiny meetings held on 8 February 2012 and 5 March 2012. Those giving evidence to the sub-committee included:
  - Graham Sutton, Economic Development Manager, Southwark Council
  - Peter Williams, Chief Executive of Better Bankside and Ruti Mupfurutsa, Employ SE1 Co-ordinator on behalf of Southwark's BIDs
  - Fergus Grant, District Operation Manager for JobCentre Plus
- 2.2 The background information below is taken from the presentations from Graham Sutton and Fergus Grant.

### **Background Information**

- 3.1 The employment position in Southwark over the last 15 years has been a mixed picture.
- 3.2 On the positive side Southwark has seen significant growth in the business base and the number of jobs created within the borough.
- 3.3 Southwark's business base has increased by 35% between 1998-2007, compared to an increase of 12% in inner London and 13% for London as a whole.
- 3.4 An additional 21,600 jobs have also been created during this period, equivalent to a 15% increase, compared to an increase in London as a whole of 8%.
- 3.5 The diagram below shows Southwark's business base in 2007:

## Southwark Business Base 2007



- Current stock of VAT and/or PAYE registered businesses -11,745
- Large businesses (250 plus employees)-75
- Small or medium sized enterprises (SMEs) (10-249 employees)-1,420
- Micro businesses (fewer than ten employees)-10,250 of which 8,775 have fewer than five employees

Southwark has the 20<sup>th</sup> largest local economy in the UK and the 6<sup>th</sup> largest local economy in London

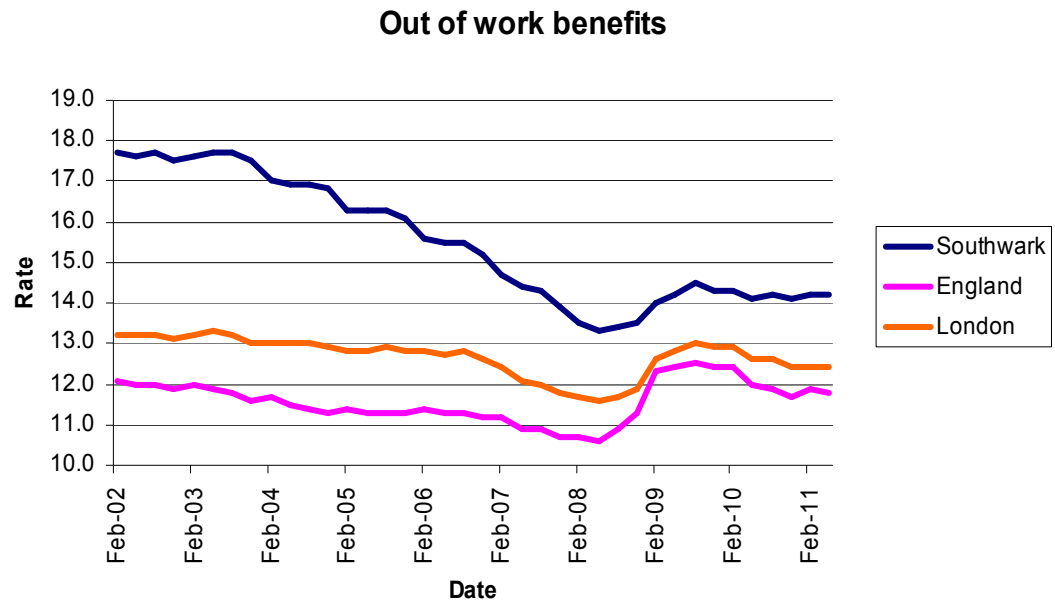
Growth Sectors - business services; hotels and restaurants; education; construction

Declining Sectors - transport and communications; wholesale and retail; public administration and defence; financial services; manufacturing

### The Southwark Picture

- 4.1 On the plus side the 2010 Index of Multiple Deprivation (IMD) showed Southwark position for employment deprivation improved from 2<sup>nd</sup> most deprived in London in 2007 to 4<sup>th</sup> most deprived borough in London in 2010 and nationally from 22<sup>nd</sup> to 33<sup>rd</sup>.
- 4.2 The employment rate has also improved from 64% in 2006-07 to 67.2% in 2011.
- 4.3 However, despite these positive developments levels of unemployment remain high, and are concentrated among certain demographic groups and in specific geographical areas.

- 4.4 Southwark's unemployment rate is 10.5% compared to London's rate of 9.1% and a national rate of 7.7% with 29,980 working age residents (14.2%) claiming an out of work benefit.



- 4.5 Southwark has also seen a 60% rise in unemployment between 2008-2011, with long term unemployment (Job Seekers Allowance (JSA) claims over 12 months) rising by over 100% in the same period.

### Ethnicity

- 5.1 The employment rates for different ethnic groups in Southwark in December 2010 was as follows

White-93,300 (73.1%)  
 Ethnic minority total-56,000 (64.5%)  
 Black or Black British-29,200 (60.2%)

- 5.2 The total Southwark employment rate is 152,700 (69.6%)

- 5.3 The corresponding economic inactivity rates for the different ethnic groups are as follows

White-27,100 (21.2%)  
 Ethnic minority total-19,700 (22.7%)  
 Black or Black British-9,800 (20.2%)

- 5.4 The total Southwark economically inactive rate is 46,800 (21.8%)

5.5 The source for these figures is from the ONS-Annual Population Data

### **Gender**

6.1 In regards to gender the employment rates are

Female employment rate 61%      Male employment rate 72.9%

Female unemployment rate 10.5%      Male unemployment rate 13.1%

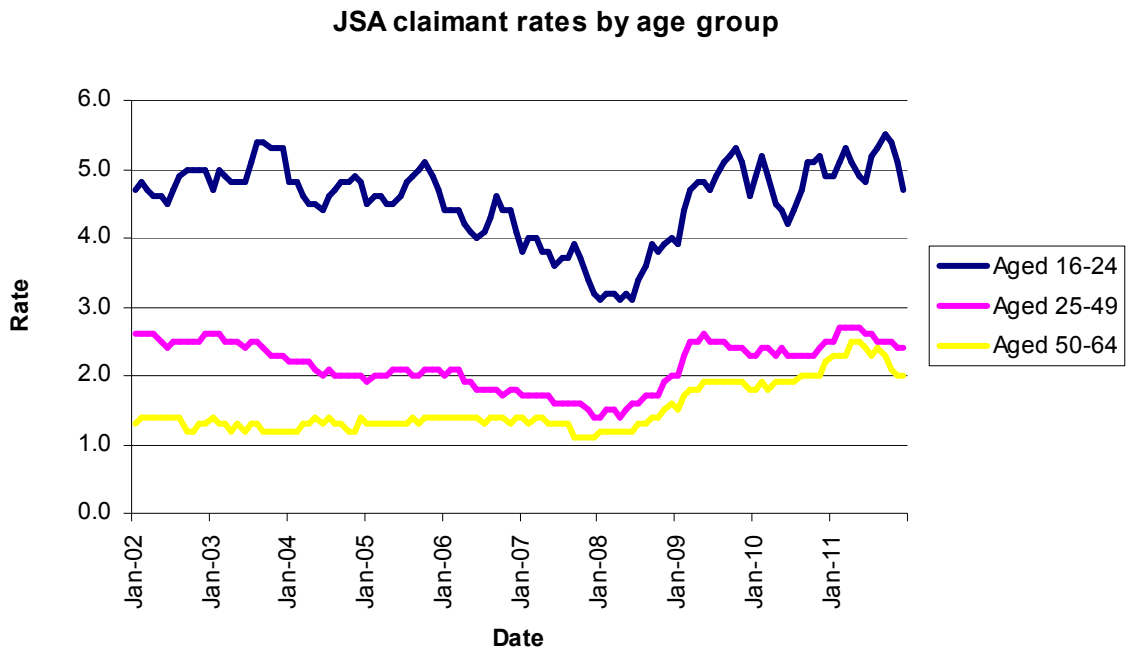
6.2 This pattern of lower unemployment for women is in contrast to the pattern seen in Inner London and London where males have slightly lower levels than females, but similar to figures for Great Britain where the unemployment figure is 1.5% lower than the male unemployment rate.

6.3 Women also have a higher “economically inactive” rate at 32% compared to 18% for men and while 23% of economically inactive women state that they do not want a job, 9% of economically inactive women say they would like to work, compared to only 6% of economically inactive men. This indicates women who want to work are facing more barriers in doing so compared to their male counterparts.

### **Families and Child Poverty**

6.4 There are 11,168 lone parent families in Southwark and approximately 41% of children are in one parent households (Census 2001). Child Poverty is a key issue in Southwark. 33% of dependent children (under 19 years) are living in poverty with 19,610 children living in families that are in receipt of out of work benefits/tax credits or where household income is less than 60% of the median income.

## Age cohorts and unemployment



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## Health and Disability

- 7.1 Southwark has London's highest claim rate for health related out of work claims. 13, 440 residents are claiming either Incapacity Benefit (IB) or Employment Support Allowance representing 6.4% of the working age population. Over 10,000 of these residents are claiming Incapacity Benefit and in common with the picture across the UK the most common reason for claiming Incapacity Benefit in Southwark is mental ill health (47%).

## Skills challenge in Southwark

- 8.1 Skills levels are polarised:
- 45% of residents are qualified to degree level (London average 39%)
  - 13% have no qualifications (London average 12%).
  - Proportion with no qualifications highest among those age 50 to retirement age (33.3%).
  - Proportion with no qualifications aged between 16-19 (18.8%) (London average 18%)



## **Southwark Local Economy Group Strategic Priorities**

9.1 Southwark's Local Economy Group, which is a partnership of key partners including Jobcentre Plus, the 3 Department of Works and Pensions Work Programme providers, Southwark College, the Skills Funding Agency, Business Improvement Districts, London South Bank University strategic priorities include:

- remove the barriers to work faced by priority groups
- increase business and employer engagement
- raise skills for sustained employment

## **Recommendations**

The Sub-Committee agreed the following recommendations

1. That the council works with the Business Improvement Districts (BIDs) regarding their Employ SE1 project to evaluate the success of the project and whether with a small amount of council funding this project could be extended to work with businesses across the borough to help Southwark residents to secure local jobs
2. That the council evaluates the incubator pod project that is being put in place on the old garage site on the Walworth Road with the aim of extending the model to other locations in the centre and south of the borough to support small start up businesses.
3. That the council reviews its retail, business estates and light industrial estates portfolio to ensure the estate is not only maximising income but is also providing a diverse and appropriate portfolio to support small local businesses in the borough.
4. That the council acts as an enabler regarding the creation of a generic borough-wide careers advice service across school, academies and further education providers in Southwark and encourages the greater involvement of local employers in these educational providers in order to help young people secure jobs and careers when they leave school, including how to set up and run a business.
5. That the council conducts a comprehensive review of council policies that could impact on the success or failure of businesses to flourish and grow in Southwark such as parking policies and the way the public realm is managed and maintained.

6. That the council investigates examples of best practice around securing local jobs for local people using section 106 monies such as Colchester Council who worked with a new Sainsbury's store on training and recruitment, which resulted in 95% of all the new permanent jobs being filled by local unemployed people.
7. That the council considers the use of schemes such as purple flag to boost local high streets and town centres by getting key partners around the table to increase the diversity of the night-time offer and address issues of concern that are restricting the potential of our high streets and town centre night time economies.
8. That the council seeks to engage the Mayor and TfL to ensure a borough-wide comprehensive review of bus service provision in Southwark takes place, rather than piecemeal route by route reviews, to ensure that existing bus routes, frequency and capacity is meeting the changing demands of workers and residents in Southwark.
9. That the council should support and facilitate the setting up of local business associations to represent clusters of businesses in the borough, that are not represented by existing BIDs, and consider how best to this.
10. That the council representatives on the shadow Health and Wellbeing Board have regard to the fact that 47% of those claiming Incapacity Benefit in Southwark give the reason as being mental ill health and seek to identify strategies, interventions and support that will help those residents who can or wish to get back into work.
11. That the council considers how best to build on our existing employment strengths and characteristics in the borough such as the "Cultural Quarter" in the north-west corner of the borough and develop new employment opportunities and themes in areas such as the Elephant and Castle, Camberwell, Peckham, the Old Kent Road and Lordship Lane. Ideas could include promoting the history, diverse communities and existing business strengths in different parts of the borough.
12. That the council consider working with partners to support the creation of job clubs in the borough to support unemployed people back into work in Southwark.