

SOUTHWARK'S ENTERPRISE AND EMPLOYMENT STRATEGY

Report of Scrutiny Sub-Committee A

September 2009



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1 Introduction

- 1.1 The Overview & Scrutiny Committee prioritized this topic for review as members were aware that the Southwark's Employment Strategy was launched in 2002, reviewed in 2005 and was due for review again in 2009.
- 1.2 Scrutiny sub-committee "A" discussed issues regarding the Enterprise and Employment Strategy at four meetings (March 18, April 22, July 1 and 20 2009) and heard from the Head of Economic Development and Strategic Partnerships who gave a full presentation to members and explained that we are presently in a different climate now due to the economic decline and that there are important lessons to be learned.
- 1.3 Southwark's Employment and Enterprise Strategies is led by the council's Economic Development Team, working alongside the Southwark Alliance Employment and Skills Partnership and Enterprise Partnership.
- 1.4 The Employment and Skills Partnership included Job Centre Plus, Learning and Skills Council, London Development Agency, Government Office for London and key local education and third sector agencies.
- 1.5 The Enterprise Partners included London Development Agency, Business Link in London, Business Improvement Districts, Business Networks London South Bank University and local businesses.
- 1.6 Southwark has one of the fastest growing economies in London, the second largest business growth rate and is ranked eighth most competitive London borough in the UK. Yet Southwark is also the second most 'employment deprived' borough in London:-
 - Southwark's employment rate is 67% compared to a London average of 70% and national average of 74%
 - 38% of Southwark's children are living in families on key benefits
 - 20,700 children are living in income deprived households
- 1.7 The main groups of out-of-work benefits in Southwark are:-

Jobseekers – 19% or 6,080 claimants
Lone Parents – 22% or 6,890 claimants
Incapacity Benefit Claimants – 43% or 13,300 claimants.
- 1.8 The strategy is based on increasing access to work, sustainability, progression and preventing people falling into worklessness, the focus being on addressing barriers to employment. The partnership strategy is targeting services that add value to mainstream provision.
- 1.9 Barriers to employment faced by Southwark residents are as follows:-

Direct
Skills (vocational, language and basic skills)
Childcare
Health
Confidence/Motivation (if unemployed for a long time)

Complex personal issues (drug and alcohol abuse, housing, legal and debt issues)

Financial cost of returning to work

Indirect

Access to and awareness of services

Employer's engagement

Transport and access to jobs

Unsustainable incomes (it costs more to work in inner London)

2 The situation in Southwark

- 2.1 The objectives are to build an entrepreneurial culture and to support and develop the existing business base attracting inward investment. The focus being to maximising benefits from growth in the north of the borough and increasing enterprise activity in deprived areas for under represented groups such as young people, women and minority ethnic groups.
- 2.2 The partnership strategy aims to join up regional and local strategies, plans and initiatives to provide a coherent offer to investors and businesses.
- 2.3 The partnership based programme, developed under multi-agency initiatives targeting those furthest from the labour market through outreach with key service delivery partners, would provide 700 people annually with engagement, personal support and progression to employment.
- 2.4 There is a need to fill the gap between mainstream provision and those with highest needs; a flexible, scalable model allows simple adjustment to meet changing needs.
- 2.5 The contracting package for 2009/10 will aim to engage in excess of 3300 jobless residents, supporting approximately:-
 - 20% into training
 - 25% into other, non-accredited training and employability progression
 - 23% directly into work
 - 12% for referral to other job brokerage agencies.
- 2.6 This package of delivery has a target of moving 760 people into work.
- 2.7 It was brought to the attention of sub-committee by a member that applications for CRB checks made from the council seemed to take more than the standard 90 days expected. A member of the sub-committee also informed members that students sometimes had returned to college without being able to take up a workplace, as the CRB checks had not come through within the 90 day period for them to take up their placements. Another example was that of an applicant for a job in a care home who had a CRB check application requested and in this case it took 6 months, in this time the job offer was withdrawn. The Head of Economic Development reported this was probably due to information not being submitted early enough to the police.

Southwark's Strategies - Successes

- 2.8 Since our first employment and enterprise strategies were launched in 2002:
- 3,020 fewer Southwark residents are claiming working age benefits
 - Claimant rates are down 3.6 points (London average drop 1.1 points)
 - Southwark's employment rate has risen from 64.1% to 67.2%
 - The gap between the Southwark and London employment rates has closed from 5.5% to 3.4%
 - VAT registered business stock increased by 22% (London 14%)
 - 14% growth in employee jobs in Southwark (London 4%)
 - Southwark's employment strategy and the Southwark Works model cited as national good practice
 - Southwark Works model is being replicated by local authorities across the UK.
- 2.9 Partners' interventions are reaching areas that have traditionally been hard to affect in Southwark:
- Numbers on Incapacity Benefit are falling for the first time in five years
 - The numbers of people claiming Lone Parent Income Support have fallen significantly
 - The gap between the Southwark and London claimant rates for Income Support has closed to just 0.5%

3 Officers' perspective

Outstanding challenges for Southwark are:

- 58,000 people not working including 31,000 claiming benefit, progress is being made but it is slow
- Job Seekers Allowance claimant count has been falling steadily but recently started to show a sharp increase
- Adult skill levels remain critical in London's labour market, 31,000 Southwark adults hold no formal qualifications
- Partners are now focusing more on those furthest from employment, so investment needs to remain high (up to £8K per job)
- Structural factors in Southwark mean that we will always have a high numbers of residents who are more likely to face barriers to employment

- Challenge - to effectively join up provision to maximise numbers engaged and tackle barriers to work in a holistic way.

4 Recommendations – Southwark’s Enterprise Strategy

1. That the sub-committee is pleased to note the considerable improvements made in the numbers of people into work and the number of businesses in Southwark since the introduction of the first employment and enterprise strategies in 2002.
2. The sub-committee agreed that recent economic conditions have presented a more challenging environment for supporting residents into work. It agrees that the review of the strategies is timely and hopes that the following recommendations can be incorporated.
3. The sub-committee notes the successful implementation of the Southwark Work programme and supports continuation of this programme and its objectives providing support for those furthest to the labour market.
4. The sub-committee feels that there is a lack of awareness across Council Services of the support available to help people find work, it believes there is potential for front line services in particular to offer more support. It would support further work to raise awareness amongst frontline staff and to encourage more referrals and advice. It felt that housing offices present an excellent opportunity for this.
5. The sub-committee noted the good work that has been undertaken with regard to apprenticeships and work placements and would like to see council departments do more to support this agenda.
6. In order to avert delays in the take up of work placements, the sub-committee recommends that the council look to manage its relevant internal processes for obtaining CRB checks as effectively as possible.
7. The sub-committee supports the council’s activities to achieve economic benefits from regeneration programmes and its programme of investment in local shopping parades in deprived areas.
8. The sub-committee was concerned about the very high numbers of people on incapacity benefit, it noted that the recent introduction¹ locally of the “pathways to work” programme which will target resources at this group. It recommends that this activity is kept under close review.
9. The sub-committee notes the high numbers of Southwark residents with low or no skills or qualifications. It would like to see greater provision for ESOL and related support, particularly at pre-entry level 1 and below and recommends that the Learning and Skills Council should be encouraged to make more resources available in the borough to support this project.