

Tower Hamlets Employment Strategy

Draft for consultation

February 2011



Employment Strategy: *Summary and Purpose*

Contents

Executive Summary	3
Purpose and Structure	4
Note on Figures.....	5
Borough Context	6
Overview	6
History	7
Geographic Context.....	8
Demographic Context.....	10
Supply	16
Worklessness and the Employment Rate	16
Overview of Worklessness in Tower Hamlets.....	17
Ethnicity and Worklessness.....	17
Skills.....	21
Geographic Concentrations of Worklessness.....	23
Commuting and Transport.....	25
Convergence and Targets	28
Demand	29
Growth & Contraction.....	30
Sector by Sector.....	34
Skills demand.....	37
Changes in Welfare to Work	39
Policy Context.....	39
Delivery Approach.....	39
Employment Services Provision.....	40
Prior Delivery Model for Workless Residents.....	41
New Employment Delivery Model.....	41
Complexity of the Benefit System.....	43
Resourcing Delivery.....	43
Analysis	45
Scale of the Employment Rate Challenge.....	45
Collaboration with Different Agencies	46
Targeting Disadvantaged Groups.....	47
Linking Residents to Demand.....	48
Employment as a Cross-Borough Issue.....	48
Housing and Population Churn Affect the Employment Rate	49
Aims and Objectives	50
Objective 1: Making the Mainstream Services Work Better for Local Residents ...	51
Objective 2: Engaging Workless Residents Detached from the Labour Market and Complementing the Work of the Mainstream	53
Objective 4: Ensure Investment is Co-ordinated and Focused.....	57
Objective 5: Capture Employment Opportunities for Tower Hamlets Residents within the Borough and Wider London Labour Market.....	59
Summary	61
Governance and Implementation	62
Glossary	63
Appendices	64
Employment Action Plan for 2011/2012	64
SWOT Analysis.....	69
Principles of the Employment Strategy	71

Executive Summary

The London Borough of Tower Hamlets is experiencing rapid change as it emerges from a history of deprivation to become an extension of the economic powerhouse of Central London. The borough's economy is worth over £6bn a year and provides 5% of all the jobs in the capital. With nearly three jobs for every two residents, and with its economy expected to grow by up to 50% in the next 20 years, Tower Hamlets is a place of opportunity.

Great challenges remain, however. The borough's history of deprivation casts a shadow, and the borough remains the third most deprived authority in the country and the second in London. Unemployment, at 13%, is twice the London average, and many claimants have been unemployed for two years or more. Despite the many opportunities available, less than 20% of jobs go to borough residents.

The task for this Strategy is to outline how best to help Tower Hamlets residents' capitalise on the dynamic employment growth occurring around them. There have been great improvements in reducing worklessness over the last three or four years, with a rise of five percentage points in the employment rate, and these need to be capitalised upon. This document outlines both the barriers to future progress and the opportunities that exist to overcome them.

Chief among these are the changes occurring to employment service provision as a result of national policy and the commissioning of the Work Programme. This significant change in delivery has the possibility of bringing significant resources to bear on the underlying issues of worklessness within the borough, while creating an opportunity to streamline local delivery and make sure that local services complement mainstream provision.

Creating lasting partnerships between the Borough, the Prime Contractors delivering the Work Programme, and with local agencies and community organisations will be a key feature of this Strategy. It is only by working together that all stakeholders in Tower Hamlets can hope to capitalise on the transformation of the borough's economy and transform the lives of its residents.

Purpose and Structure

The Employment Strategy sets out how the London Borough of Tower Hamlets will meet its strategic aim of increasing the employment rate of residents in the borough, towards convergence with the London average rate, over the next 5 years.

This aim has been developed in the context of the broad agreement of national, regional and local government, as outlined in the Strategic Regeneration Framework. In the context of this Strategy, convergence for Tower Hamlets means that the employment rate should be equal to the London average by 2020.

The structure adopted within this Strategy is as follows:

- **Context** – summarises the history, geography and demographics of Tower Hamlets, particularly as they relate to its economic situation and the employment rate
- **Supply** – describes and analyses the composition of working and non-working groups in Tower Hamlets
- **Demand** – details the types of business present in the borough, the changes (growth or contraction) of their relative importance to the labour market, and the skills they require
- **Delivery and funding** – outlines current and forthcoming employment services provision at all levels that apply to borough residents
- **Analysis** – sets out the key factors that this Strategy needs to address
- **Aim and Objectives** – explains what strategic and intermediary objectives are proposed to increase the employment rate in Tower Hamlets

The sections have been colour-coded as shown for ease of navigation.

The document moves from setting out the data to an analysis and discussion of its significance. This enables conclusions to be drawn from which the strategic objectives are set. It is worth noting that this takes place within the overall story of the profound and accelerating changes that have taken place in Tower Hamlets. The context makes it clear that the challenges to increasing the employment rate to the London average are substantial. However, the last three to four years have been a period of marked improvement, including progress in increasing the employment rate. Given this progress, the aim and objectives of this Strategy, whilst stretching, are attainable.

This is a draft for consultation. Responses are invited from partner organisations and there will be opportunities to influence the next draft, including via the Employment Task Group and the Prosperous Communities Group of the Tower Hamlets Partnership.

A proposed action plan for 2011/2012 is included as an Appendix. This will be subject to discussion and it is hoped that all partners will contribute, as a collective approach which draws on the strength of different organisations is vital to successfully increasing the borough employment rate.

Note on Figures

All numbers and statistics used in the Employment Strategy are taken from the Local Economic Assessment (LEA) unless otherwise stated. This is to ensure, insofar as possible, accuracy and consistency throughout the Employment Strategy. Given the dynamic nature of the jobs market, changes are already taking place which affect the precise numbers. However, these should not undermine the overall direction set out in the Employment Strategy: for this reason, the Strategy will not be changed unless external factors require a reappraisal of the direction set out here.

Borough Context

The London Borough of Tower Hamlets is the densest and most populous borough in Inner London, with one of the highest deprivation rates in the country. From its beginnings as a historic docks and manufacturing area it has grown and developed at a faster rate than anywhere else in the UK. This culturally rich and diverse area faces unique challenges as it moves from a place of deprivation to become an extension of the Central London economic powerhouse and a vibrant borough in its own right. This section of the Strategy summarises the history, geography and demographics of the borough, particularly as they relate to its economic situation and employment rate.

Overview

Tower Hamlets' economy is worth over £6 billion per annum and provides some 200,000 jobs, or 5% of London's total employment. This is more than any other of the ten Thames Gateway boroughs, and its economy (by GDP) is bigger than Monaco, Malta or Jersey – in a borough with just 1% of London's land area and 3% of its population.

The borough provides 30% of all the jobs in East London. There are around 60,000 more jobs than there are residents of working age.

The last decade has seen employment growth of 60% in Tower Hamlets – four times the rate of London as a whole. Over the next twenty years employment is expected to grow by at least 50,000 – faster than all but one other London borough. Despite this growth, less than a fifth of jobs in the borough are taken by residents; the others are filled by people commuting in.

Unemployment - at 13% - is close to twice the London average of 7.6%. Only 70% of residents are in work or looking for work, and for female residents the figure is less than 60%. A quarter of borough residents - twice the London average - have no qualifications and over 40% of these are not in work.

Tower Hamlets is the third most deprived authority in the country and the second in London. But more than a tenth of employees earn over £100k p.a., compared to 2% for London as a whole. In many parts of the borough, the very rich live alongside the very poor.

A third of all jobs in the borough are in financial services and another fifth are in business services, a combined total of 55% and comparable with Central London. In contrast, manufacturing – if newspaper publishing is excluded – accounts for just 2% of jobs.

The borough is one of the most ethnically diverse in the country, with a non-white population of over 45%, compared to a 13% London average¹.

There are high numbers of entry-level jobs and a relatively high number of extremely well paid jobs, but opportunities for progression between these are limited. In

¹ (ONS estimates, 2006/7)

practice, the opportunities for people to start at a more modest level and then progress in a chosen line of work, increasing their pay, appear quite limited.

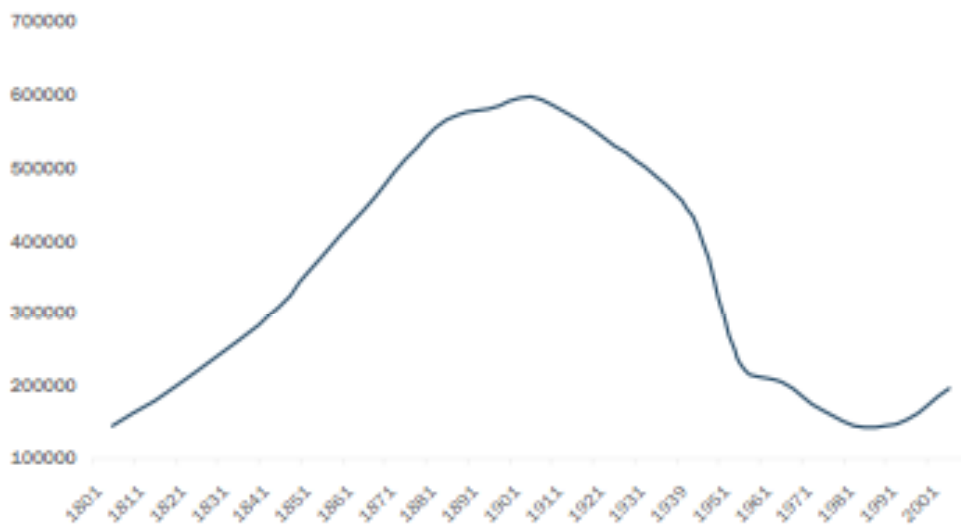
History

The London Borough of Tower Hamlets stands alone within the UK. Indeed, with its economy, social structure and demography, it has few parallels within the European Union, or possibly the world. One of the world's most important financial districts sits cheek by jowl with one of the most disadvantaged and diverse communities in Western Europe, meaning Tower Hamlets is a place like no other.

The history of Tower Hamlets has been dominated by its location on the banks of the Thames and its proximity to the economic and trading power of the City of London. The collection of villages, just beyond the City walls, have always attracted the types of industry unregulated by the City Guilds, and the river frontage has been shaped by international shipping and trade. The names 'Canary Wharf' and 'East India Dock' speak of both major periods of globalisation experienced by the borough: the power of imperial trade and the rise of global finance.

Between 1801 and 1910 the population of what is now Tower Hamlets increased almost twenty-fold to just under 600,000, following the fortunes of the docks. By 1981, as the docks moved downstream to Tilbury, that had shrunk to under 150,000 – a demographic boom and bust with few parallels in the developed world.

Figure 2.1 - Tower Hamlets Population Growth, 1801-2001



Source: ONS / NLP analysis

Tower Hamlets has always been a recipient of waves of immigration, both domestic and international – from landless Essex farm labourers, through Huguenot artisans, Eastern European retailers and factory workers to Irish dockworkers and Chinese sailors. Traditionally, these groups settled first in the East End before moving elsewhere as they prospered. By the 1980s a substantial proportion of the local population was of Bengali origin, including a very high proportion of first generation immigrants. Whilst there is still evidence of out migration continuing this traditional

East End pattern in which aspirants had to “get out to get up”, there is now also evidence that significant sections of the Tower Hamlets community notably within the Bangladeshi community, are showing ‘staying power’ and an aspiration to break the cycle of deprivation by leveraging the opportunities of economic growth and development locally, creating better outcomes across Tower Hamlets.

Over the last twenty years, Tower Hamlets has experienced a transformation in its economy, although there has been gradual progress in translating this into increased employment for residents and there are still concentrations of deprivation. The development of both the City Fringe and Canary Wharf has created a boom in high-skilled modern occupations, which has developed alongside a marked decline in more traditional lower-skilled, lower-paid sectors (the rise in the restaurant and hospitality centre around Brick Lane being an exception). Polarisation has become the dominant feature of the new Tower Hamlets, with thousands earning £100,000 and over, but some 47% of residents on benefits. Today, the overall picture remains one of deprivation existing alongside plenty.

Underpinning this structural divide is the phenomenon of population churn, by which some residents exercise a choice to leave the borough seeking better jobs and greater housing choice. By leaving they create space for others, often with similar or more challenging socio-economic profiles at the start of their economic career in London – and so the same pattern of deprivation tends to re-assert itself. This can make the borough’s indices of health, wealth and skills seem unusually resistant to improvement over time, whereas in fact significant social mobility has taken place.

Geographic Context

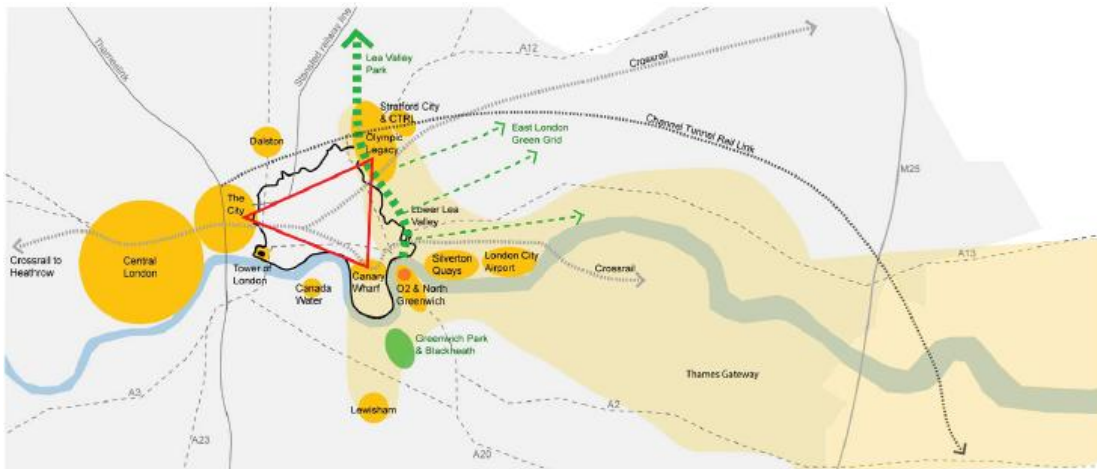
The London Borough of Tower Hamlets occupies an area of approximately 8 square miles just east of the City of London. Bounded by the river to the south, it sits with the boroughs of Hackney to the north and Newham to the east. The borough has grown from a series of semi-agricultural settlements, with rapid urbanisation and significant population growth, followed by rapid post-war de-population, meaning a coherent town centre never developed. Although subsequent development has transformed many locations, and seen significant population growth (driven by in-migration to the borough), the urban form and geography maintains a perception of individual hamlets despite a somewhat fractured and fragmented urban form.

This historical ‘Hamlets’ legacy continues to drive the perceptions of many residents, with distinct neighbourhood identities creating a positive attachment, sense of place and community identity. However there is some anecdotal evidence that this geographical attachment can negatively influence people’s behaviour when they consider their job options and expectations.

Tower Hamlets has a rich cultural heritage that includes historic buildings and archaeology, parks, open spaces, views, archives and collections, along with local cultural elements such as markets and local festivals. These resources give the borough the seventh largest tourism economy in London.

Tower Hamlets enjoys a strategic location within London, located between the three employment poles of the City, Canary Wharf and Stratford City, which includes much of the Olympic developments. The borough is part of the Central Activities Zone defined in the London Plan, and is a key business district in London. This is indicated in the following diagram:

Figure 2.2 - Tower Hamlets Strategic Location



The transformation of the docklands into the economic powerhouse of Canary Wharf has spearheaded this change, along with similar enterprise growth at the City Fringe. The combined economic might of these areas mean that in some respects the borough's economy has more similarities to that of the City or Westminster than it does to the other 2012 Host Boroughs.

Sub-regionally, the borough forms part of the Host Borough partnership of Tower Hamlets, Newham, Hackney, Greenwich, Barking & Dagenham and Waltham Forest. These boroughs will together host the 2012 London Olympic and Paralympic games, an event that presents employment opportunities as well as bringing significant regeneration and investment.

Tower Hamlets also benefits from excellent transport connections, with major road, tube, train, light rail and bus routes all running through the borough. The recent East London Line extension has improved the borough's north-south connections, and it is expected that the Crossrail project will enhance east-west transit, including improving the borough's connection to Heathrow airport. Tower Hamlets experiences high levels of commuting from the working population, both with employees entering the borough to work and residents commuting predominantly west into Central London.

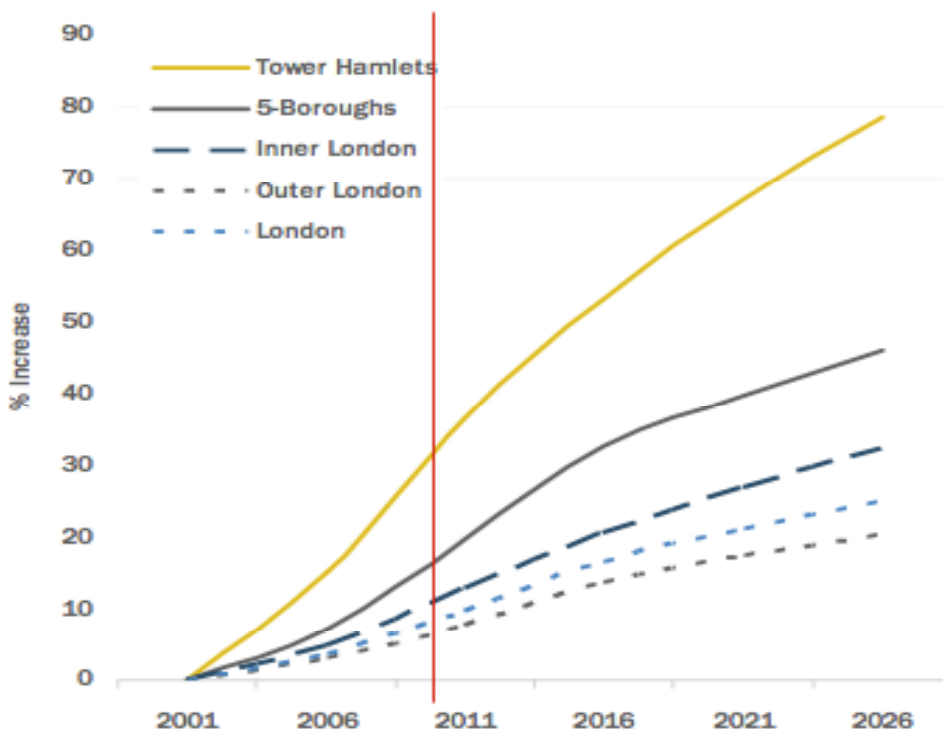
Demographic Context

Population Growth

The population of Tower Hamlets has grown markedly over the past 20 years, spurred by the dynamic growth of Canary Wharf and the Docklands. The current population of the borough is estimated at around 240,000 people (of whom around 160,000 are of working age), and this is expected to grow by around 25,000 by 2015.

There is a consensus that population growth will continue over the next 20 years, to anything from 280,000 to over 330,000. This scale of increase is greater than that projected anywhere else in London (except in neighbouring Newham) and will have significant economic implications. The strength and significance of these trends is shown in the graph below.

Figure 2.3 - Percentage Increase in Household Projections, 2001-2026



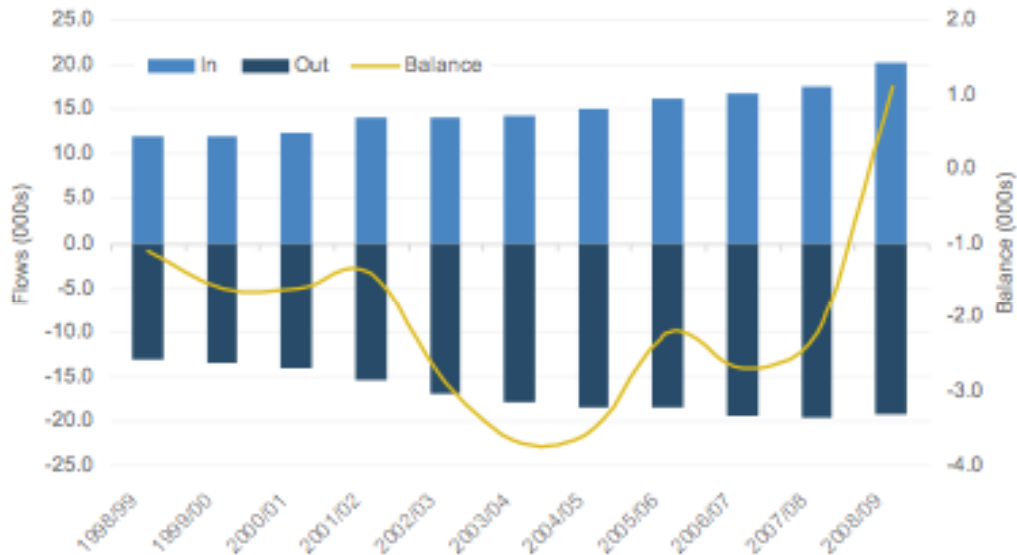
Source: GLA Household Projections 2008 Low / NLP analysis

This household growth - of up to 80% by 2026 – is expected to predominantly be of single person households, accounting for some 60% of the increase. This has significant implications for housing type and tenure.

Over the past ten years, Tower Hamlets has generally been a net exporter of population to the rest of the UK, although this moved into net importation in the most recent year. This is illustrated in the graph below, which shows year-on-year changes. The lighter blue above the central axis is the in-flow of people; the dark

blue shows those moving out; and the yellow line shows the overall change in population. It is only in 2008/2009 that this is positive, i.e. more people moved into the borough than moved out.

Figure 2.4 - Tower Hamlets Domestic Migration Flows, 1998-2009



Source: ONS / NHSCR / NLP analysis

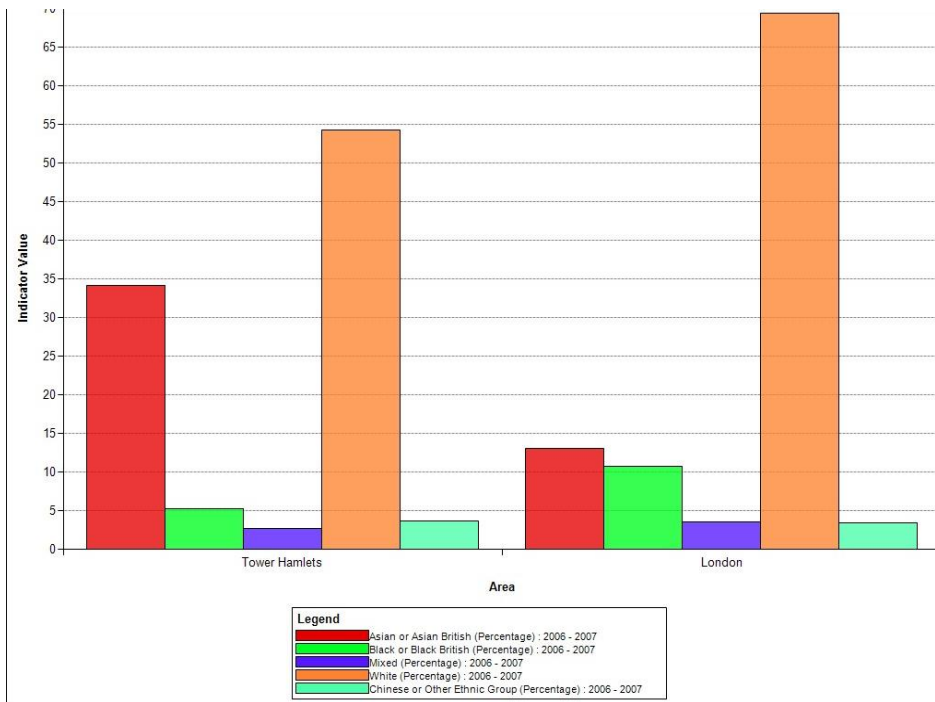
All the indicators above have to be considered in the context of Tower Hamlets having the 4th highest population turnover in London which is characterised by net inward migration (to the Borough) of under 30s and net export of those aged 30-45 who are generally economically active.

Ethnicity

Tower Hamlets is one of the most ethnically diverse boroughs in the country, with a non-white population of over 45%. The high proportion of Asian origin residents within the borough stands in marked contrast to proportions for London as a whole.

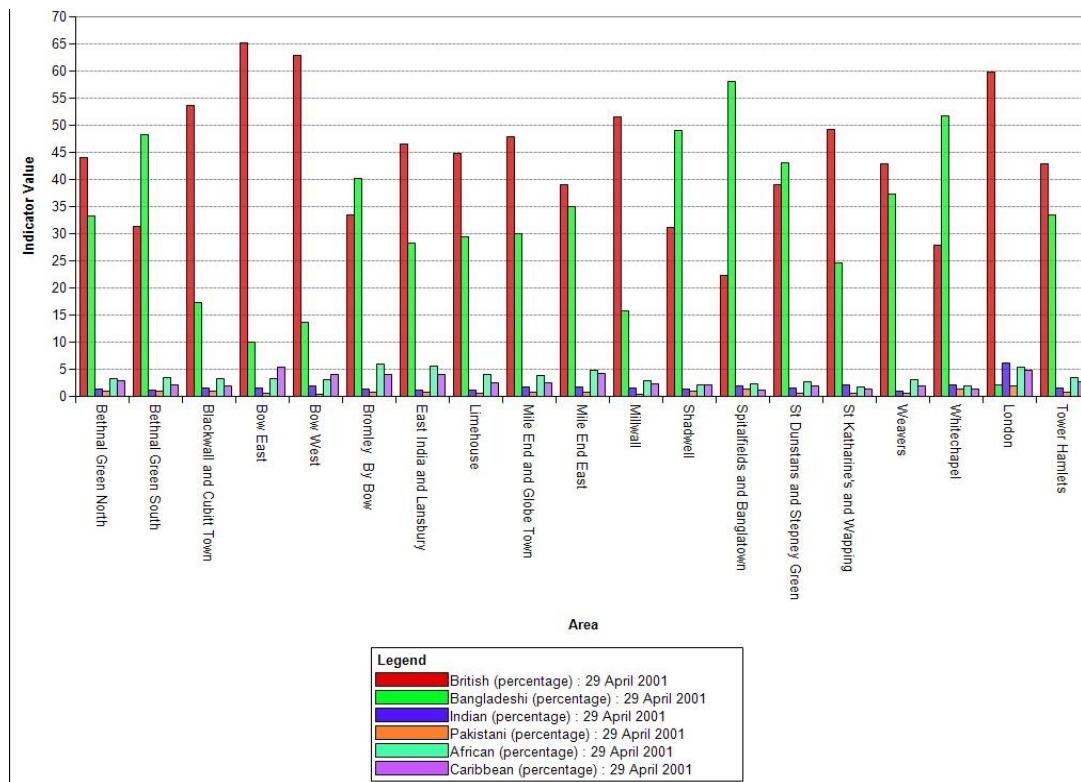
Employment Strategy: Borough Context

Figure 2.5 - Comparative population Estimates by Ethnic Group (%), ONS Survey 2006-2007



The ethnicity distribution varies widely across the borough, with a number of wards in the west having a predominately Asian population, as can be seen below.

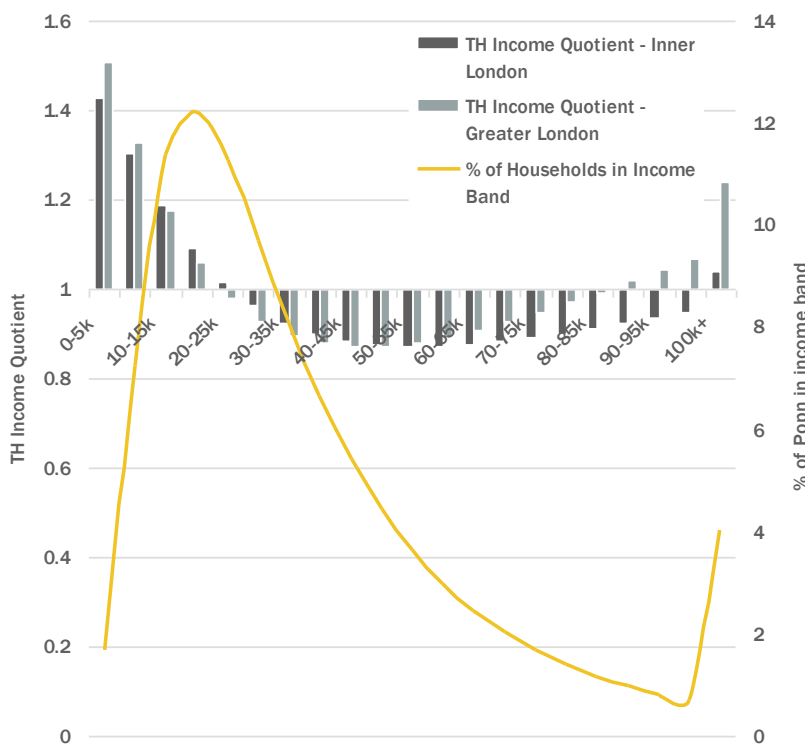
Figure 2.6 - Percentage Resident Ethnicity, by Ward, 2001 Census



Income Distribution

Tower Hamlets has evolved from a deprived borough into a borough with a greatly restructured economy. The borough has proportionately more people earning less than £20,000 per annum than the Greater or Inner London averages, lower proportions earning between £30,000 and £85,000, and significantly more people earning over £85,000 than the Greater London average. This is represented visually in the income graph below. The yellow line is the percentage of households in that income band: the large peak is at roughly £20k p.a. and this falls sharply until the line rises sharply for incomes in the region of £100k.p.a. and over.

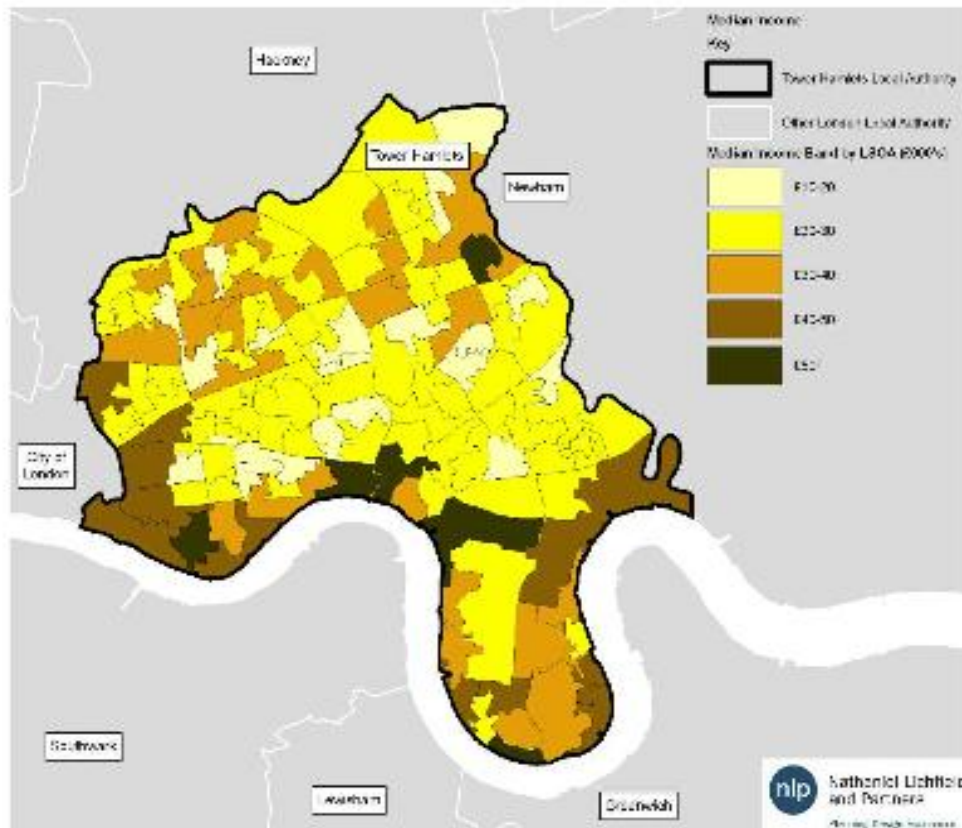
Figure 2.7 - Borough Income Distributions, CACI 2009



Note: Data is Equivalised Paycheck data. Equivalised data takes account of household size and composition and its impact on household budgets

The map below shows the distribution of household median income across the borough, with the darker colours corresponding to higher median incomes. Here it can be seen that, although high-income households are largely clustered along the course of the river, with those on lower incomes further north, in wards such as Millwall and Bow East the rich and poor live starkly side-by-side.

Figure 2.8 - Medium Income by LSOA (000s)



Inequality

Inequality has existed within East London for a long time. The 1898 poverty map produced by Charles Booth showed a pattern of deprivation in the capital very similar to that seen now, with a concentration of deprived communities beginning to be formed to the east of the City.

Since the production of the Booth Map a great deal has occurred within the borough, but a lot has remained the same. The 2007 Indices of Deprivation (IMD) rank Tower Hamlets the third most deprived borough in the country, and the second most deprived borough in London.

Over 50% of children in the borough live in families claiming key out of work benefits: There are over 24,000 children in Tower Hamlets in families on Income Support or Jobseekers Allowance. Over 20,000 of these children are under 16 years old, and nearly 13,000 are in lone parent families. The proportion of out of work Tower Hamlets families receiving child tax credit is higher, at 59.2%, than London (39%) or national (23.5%) averages. 60% of the borough's children are classed as living in low-income households, with 33% of families living on less than £20,000 per annum.

All wards exhibit considerable levels of child poverty compared to the UK average. The ward with the highest level of child poverty is St Dunstan's and Stepney Green, where nearly 70% of children live in poverty. This is closely followed by Bromley by Bow, Mile End East, East India and Lansbury, Bethnal Green South and Shadwell,

each reporting more than two thirds of children living in poverty. Like deprivation (as measured through the national Indices), child poverty is high compared to the UK average and it also shows strong spatial concentrations.

Although Tower Hamlets remains a place where deprivation is very real and inequality a pressing issue, the progress that has been made provides a positive foundation for future intervention. It should be noted that the employment rate has risen by more than five percentage points in the last three years, despite recent economic adversity. Economic activity has also increased, including within more deprived groups. Education is also a source of success, and young people leaving school and college in Tower Hamlets have increasingly high levels of attainment, which should stand them in good stead in the workforce. Therefore, whilst it is right to highlight the persistence of inequality, the picture should not be seen in solely negative terms – the basis for increased employment is simultaneously growing stronger.

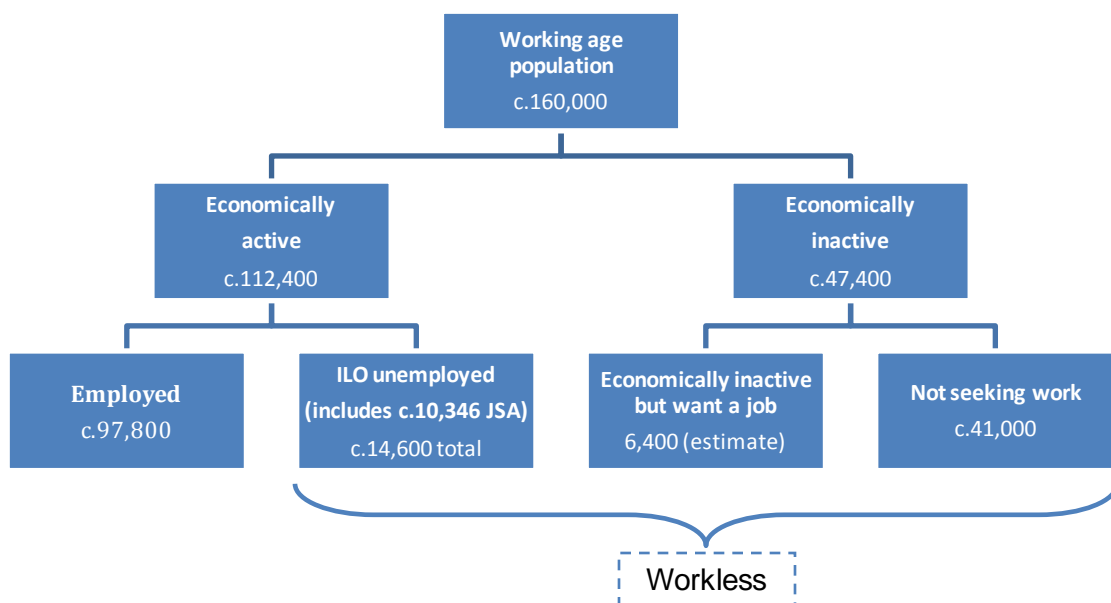
The following section, on labour supply, provides more detail on the patterns of work and worklessness in the borough. This in turn lays the basis for increasing the employment rate, which is a key means of raising the overall wellbeing of the community, including reducing child poverty and helping residents to better their economic situation.

Supply

Worklessness and the Employment Rate

Worklessness is different to unemployment. As Figure 3.1 illustrates, the workless includes: those who are economically active, but not in employment; those who are economically inactive, but would like a job; and those who are economically inactive and are not seeking work. This means that worklessness is, at least in Tower Hamlets, much higher than unemployment, as measured by the number of Jobseekers' Allowance (JSA) claimants for instance.

Figure 3.1 - Structure of the Labour Market



NB figures are approximate and may not total exactly total, due to rounding and the use of different data sets

Essentially, the workless population includes four main groups:

- The unemployed – this is the **ILO unemployed**², meaning both individuals in receipt of Jobseekers' Allowance and those who are looking for work but are not claiming benefits.
- Those who are in receipt of **incapacity benefits**. This category encompasses people receiving a range of benefits, including Incapacity Benefit (IB); Income Support; the new Employment and Support Allowance (ESA); and Severe Disablement Allowance.
- Those claiming Income Support for **Lone Parents** (IS-LP).
- Those who are available for work, but who are **not claiming unemployment-related or incapacity benefits**.

² The ILO – (International Labour Organisation) – approach is designed to exclude the otherwise distorting effect of different countries' benefits policies when comparing unemployment counts.

The combination of these groups collectively accounts for all of those people not in work: the total of those in jobs compared to this figure gives the employment rate. Tower Hamlets has the second lowest working age employment rate in London at 59.4% (97,800 residents - Annual Population Survey, ONS. Nov 2010). Neighbouring Newham has the lowest at 58.1%, and in third is Haringey with 62.2%. Tower Hamlets' employment rate is roughly 10 percentage points behind the London average of 70.2%. As in London and the UK, employment rates related to ethnicity are below average, with the non-White employment rate in Tower Hamlets being significantly lower than the overall employment rate at 40.9%.

Overview of Worklessness in Tower Hamlets

21,000 people in Tower Hamlets are estimated to not have jobs and be seeking work of which two-thirds (14,600) are currently unemployed but economically active (using the ILO measure), and a third (6,400) are economically inactive but want a job. Unemployment levels are high at 13% compared with 7.6% for London as a whole, as are unemployment benefit claimant levels, at 6.7%, compared with a 4.4% London average. Most of the unemployed are claiming JSA and these individuals are primarily men under 29 years old. Indeed Tower Hamlets has the highest number of young unemployed residents in London.

Furthermore, approximately 41,000 residents are claiming benefits and are thought to be not actively seeking work. 12,240 residents, or 7.4 % of the working age population, are claiming Incapacity Benefit. 44% of these cite mental health related issues as the reason for their incapacity.

Overall worklessness figures within the borough have been relatively stable over the last decade, although the breakdown of benefits claimed has altered. There are fewer lone parents claiming now than in 1999, and there are fewer individuals claiming income support that is not linked to Jobseekers, Incapacity, Lone Parent or carer benefits. Claims of incapacity benefit (+1,300) and JSA (+830) have increased markedly over the period, although these changes follow the London average.

It is also possible to disaggregate which groups have higher and lower levels of economic inactivity. There are significant differences running along lines of gender, age and ethnicity, which are illustrated below.

Ethnicity and Worklessness

Black (African) residents are proportionally more likely to be claiming JSA than any other ethnic group. However, this group is less numerous as a percentage of the population. Numerically, the highest number of claimants are Bangladeshi residents, who have the second highest claimant rate; this is higher than the White (British/Irish) population which has the second highest number of claimants overall.

Employment Strategy: *Supply*

Table 3.1 - JSA Claimants by Ethnic Group

Ethnicity	Population (20-64)	Claimant count	Incidence
White (British/Irish)	48,179	2,875	6.0%
Bangladeshi	38,647	3,650	9.4%
White (Other)	6,961	560	8.0%
Mixed	8,199	330	4.0%
Other Asian	8,932	280	3.1%
Black (African)	6,484	725	11.2%
Black (Other)	7,638	650	8.5%
Other (inc Chinese)	7,472	355	4.8%
Unknown	25,569	740	2.9%
Total	158,081	10,175	6.4%

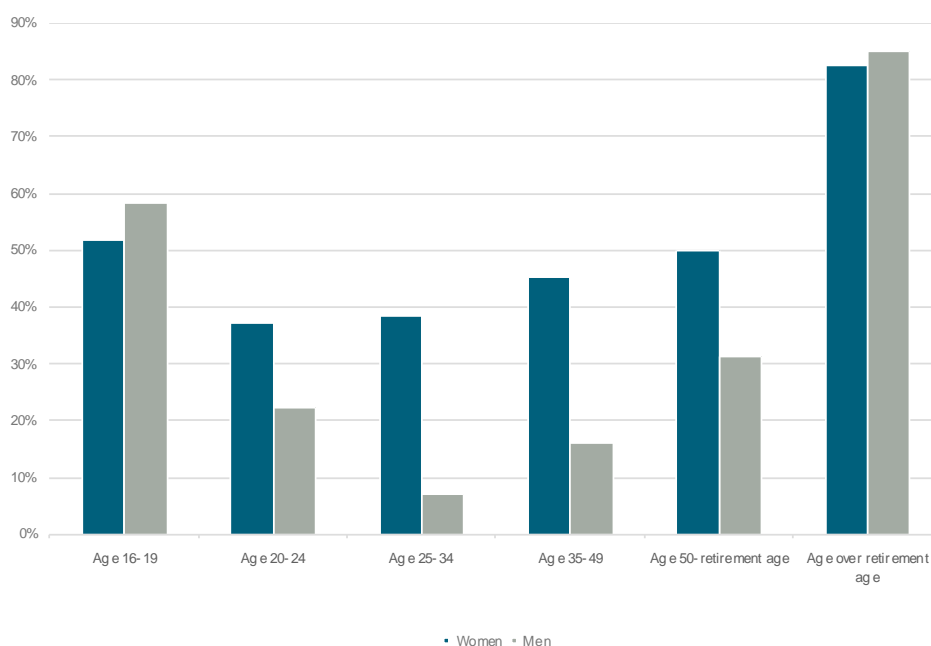
(Source: DWP Claimant Count, April 2010, Mayhew 2010 population estimate for Tower Hamlets)

8.5% of residents unemployed and claiming JSA have been doing so for over two years - worse than every other London borough. In terms of overall numbers there are currently 880 claimants who have been claiming for two years or more.

Men and Women

The economic activity rate for men in Tower Hamlets is 81% and is very similar to that for men in London and the UK. The rate for women residents, however, is much lower, at 58%, than for London (68%) or the UK (74%). More than a third of women are not in work and do not want a job – which is more than half as high again as the London average. The category of Bangladeshi (and Pakistani) women accounts for the largest percentage of this group.

Figure 3.2 - Economic inactivity rates within Tower Hamlets by sex and age



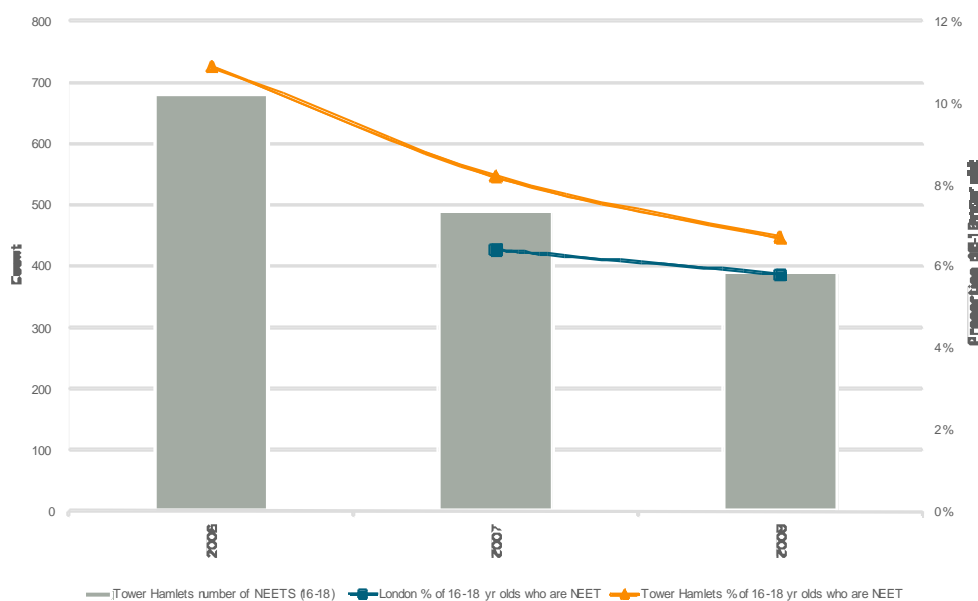
Employment Strategy: *Supply*

Not only are women much more likely to be economically inactive relative to men, but women from ethnic minorities are even more likely to not work. Disaggregating the data by ethnicity shows that two-thirds of Bangladeshi/Pakistani female residents are economically inactive compared to a quarter of White female residents.

Young People

The proportion of 16-18 year olds who are Not in Employment Education or Training (NEET) has fallen significantly in recent years from 10.9% in 2006 to 6.7% in 2008. However, the rate is still higher than the London average of 5.8%.

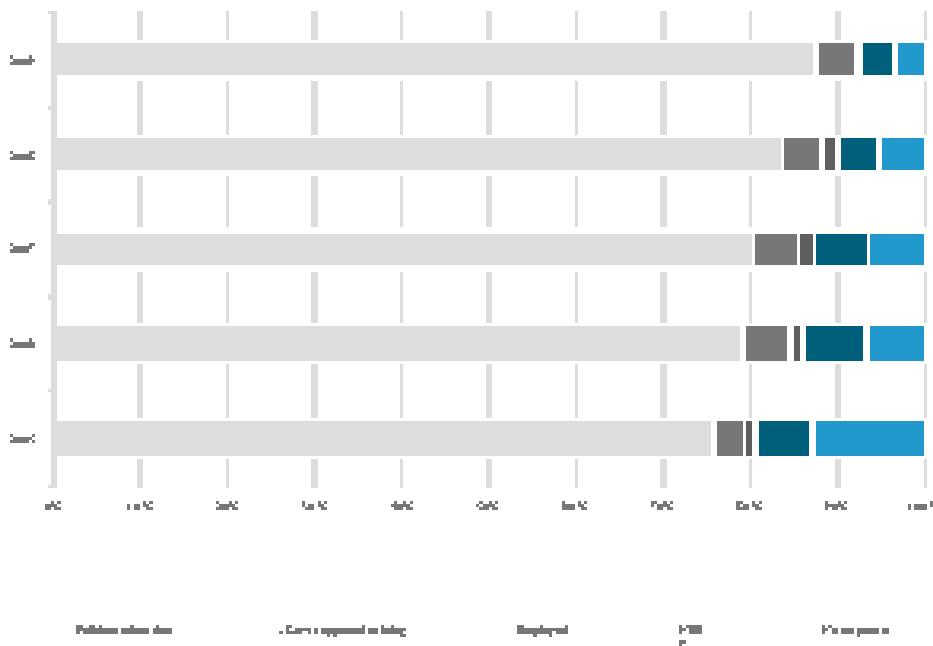
Figure 3.3 - Percentage and numbers of young people aged 16-18, Not in Education, Employment or Training, 2006-08



(Source: NEET figures for Local Authority Areas, DCSF)

The 2009 VT Enterprise Survey of the activity of Year 11 leavers suggests this rate has continued to fall, with only 3.8% of 2009 Year 11 leavers classified as NEET. This equates to 98 young people, which reflects a continued increase in young people continuing in learning (92.7%), particularly in full-time education (87.3%), and increased knowledge about what young people are doing.

Figure 3.4 - Destination of Year 11 leavers in Tower Hamlets 2005-2009



The trend for Year 11 leavers to continue in full-time education has increased year-on-year for the last 4 years. Whilst this is very positive, national cuts relating to education, specifically the removal of the Education Maintenance Allowance (EMA), may put this at risk in future years..

Prioritising Workless Groups

From the analysis above and the evidence in the LEA, it is evident that certain groups are particularly likely to be economically inactive. We can identify these groups as women, particularly Bangladeshi women, men of 16-39 years old, and people who have a health issue which is perceived to prevent them from accessing the labour market. Successful interventions for these groups could have a significant impact on the employment rate of the borough. Additionally, the transition from education to employment is critical for young people if they are to avoid being unemployed at the start of their working life. Whilst much progress has been made with regards to young people, there is a need to monitor activity levels and make sure that the situation does not worsen.

Overall, Tower Hamlets has considerable need when compared to other parts of the capital – and indeed the UK – in both absolute and relative terms. With some people very distanced from the labour market, there is much to be done.

Skills

The skills base of Tower Hamlets' population varies across the range of NVQ levels. A quarter of residents have no qualifications at all, which is well above the London or UK average. Business employers have identified skills gaps as a key barrier to recruitment in the borough.

In contrast, a third of residents are qualified to degree level or above, consistent with the London average. With fewer residents at intermediate skill levels than in London, there is something of a polarisation of skill levels within the borough.

Table 3.2 - Highest qualification of the resident population

Resident qualification levels	Tower Hamlets				London 2008
	2005	2006	2007	2008	
No qualifications	23%	24%	19%	23%	12%
Level 1	10%	9%	13%	6%	10%
Level 2	8%	9%	8%	10%	11%
Level 3	10%	12%	11%	9%	12%
Level 4 +	29%	28%	32%	36%	39%
Other	20%	19%	18%	15%	16%

(Source: APS)

In addition, whilst lower skilled residents are less likely to be employed than more highly qualified people, Tower Hamlets residents do not achieve the London average of being likely to be in work at level 2 and below. At level 3 there is reasonable parity and overachievement at level 4. This reflects the nature of the jobs available, especially the predominance of the finance and business sectors. It also reinforces the point that Tower Hamlets residents do not achieve similar success in competing for entry-level jobs requiring skills at level 2 and below.

Employment Strategy: *Supply*

Table 3.3 - Likelihood of being in employment, per level of highest qualification

Highest qualification of resident population	Tower Hamlets				London	
	Number of residents	Proportion	Number in employment	Likelihood of being in employment	Proportion of residents	Likelihood of being in employment
No qualification	35,500	23%	9,700	39%	12%	41%
Level 1	9,500	6%	4,500	47%	10%	59%
Level 2	15,600	10%	7,800	50%	11%	64%
Level 3	13,500	9%	8,800	65%	12%	66%
Level 4	54,100	36%	48,100	89%	39%	85%
Other (inc trade apprenticeships)	23,400	15%	14,700	63%	16%	72%

(Source: APS)

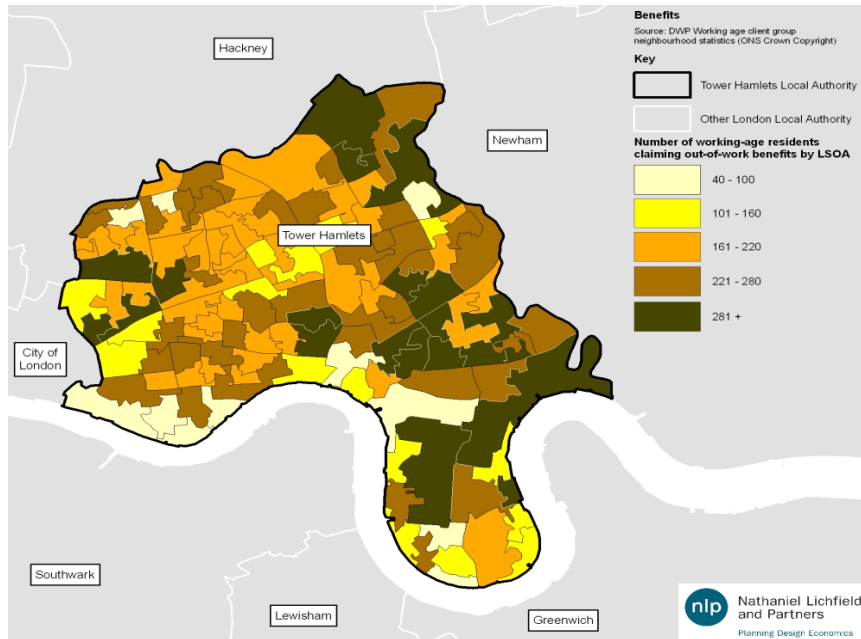
The qualification levels of women are even more polarised than men, mainly because there are a large number of women with no qualifications. Comparing the same qualification level between the sexes shows that women are less likely than men to be in employment no matter what qualification level they have.

Lack of language skills is a significant issue for Tower Hamlets residents, with data indicating very low levels of proficiency in English among Bengali women, highlighting the importance of ESOL courses within the borough in this context.

Geographic Concentrations of Worklessness

Worklessness, inactivity, poor health, low household income, child poverty and housing need all overlap geographically. Whilst this is not unexpected, this correlation suggests that geographic targeting of multi-agency services could bring potential benefits.

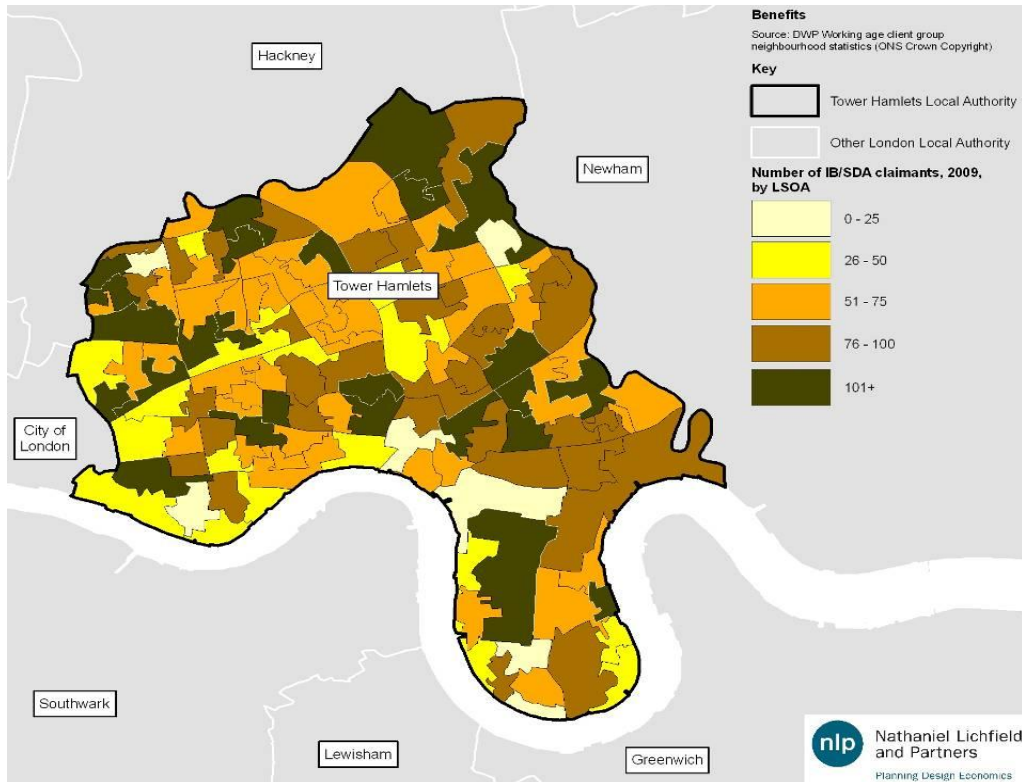
Figure 3.5 - Geographic Concentrations of JSA claimants



There are four main geographical concentrations of worklessness in the borough:

- In the north-east of the borough starting to the east of Victoria Park extending down into Bow there is both a large number of people claiming a workless benefit and a high proportion of the working age population who are workless.
- In the west of the borough there are large numbers of workless residents in the south of Spitalfields extending into the west of Whitechapel and the southern half of Shoreditch.
- There is a central concentration with an area of worklessness on the border between Limehouse, Stepney and Bow Common as well as a concentration encapsulating much of Poplar and extending north into the east of Bow Common.
- The final concentration occurs in the east and south of the borough beginning in Leamouth, extending south-west through the east of Blackwall and Canary Wharf, finishing with a concentration in northern and central Millwall with a small but significant concentration in the east of Cubitt Town.

Figure 3.6 – Geographic Concentrations of IB/SDA claimants

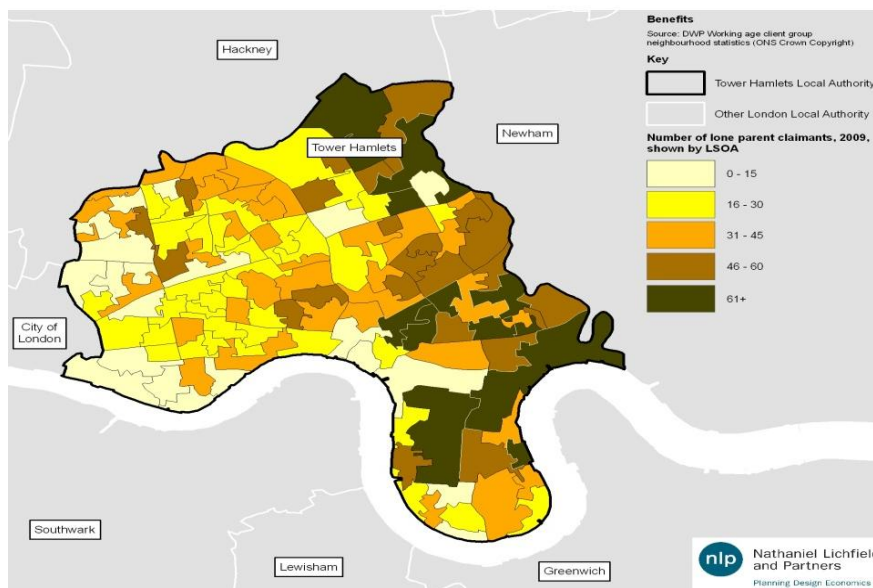


(Source: DWP working age client group, Nov 2009)

The map above illustrates where the concentrations of long-term claimants of IB are located. This shows a quite different geography to that of JSA claimants. Pockets of high JSA counts and highly engrained IB claiming are apparent in Shoreditch, but there are other areas that have low JSA but high proportions of residents claiming for IB for long durations – such as in Millwall and Cubitt Town. Poor health is a significant barrier to employment, with a third of the borough among the 10% most health deprived areas in the UK. Amongst IB claimants, 45% cite poor mental health.

Qualification for incapacity benefits does not necessarily mean an *inability* to work, just evidence of sufficient ill health not to be *required* to look for work. As the cost to the Exchequer of these benefits has risen very fast in recent years, they are a key focus for Government attention, and a direction of future policy will be to aim to move significant numbers of IB claimants into seeking work and then into jobs.

Figure 3.7 - Geographic Concentrations of working-age population claiming as lone parents



(Source: DWP benefit claimants - working age clients for small areas, Nov 2009)

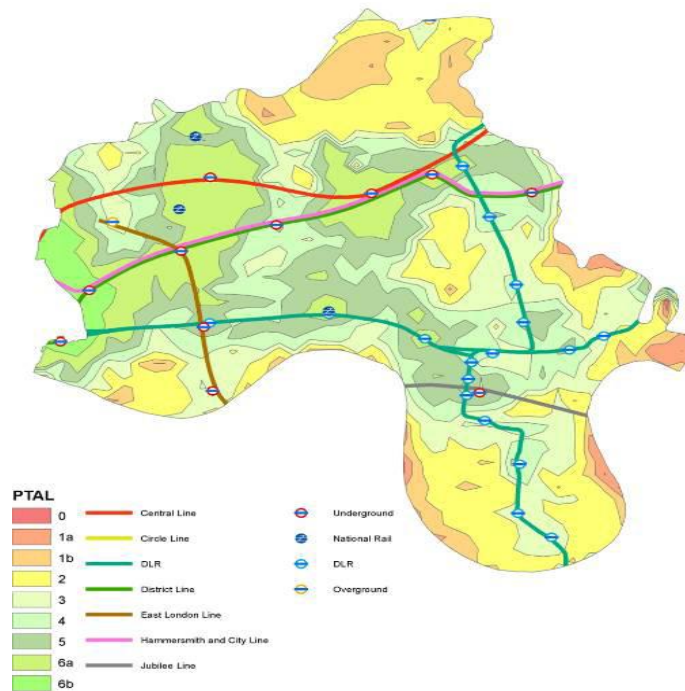
The distribution of lone parents claiming IS-LP matches more closely to that of JSA claimants in the east of the borough, although not in the west. National research undertaken by the Joseph Rowntree Foundation (2009) found that whilst skills acquisition is important, lone parents face particular barriers in accessing the labour market. The most obvious barrier is the availability and cost of childcare, with formal childcare expensive, particularly in London. The inability of low-paid work to fund childcare, and a lack of flexibility amongst available jobs, make it particularly difficult for lone parents to access the labour market.

Commuting and Transport

Tower Hamlets has generally good access to public transport. This facilitates movement within the borough, enables residents to work elsewhere, and is used extensively by commuters to access jobs within the borough.

The accessibility of the borough has been greatly improved over the past thirty years by the introduction of the Docklands Light Railway and the East London Line, with further improvements planned, notably Crossrail. Compared with most parts of the UK, and with other London Boroughs, Tower Hamlets is now highly accessible. There are variations within the Borough however: east-west public transport routes are good, but north-south bus links are weaker, which is reflected by the lower Public Transport Accessibility Level (PTAL) rating of some areas.

Figure 3.8 - Tower Hamlets Public Transport Accessibility Levels (PTAL)



Source: LBTH Core Strategy Research Report, 2009

The higher numbered PTAL ratings (6) represented by dark green in the figure above represent the highest accessibility to transport, whereas low numbers (0 and 1) shown in red have poor access. The green shadings (3 and above) mean that the local residents are within easy reach of transport hubs.

Generally, Fish Island, Victoria Park and the parts of the Isle of Dogs away from the DLR have the worst connections, with only minor bus routes serving these areas. They also have the longest transfer time to east-west commuting routes. The best connections are in the west of the borough, clustered around the transport hub at Liverpool Street.

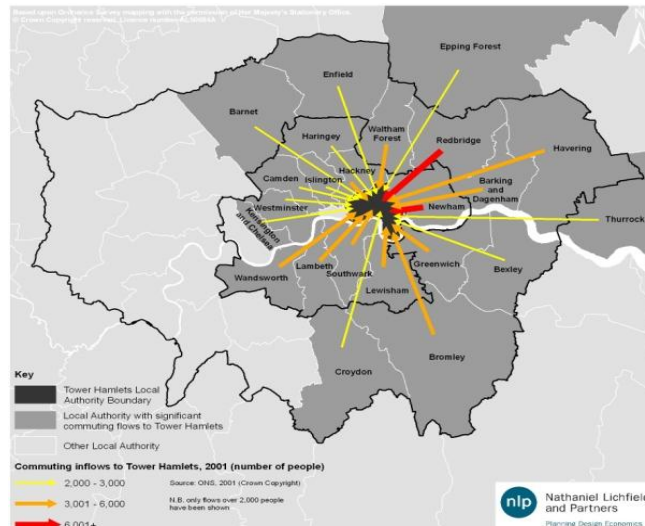
Though much national research cites transport as a barrier, evidence for Tower Hamlets does not support the view that transport issues make a significant contribution to worklessness, partly because by national standards London has excellent public transport. There is a high level of in-commuting and out-commuting to the borough, with nearly 70% of working residents commuting out of the borough to work. It has been suggested, however, that psychological barriers to commuting exist within some sectors of the population, with some residents reluctant to travel outside their particular hamlet or neighbourhood.

The borough's high job-density ratio means of necessity that there is a large net inflow of people resident outside the borough to fill local employment opportunities. The degree of specialisation within the Tower Hamlets economy, with a concentration of employment in the financial services sector, has the effect of further exacerbating demand for people from outside the borough, with a third of those commuting in employed in financial services.

Employment Strategy: Supply

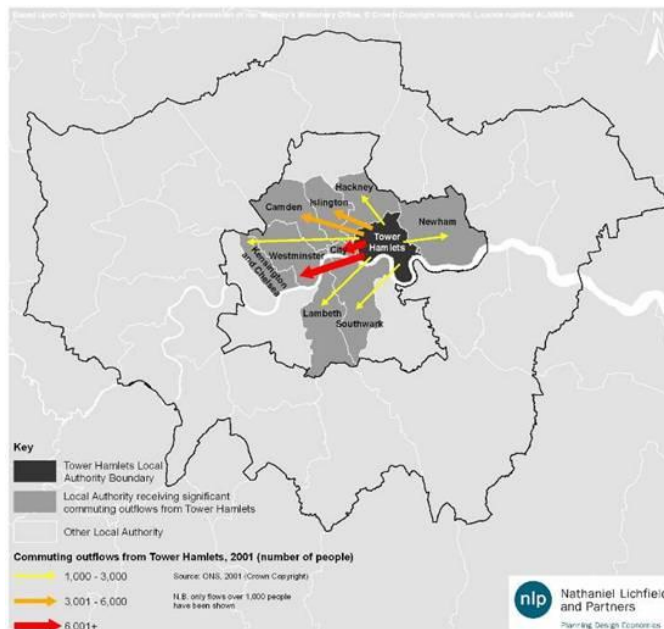
The business base recruits locally, regionally, nationally and internationally. In-commuting is largely from all over London with some longer distance commuters from outside of London and some internationally. Over 80% of jobs in the borough are taken by non-residents – this is well above the London average but very similar to the fellow City Fringe boroughs of Camden and Islington and only behind Westminster and the City itself.

Figure 3.9 – Flow of In-commuting working people



The majority (69%) of working residents commute out to neighbouring boroughs. A third of these out-commuters work in business services. Conversely, less than a third (31%) of working residents work in the Borough, with 25% of residents commuting to the City, 13% to Westminster and 7% to Southwark.

Figure 3.10 – Flow of Out-commuting Residents



Convergence and Targets

Tower Hamlets currently needs to place around 13,300 residents into work to converge with the average London employment rate

In order to converge with the London employment rate Tower Hamlets needs place 13,300 residents into employment. With only about 10,500 claiming JSA, the strategy has to look beyond this group and involve all of the agencies that have a stake in helping residents into work.

In addition to the 14,600 residents who are ILO-unemployed, there are estimated to be 6,300 economically inactive people who are assumed to want a job, totalling approximately 21,000 residents across these two groups who actively want to find work. There are a further 41,000 economically inactive residents who may or may not want to work.

To meet the convergence target, the Strategy would need to support the move of 63% of those who want work into a sustainable job over 10 years, assuming the labour market and population remain stable. Helping some of the 41,000 people who are economically inactive and not job-seeking to consider work could extend the benefits of work to more residents and provide a larger pool of people from which to meet the convergence target. This all has to be done in the context of a competitive labour market where many people from elsewhere are choosing to work in Tower Hamlets, and some of these people come with higher levels of skills than local people.

At the same time, borough residents can make use of the borough's excellent transport links to look for work elsewhere in London, and many do. However, some anecdotal evidence gathered during the writing of the LEA suggests that some disadvantaged groups within the borough share a lack of preparedness to travel to work opportunities outside their immediate community.

There are also particular groups, notably Bangladeshi women and those with no qualifications, who have disproportionately low levels of economic activity. Working with these groups could make a significant difference to the employment rate in the borough.

This is the challenging goal which the Employment Strategy seeks to address, and which Tower Hamlets and partners will work to achieve. The next section on demand details where there is potential for employment and the requirements of employers.

Demand

The number of jobs within Tower Hamlets has doubled in the last 20 years and the borough is now, once again, one of the largest employment centres in London. There are many more jobs than working-age residents in Tower Hamlets giving it one of the highest job densities in the country (1.4 jobs per working-age population). The borough is therefore a net importer of labour from across London and the South East.

The Tower Hamlets labour market is dominated by the large, global institutions in the finance and business sectors. 50% of the jobs are within businesses which are considered large employers (500+ employees).

The labour market in the borough has grown significantly in recent years, in line with the growth in financial and business markets. While Tower Hamlets' land use policies have contributed to this successful growth, the supply of labour has not kept pace. A two-speed economy exists, where high levels of unemployment and worklessness still persist alongside areas of affluence and employment growth. This partly reflects the suitability of local residents to take these jobs, but also reflects the level of commuting in and out of the Borough, and the corresponding additional competitive pressures, which Tower Hamlets residents sometimes struggle to overcome.

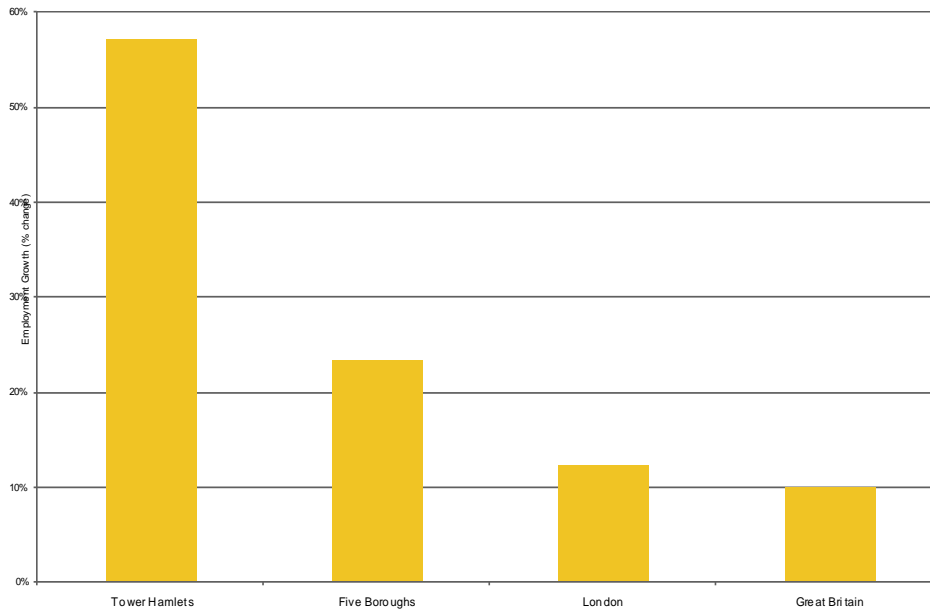
As the economy continues to evolve there will be changes in the skills demanded by employers. This Strategy has used national research and reports from Sector Skills Councils to provide some indication of sector specific needs. Important sectors for employment within the borough, both now and in the future, include the digital industries, creative and cultural industries, financial services, retail, security and hotels & conferencing.

Growth & Contraction

Decades of Growth

Employment opportunities within Tower Hamlets have grown significantly in the last twenty years. The number of jobs within the borough has increased from 105,000 in 1991, to 140,000 in 2000 and reached 204,000 jobs in 2008³.

Figure 4.1 - Total Employment Change, 1998-2008



(Source: ABI)

By 2008, the borough was home to 5% of London's total employment, in a borough that constitutes just over 1% of the capital's land area and 30% of the total employment in east London.⁴

The borough's population has also grown over this period – with estimated growth of around 45,000 since 2001, but employment growth has been much greater. In consequence there are now approximately 3 jobs in Tower Hamlets for every 2 residents of working age – an “excess” of 60,000. Indeed, Tower Hamlets has the fifth highest job density in London, with only the Central London boroughs of the City, Westminster, Camden and Islington ahead.

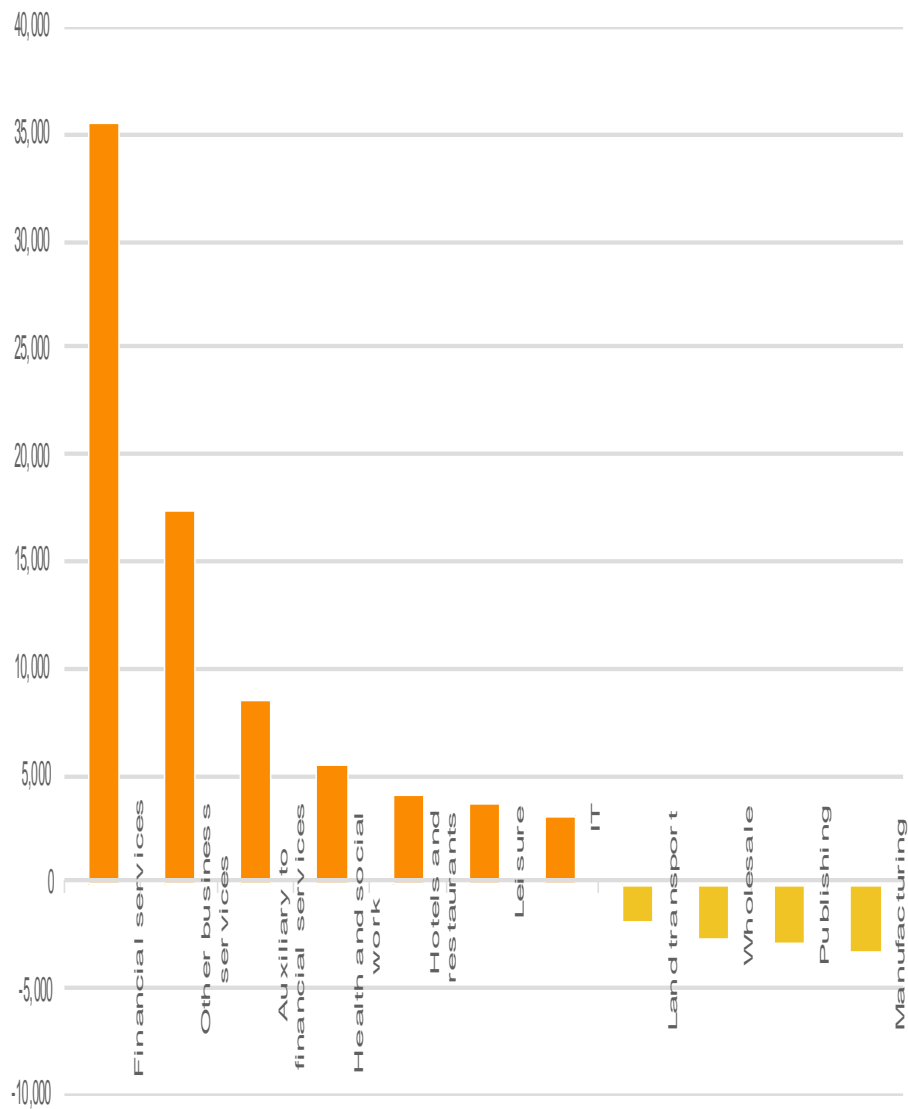
The greatest employment growth within the Borough over the last 10 years has been in financial and business services. This is shown in the graph below.

³ Census of Employment 1991, ABI 2000, ABI 2008

⁴ Defined here as the 10 Thames Gateway boroughs

Employment Strategy: Demand

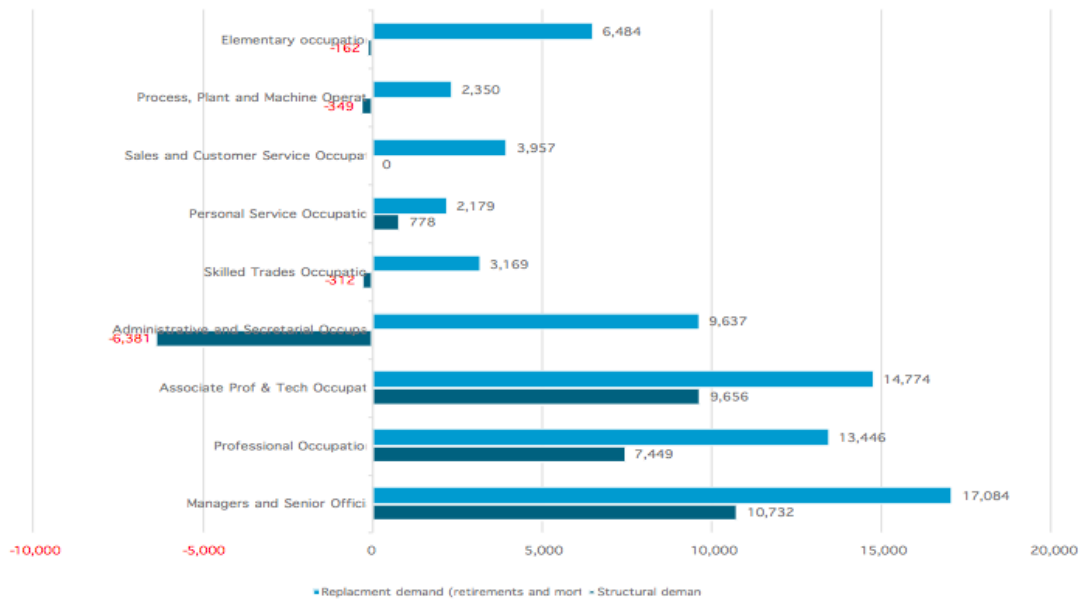
Figure 4.2 - Tower Hamlets Employment Growth 1998-2008, by sector



Source: Annual Business Inquiry 1998 and 2008, ONS

Economic forecasts suggest that 94,000 people will be recruited for jobs from 2007 to 2017. However, this includes replacement demand, hence not all of these are new jobs.

Figure 4.3 - Comparison of replacement and structural demand



Here, expansion and contraction of parts of Tower Hamlets' economy is shown by the darker blue bars. Replacement demand is light blue. This highlights that the structural demand – new jobs, essentially – are concentrated in the expanding areas of technical, professional and managerial work. Administrative and secretarial occupations, by contrast, show the sharpest structural decline, whilst most of the other areas show predominantly replacement demand.

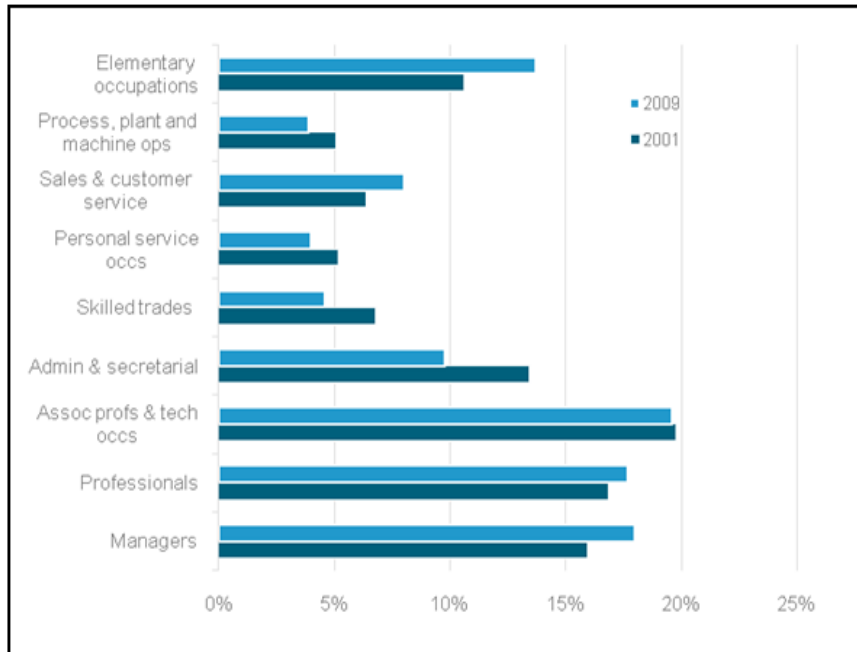
In the medium-term, overall employment is forecast to grow strongly and faster than in all but one other London borough. On a range of different scenarios, employment growth is projected to be between 25% and 50% over the next twenty years.

Growth by Occupation

Over half of working residents (52%) are employed in the three highest-order occupational categories. This proportion has remained relatively static since 2001. The proportions of residents employed in low-skilled elementary (15%) and sales (7%) occupations have also increased and are higher than the London average. The number of residents employed in these occupations has increased by around two thirds since 2001.

Employment Strategy: Demand

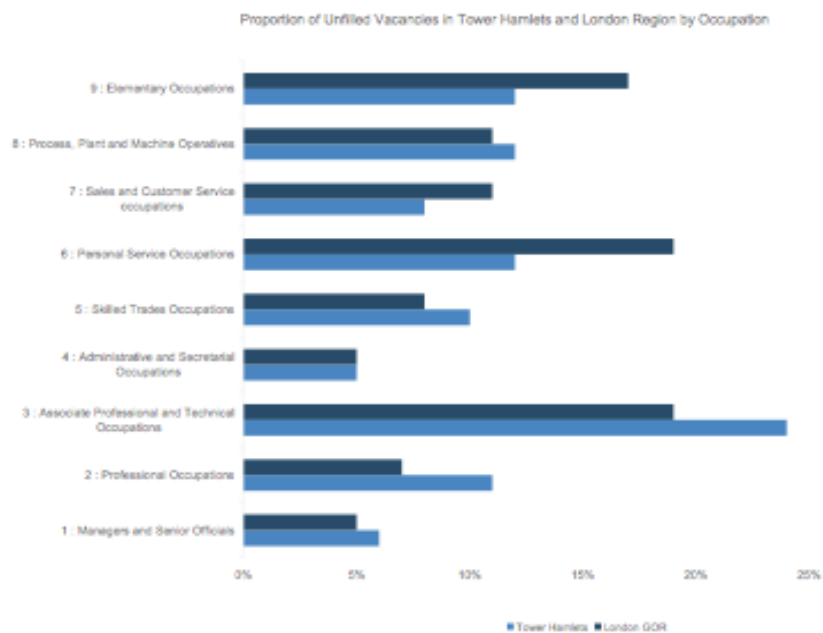
Figure 4.3 - Percentage of residents employed in different occupations 2001-2009 within Tower Hamlets



(Source: 2001 Census of Population, Annual Population Survey 2008-09)

The growth in elementary occupations within the borough is in contrast to London as a whole, which has not experienced any growth over the period. The fall in Admin & Secretarial trades, while the most significant fall in the borough's trades, is less than that capital-wide. In most other sectors, where variations compared to the London average exist, they are so small as to be considered marginal.

Figure 4.4 - Proportion of Unfilled Vacancies, by occupation



Source: Job Centre Plus Notified Vacancies, 2009, ONS

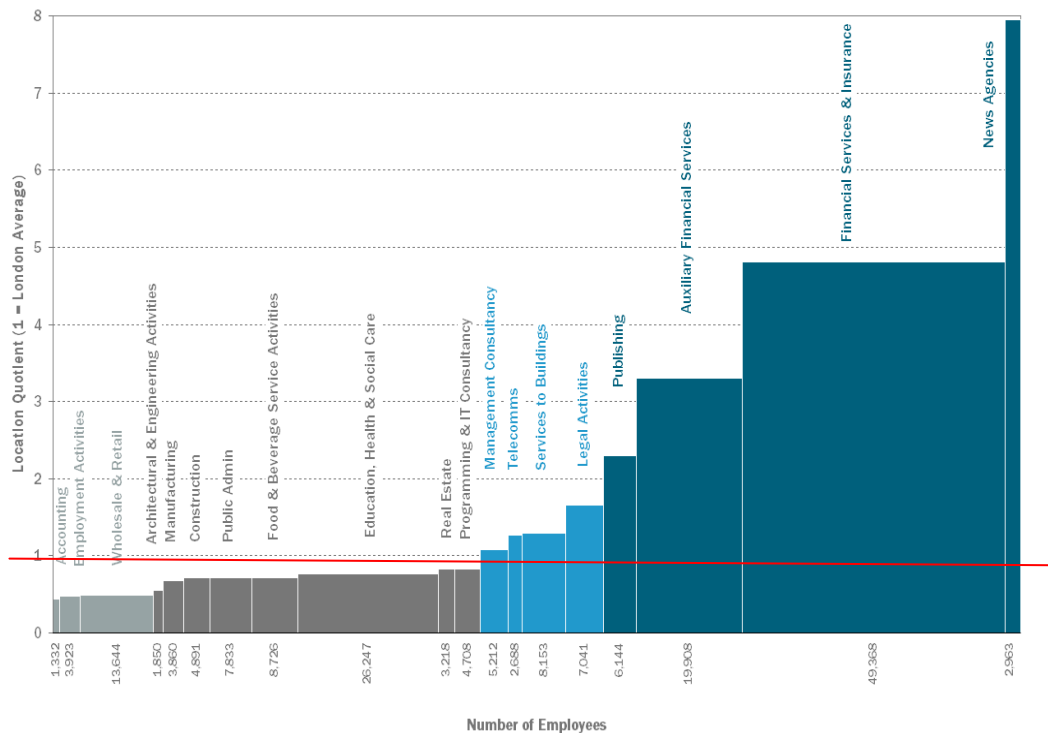
Employment Strategy: Demand

The above graph indicates how Tower Hamlets performs in recruiting for the different sectors according to Jobcentre Plus notified vacancies, compared to the London average: the longer the bar, the greater the number of unfilled vacancies. Tower Hamlets (in light blue) thus performs worse in recruiting for elementary and personal service occupations, areas where the borough will mainly experience replacement demand. The numbers of unfilled vacancies are highest for technical, professional and managerial occupations. Since this is where the new jobs will be, and the success in recruitment appears lower, this may raise questions over how likely residents are to access them.

Sector by Sector

Overall, employment has grown by nearly 60% over the last decade, five times that of London as a whole.

Figure 5.1 - Size and predominance of business sectors within Tower Hamlets, compared to the London average



Source: Annual Business Inquiry 2008 (NLP analysis)

In the above chart, the size of various Tower Hamlets business sectors is shown both in terms of number of employees (the width of bars along the horizontal axis), and in terms of the number of firms compared to the London average (vertical axis). Bars which are above $y=1$ (the red line) show that Tower Hamlets has more firms in these groups than is average for London.

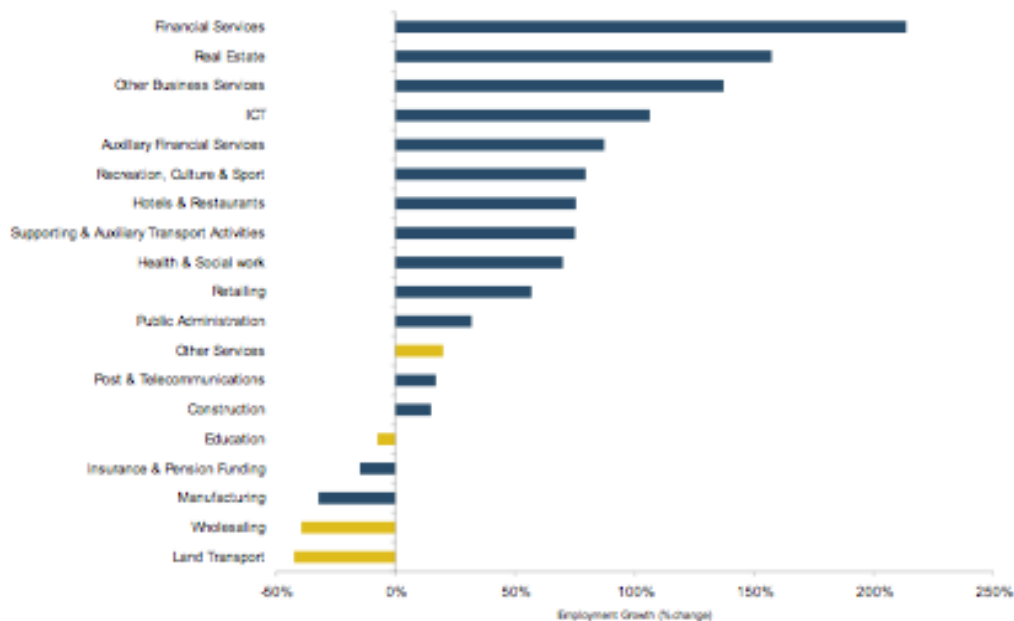
The international investment banks and large financial institutions that have been drawn to Canary Wharf, and the large floorplate offices there, means that large businesses dominate the borough's economy in employment terms. Over 70% of

Employment Strategy: Demand

employment in Canary Wharf is in businesses with 500 or more employees, and for the borough as a whole this equates to 50%, with a further quarter in firms of over 50 staff. This make up is close to that of the City of London, but markedly different from that of the other Host Boroughs, or of London as a whole.

Public sector employment – spanning public administration, education, and health and social work – has grown by two-fifths over the last decade and provides a sixth (17%) of the borough's jobs. This is a very similar proportion to Central London (18%) and well below that for the other Host Boroughs and East London which are both around 30%. However, it should be noted that in absolute terms public sector employment is as high or higher in Tower Hamlets as in other Host boroughs. Within education, a third of jobs are in higher education; the health and social work sector includes the borough's second largest employer in the Royal London Hospital in Whitechapel, which provides 7,500 jobs.

Figure 5.2 – Tower Hamlets Sector Employment Growth, 1998-2008



Source: Annual Business Inquiry/NLP analysis
Note: Blue bars indicate rate of change above London average, yellow below.

After decades of retrenchment (and a 40% drop since 1998), manufacturing amounts to only 5% of employment, but at 10,000 jobs this is twice that of the closest Olympic Host Borough, Hackney. However, it should be noted that 60% of these jobs are in newspaper publishing, without which manufacturing figures would be much lower, at around 2% of total employment or c.4,000 jobs.

Hotel and restaurant employment has increased by over 75% since 1998, bolstered by Canary Wharf and the City Fringe. At nearly 10,000 jobs it provides 5% of borough employment.

Wholesale and Retail activities has also seen significant decline over the last decade, but still accounts for some 7% of employment, or almost 14,000 jobs across 1,700 businesses. In absolute terms this is larger than other Host Boroughs and in proportionate terms similar to Camden and Islington. As would be expected there are concentrations within the town centres and in particular in the City Fringe.

Employment Strategy: *Demand*

Transport, Storage and Communications supports over 8,500 jobs; employment in this sector having fallen by sixth over the last decade. Telecommunications, which supports business and financial services, represents a third of this total. Workplaces are mainly concentrated in the City Fringe and Canary Wharf, with some grouping at the northern edge of Bethnal Green.

Construction provides just 2% of total employment within the borough (4,300 jobs) but has expanded by 20% over the past decade.

Community, Social and Personal Services is a broad category providing 9,000 jobs, and has grown by 85% over the decade to 2008. A significant sub-sector is news agency activities.

The “Creative Industries” – where intellectual and cultural property is generated and exploited - cuts across a number of standard industry sectors. It is a significant source of employment in the borough, providing around 25,000 jobs and has grown rapidly in recent years. These activities are reasonably dispersed in the West and East of the borough.

The overall picture is one of relative diversity of business type but relative reliance on a few key sectors for both jobs growth and volume.

Skills demand

A recent survey of London employers shows that, when recruiting, the majority of employers consider general employability skills (92%), basic literacy and numeracy (81%), and English fluency for speakers of other languages (76%), to be important or very important. Higher skill levels increase success in competing for employment.

Employers across Tower Hamlets have reported skills gaps across a broad range of skills

Table 5.1 - Type of skills gaps identified by those Tower Hamlets employers reporting skills gaps

Type of skills gap	% of employers reporting skills gaps
Technical, practical or job-specific skills	61%
Oral communication skills	45%
Problem solving skills	43%
Management skills	43%
Team working skills	43%
Office admin skills	40%
Customer handling skills	34%
General IT user skills	33%
Numeracy skills	28%
Written communication skills	26%
IT professional skills	19%
Literacy skills	17%
Foreign language skills	16%
Unweighted base	85
Weighted base	1,264

Source: NESS, 2009

Specific sectors have their own, often high, skill requirements. The sectors listed below all represent significant industries within the borough, and show the expected future skills needed by these sectors as they grow.

Employment Strategy: Demand

Table 5.2 - Future skill needs in key sectors relevant to Tower Hamlets

Professional/ financial services	Level 4 qualification for 60,000 investment advisors; ethical management and influencing senior managers in financial services; understanding corporate risk and capital markets.
Engineering/ construction	Management and leadership skills required will include design management, multi-discipline team and technical leadership; contract and relationship management; leadership and supervision onsite.
Digital economy	There will be increasing demands to deliver creative content using multi-platform capability. Collaboration between telecommunications, technology and creative content organisations requiring strong management skills in networks. More skills in technology to improve business performance with Web and net specialist skills increasingly in demand.
Creative	Skills in the use of digital media, ICT skills, advertising and visual arts, marketing skills.
Retail	Management/professional skills in online retailing development through web design, front line administration, customer handling and team working skills; entrepreneurship, understanding commerce and supply.
Tourism, leisure, hospitality, hotels conferencing	Customer service roles in hospitality/retail – basic communication, literacy/numeracy, team working, problem-solving, empathy to enhance customer experience.
Care	ICT literacy among care assistants to support care users in learning to manage assisted living technologies.
Low carbon	Additional skills relating to installation and maintenance of new equipment in building services/engineering sectors including electrical trades..

Source: Skills for Jobs: Today and Tomorrow: The National Strategic Skills Audit for England 2010

The overall picture is therefore one of significant numbers of jobs and skills gaps, which could, with the right interventions, potentially be met by Tower Hamlets residents. Improving access to this vibrant market needs to be understood in the context of changing delivery mechanisms for welfare to work activities and this is covered in the next section.

Employment Strategy: *Changes in Welfare to Work*

Changes in Welfare to Work

Policy Context

National policy is changing, with a move towards a single worklessness delivery approach, reforms to the welfare system and significant changes to schools and education. Recent Government papers: '21st Century Welfare' (DWP, July 2010) and 'Universal Credit: welfare that works' (DWP, Nov 2010), have given some information on the intended context, but some detail still needs to be defined.

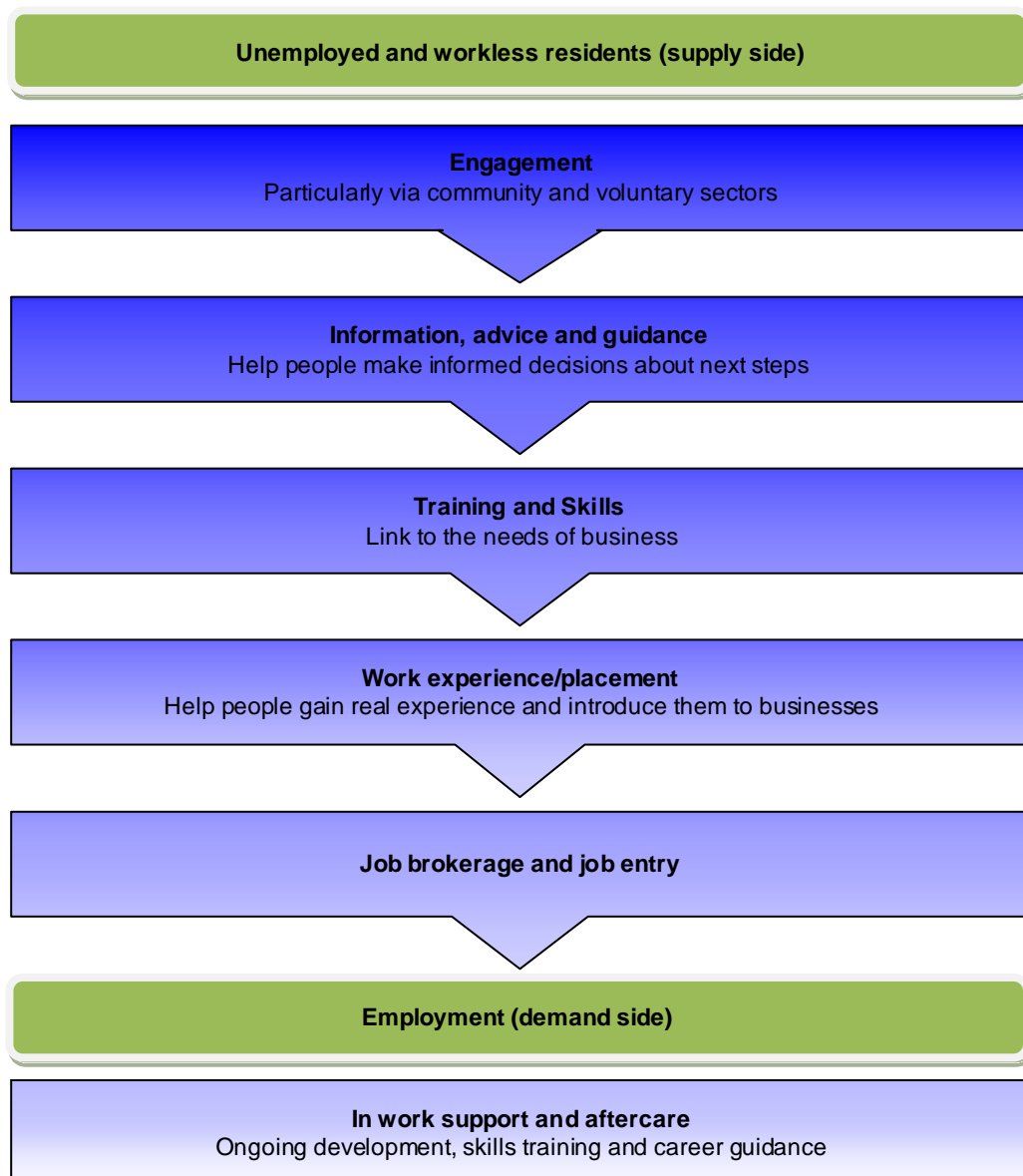
What is clear is that these radical shifts in national policy will impose change on the lives of Tower Hamlets residents, impact on operations and delivery within the borough, and pose further challenges for the objectives relating to this Strategy. Contained in the new national policy framework is a significant change to funding mechanisms through private sector led contracts to deliver the Work Programme.

Delivery Approach

Despite very significant changes to the policy context, work-related and employability services can still be thought of using the following model, shown below, which represents an individual's routeway from worklessness to employment:

Employment Strategy: *Changes in Welfare to Work*

Figure 6.1 - Routeway to Employment



Employment Services Provision

The Government white papers describe a significant shift in welfare provision services. Historically, Jobcentre Plus delivered mainstream services, supplemented by New Deal programmes and Employment Zones. This approach was added to by local authority programmes and a host of additional employment projects and services, largely delivered by third sector organisations.

Recent Government policy on welfare to work programmes will introduce large new service providers with different delivery models. Tower Hamlets has little influence on DWP commissioning but has a role to play in the facilitation and delivery of the programme through partnership working. The borough has significant experience in understanding the characteristics of its population and their needs, and can help facilitate the work of other providers to best meet these needs.

Employment Strategy: *Changes in Welfare to Work*

Prior Delivery Model for Workless Residents

in the past the mainstream of service delivery has been conducted by Jobcentre Plus, which focused on those who claim welfare benefits: JSA, IB/ESA, and IS. JSA claimants were engaged on employability programmes and 80-85% of new claimants would get a job in the first 12 months. If jobseekers reached 12 months unemployed they would be referred to the New Deal Programmes or Employment Zones, depending on their age, disability and certain other criteria. With the introduction of ESA, new IB claimants were moved immediately to ESA and assessed for capability to work. They would then be either moved to JSA or remain on ESA. IS claimants (Normally Lone Parents) would remain on IS while their youngest child was under 10 years old. The DWP commissioned private and third sector providers to deliver New Deal, Employment Zone and Pathways to Work programmes for specific groups and claimant types.

Other employability programmes, including Council ones, offered services to all residents, including those groups serviced by Jobcentre Plus. External funding expanded and increased the volume of service delivery available to all groups (dependant on funding requirements). Voluntary and community sector organisations delivered services to specific groups of residents and this was usually tailored to the funding requirements of their grants. Grants were received from a variety of national, regional and local sources. In April 2010 a survey of local employment and skills providers indicated that there were several hundred providers running welfare to work initiatives within the borough of Tower Hamlets.

A key characteristic of this service approach has been the duplication of provision by the mainstream and local providers. Whilst choice of provision can be beneficial, overlapping services can reduce value for money and produce competition between local deliverers. In the last three years much funding has been released as unemployment has risen, including, for example, European Social Fund (ESF) and the Council's own Working Neighbourhood Fund (WNF) allocation. Due to the large amounts and accessibility of funding streams for employment many organisations added employment outcomes to their portfolio of services. This has produced an uncoordinated and complex array of overlapping provision.

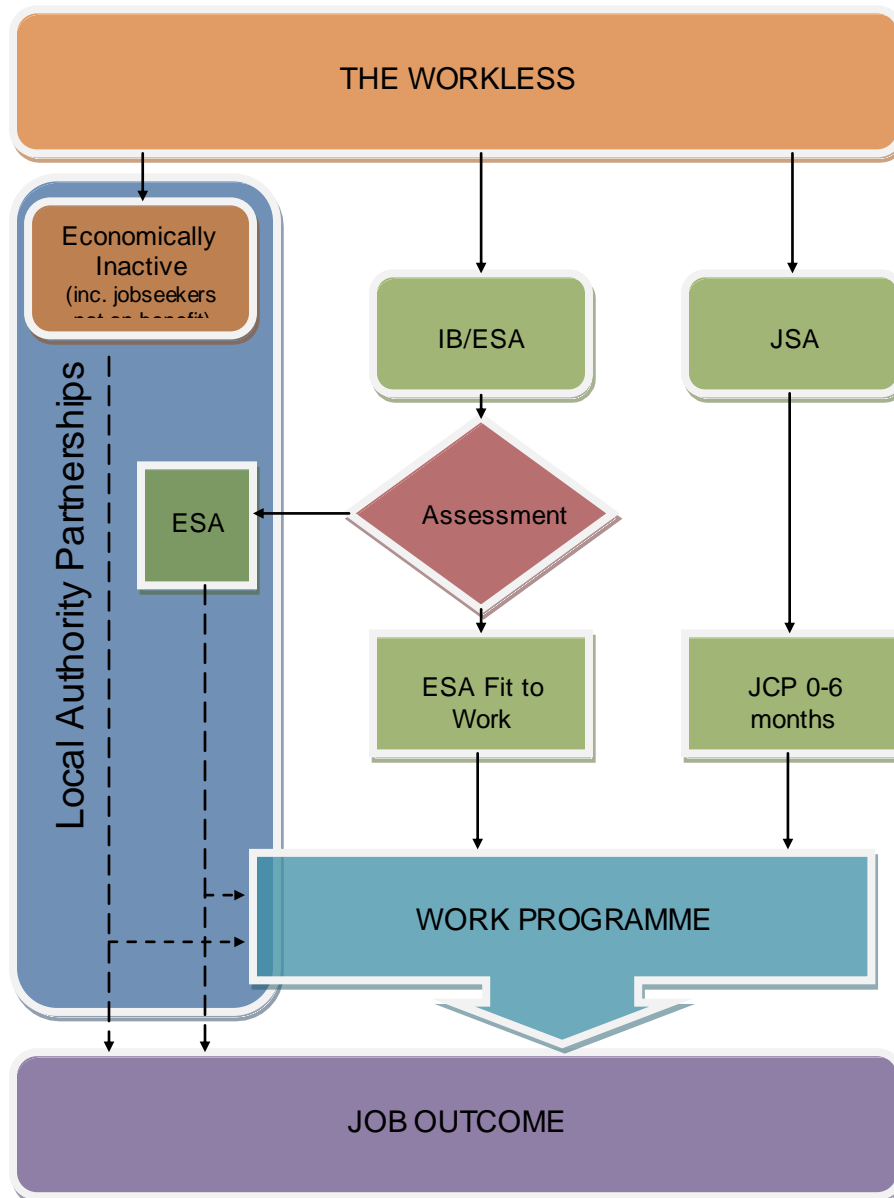
New Employment Delivery Model

National policy changes have created a more streamlined model of delivery for Jobcentre Plus services and the new Work Programme.

JSA claimants will remain with JCP for 6 months, where it is assumed 65% will move into employment. On reaching 6 months unemployment, claimants will be moved onto the new Single Work Programme. ESA/IB claimants will be assessed for their capability to work and it is expected that 23% will move to JSA or cease to claim. Of the remaining 77% it is expected that 25% of this group will remain on ESA as being unable to work and 75% will move into the ESA-work-related group. These claimants will be referred to the new Work Programme for further assistance. IS claimants will have their Lone Parent status ended when their youngest child reaches 5 years old, and be expected to look for work through the JSA route. The movement of different groups in the new delivery model is shown in the diagram below:

Employment Strategy: *Changes in Welfare to Work*

Figure 6.2 - New Delivery Model Overview



The Work Programme is a nationally-commissioned service, delivered by two or three private providers in specified Contract Package Areas (CPAs). The 'East London' CPA includes the 16 boroughs of Hackney, Newham, Tower Hamlets, Barking & Dagenham, Redbridge, Havering, Waltham Forest, Croydon, Bexley, Lambeth, Bromley, Greenwich, Lewisham, Southwark, Merton, Sutton, and the City of London. London Borough of Tower Hamlets will need to work closely with the three Prime Contractors who will be providing services.

According to DWP estimates contained in the bid documentation for the Work Programme, it is estimated that there will be 45,000 clients starting with the Work Programme ("customer starts") in the East London CPA in 2011/12. This is forecast to reduce relatively steadily, to 26,000 in 2015/16. Dividing the number of participants by the number of boroughs (excluding the City of London), suggests that 11,250 participants is the mean number of people who would receive support from the Work

Employment Strategy: *Changes in Welfare to Work*

Programme in the borough during these five years (although it should be noted that changes in policy and the economy could change the figure substantially). However, as the supply section above showed, Tower Hamlets is an area of acute need with some of the highest numbers of eligible claimants in the East London CPA. This means that the actual number of Tower Hamlets residents served by the Work Programme is likely to be much higher. Given that an assumption of 11,000 Tower Hamlets' participants in the Work Programme is conservative, whatever the eventual numbers, this provision will be very significant for the borough.

That said, it should be noted that despite the importance of Tower Hamlets as a borough with high numbers of people unemployed and economically inactive residents, within the context of the East London CPA it will be only one of 17 local government bodies seeking to make its case. To help tailor the Programme to the needs of Tower Hamlets residents, it may be necessary to facilitate dialogue with both providers and councils across the whole of the East London CPA.

Complexity of the Benefit System

Consultation findings show that people find it difficult navigating the benefit system and have concerns about the 'benefit trap' – the lower take-up of child working tax credit could be as a result of this. Consideration needs to be given to how people can be better advised on benefits entitlement. Partners also need to consider how to address the perceived and real 'benefit trap'.

As set out in the White Paper "Universal Credit: welfare that works", published in November 2010, Universal Credit is due to be introduced from 2013. Some changes will be necessary to the Work Programme contracts as a result of this. This area of work will need further research to identify the impacts and opportunities for Tower Hamlets residents.

Resourcing Delivery

Of the financial resources available for delivery, the mainstream of Jobcentre Plus and the Work Programme account for a significant portion. The funds available for Work Programme Prime Contractors are affected by the volume of clients serviced and their success. They receive payment in four stages: an attachment fee; a Job Outcome payment; Sustainment Outcome payments; and Incentive payments. It is expected that these incentives will drive the Primes' approach to delivery. Since DWP suggests that each Primes' contract will be worth £10-50m p.a., it is possible to derive a mean spend per borough per annum of about £1.9m to £9.4m (£9m - £47m in the next 5 years). Again, this figure may be misleadingly low because of the high concentration of eligible people within Tower Hamlets.

The Work Programme has increased significance given that there are some reductions in the resources available to the borough. In particular, there is no replacement for Working Neighbourhoods Fund which ends in 2011. This has been providing an average of £10.8m per year since 2008. Whilst the Council will be seeking to mainstream these activities where possible, the end of this funding will affect service delivery in the borough. Since many local organisations benefited from WNF funding, there is also likely to be a knock-on effect on charities and community groups.

Employment Strategy: *Changes in Welfare to Work*

This also raises the question of the role of the Council, given that it will have less finance available. It may be that the Council's role in influencing what others do with their money, particularly Jobcentre Plus and Prime Contractors, takes on a greater importance if it is to achieve its objectives. London Borough of Tower Hamlets can offer other resources which add value to delivery including improved access to people, buildings, data and, to a limited extent, match funding where the Borough wants to incentivise provision for certain groups.

The overall effect then is that there is a need to do more with less. This will require co-ordination by the Council and partners, in conjunction with JCP and Primes.

Complex Local Employment Provision

For its Total Place analysis, the Council is compiling information on existing provision. Headline analysis of the work done so far shows a complicated map of provision, with no fewer than 207 employment projects delivered by 146 organisations, with 43% of the projects focused exclusively on Tower Hamlets. While these multiple programmes undoubtedly benefit Tower Hamlets residents, this level of complexity and overlap cannot be considered the most efficient use of funding. Further consideration needs to be given to how service provision can be better co-ordinated to address local needs and provide value for money, particularly in the current funding climate. It should also be noted that the implementation of the new Work Programme will have a dramatic effect on this complicated web of provision.

The Work Programme, expected in Summer 2011, will target all those on a welfare benefit, particularly JSA, IB/ESA and IS, and these mainstream services will impact greatly on the service provision levels within the borough. This presents an opportunity to rethink the council's focus on where investment should be targeted and how partnership working might influence and complement the work of these new provision arrangements.

Holistic Approach to Tackling Worklessness

The complicated relationships between employment and skills, health, poverty and housing, family structure and mobility highlight the strong socio-economic determinants of worklessness and the need for an holistic approach to supporting workless people into sustainable employment. Employment programmes will need to engage other services to assist people in overcoming the often complex nature of their barriers to work. This joined up approach will secure longer sustainability for those entering the jobs market.

The challenge is to address low levels of skills and qualifications and other barriers to work, so that all residents of Tower Hamlets can compete effectively for the many jobs within the borough and within easy reach of it.

Analysis

To successfully identify the factors that will shape the employment strategy, it is necessary to understand the context of Tower Hamlets, the supply and demand of labour within the borough, the barriers to entry facing the workless population, and changes underway in welfare to work provision. This is provided in the preceding sections. In addition, a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of factors which influence the employment rate in the borough is also provided in the Appendices.

The information in the earlier sections of this strategy, as well as that in the Local Economic Assessment, provides the basis for six important conclusions. These are that:

- (i) The scale of the employment challenge requires that Tower Hamlets target different groups of benefit claimants, as well as non-claimants if it is to reach its aspiration of a convergent employment rate.
- (ii) Collaboration will be required with agencies who are connected to hard-to-reach groups. Many residents will be reached by mainstream provision but some are “off the map”, meaning the Council, health, housing and community groups need to strengthen partnership working to access them.
- (iii) Some groups have disproportionately low employment rates and so require more targeted intervention.
- (iv) There are many jobs available in Tower Hamlets – and the number is growing – but residents need to be able to access and compete for them.
- (v) The high degree of commuting into and out of Tower Hamlets suggests that the aim of increasing the employment rate should not be solely restricted to activity within the borough.
- (vi) There is a correlation between housing need and the employment rate, which is reflected in the high churn rate: Tower Hamlets loses economically active people who move into the market.

Scale of the Employment Rate Challenge

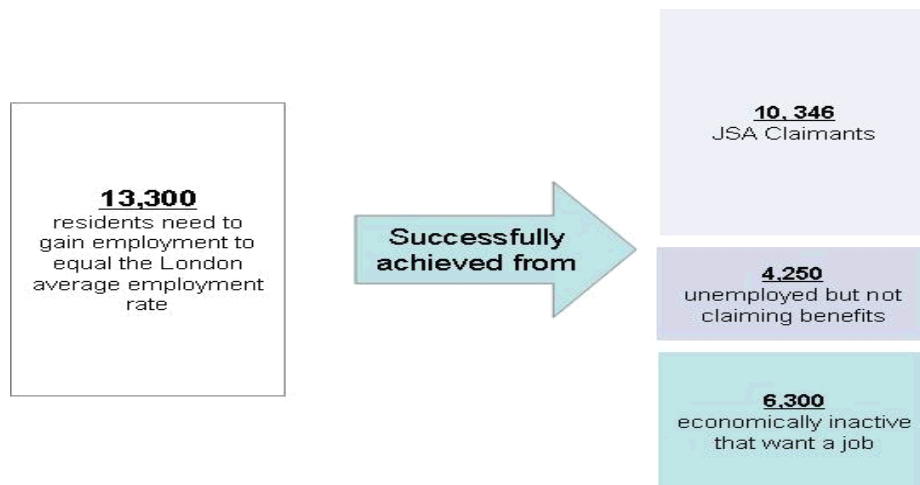
- (i) The scale of the employment challenge requires that Tower Hamlets target different groups of benefit claimants, as well as non-claimants.

Tower Hamlets faces a significant challenge in trying to increase the very low employment rate. Around 13,300 additional Tower Hamlets residents will have to start working for the borough to reach the London average employment rate.

Where will these people come from? In addition to the 14,600 residents who are ILO-unemployed, there are 6,300 economically inactive people assumed to want a job, totalling 21,000 residents who constitute the main target groups to move into employment. This is summarised in the diagram below.

Employment Strategy: Analysis

Figure 7.1 - Achieving the Target Rise in Employment Rate



If the total of the three groups on the right hand side of the diagram (c.21,000) is taken as the supply of willing labour, this means that almost two thirds of all the people who are seeking work need to move into employment if convergence with the London rate is to be achieved. Tower Hamlets therefore has to look beyond the unemployed who are looking for work if it is to have a realistic chance of reaching the London average employment rate. In addition, there are a further 41,000 people not shown on the diagram who are economically inactive and not actively interested in work who should not be overlooked. Whilst they may be further from the labour market, some might consider work given the right circumstances or motivation.

Collaboration with Different Agencies

- (ii) Collaboration will be required with agencies who are connected to hard-to-reach groups. Many residents will be reached by mainstream provision but some are “off the map”, meaning the Council, health, housing and community groups need to strengthen partnership working to access them.

For JSA clients, the main delivery agencies are JCP and the Work Programme. Since the Work Programme also serves some ESA customers, mainstream provision is likely to account for approximately three quarters of the pool of residents that the Borough would like to move into work. Besides building on the existing relationships with JCP, it will be necessary to forge new relationships with the Prime Contractors appointed to deliver the Work Programme in East London. Primes have a key role to play because the Work Programme will deal with a significant volume of people and they will have long-term contracts which incentivise them to keep people in work. The Council needs to partner effectively with Prime Contractors so that Tower Hamlets residents benefit from good service delivery.

By extension, with the Work Programme prime contractors delivering services to the main claimant groups in the borough, the Council and its partners have the opportunity to focus on those residents who fall outside of this provision or find it difficult to access. The Council has a vital role to play here. With access beyond what the Prime Contractors can expect to achieve, the council can partner with a range of appropriate stakeholders, including the third sector, and utilise the expertise of local

providers to help the hardest-to-reach to “step up” to mainstream provision. This approach will help to reduce duplication and maximise the value for money of locally provided service delivery.

The challenge for the Borough is therefore to work with the mainstream providers to reduce levels of worklessness amongst the resident population at a time when competition for jobs both within and outside the Borough is high and large proportions of workless residents are in a poor position to compete. Additionally there is a challenge to ensure that those recently made unemployed do not remain out of the labour market for too long and join the pool of long-term workless.

Targeting Disadvantaged Groups

- (iii) Some groups have disproportionately low employment rates and so require more targeted intervention.

Analysis suggests that some key groups are more disadvantaged in the borough and subsequently are disproportionately represented in lower employment and higher unemployment statistics.

These groups include:

- *Black (African)* – the ethnic group with the highest proportion of JSA claimants
- *Young men* – over half of JSA claimants are young men
- *Women* – economic activity rates are much lower than for men in Tower Hamlets. Since men’s activity rate is almost in line with the London average, high economic inactivity is a significant factor in reducing the overall employment rate in the borough
- *Other ethnic minority communities*, notably including the Bangladeshi community, which has the second highest incidence of JSA claimants after Black (African) people.
- *People with health issues or a disability*, particularly mental health
- *Overlaps between these groups* – such as Bangladeshi women, who are significantly more likely to be economically inactive than other groups

Evidence from the Local Economic Assessment and this strategy therefore suggests a need for a core of service delivery which will be accessible to local residents particularly in need of support. This takes account of the fact that generic services are not suitable for, and will not reach, all client groups due to the issues and barriers they face in accessing the labour market. As well as using demographic characteristics and benefits information to target these groups, in some cases geography can also be used, as there are spatial concentrations of workless people, as well as poverty and deprivation.

It is therefore essential that alongside core functions, largely provided by mainstream services, targeted delivery methods are developed in order to affect change on those groups of people who remain largely detached from these systems, or under-represented in employment statistics. This is an effective way to identify key issues among a diverse residential population and can form the basis for the design of service provision.

The Council and Tower Hamlets' partners have a wealth of access to residents through health, education, housing and communities and it is important that these communication lines are exploited. Working with partner organisations can raise residents' awareness of opportunities and broker them onto appropriate support. The Council can also be a key facilitator in forming consortia of services to enable a joined up approach toward disadvantaged groups. While it can be a challenge working with the most difficult and disadvantaged groups, extending opportunities of employment can bring added benefit, such as reducing child poverty. The hard-to-reach are also often longer-term residents and therefore less likely to contribute to the 'churn' effect. Reductions in worklessness in these groups are therefore more likely to have a long-term effect on the borough's employment rate.

Linking Residents to Demand

- (iv) There are many jobs available in Tower Hamlets – and the number is growing – but residents need to be able to access and compete for them.

There are many jobs available in Tower Hamlets and the trend is one of growth. The different projections and scenarios forecast very significant levels of employment growth in Tower Hamlets over the next 20 years (between 25% and 50%). It is clear that the expansion of Canary Wharf at Wood Wharf, combined with higher levels of housing delivery, will provide the greatest potential for employment growth. However, with the LEA projecting that employment of residents will increase by just 19% under the baseline scenario, the borough's employment opportunities appear likely to grow more quickly than the ability of local residents to access them. In other words, unless something changes, most of the new jobs in Tower Hamlets will continue to go to people who live outside the borough.

Data also indicates that the types and sectors of work which residents are most successful in accessing are not those which are growing. Although there is replacement demand, residents have lower success in entering professional, technical and managerial types of work, which are the areas where there is an increase in structural demand. Qualification levels are likely to be part of the issue here, given that employers report skills gaps and that Tower Hamlets has below average numbers of people with skills at Levels 2 and 3, in particular, but there may be other factors at work. Increasing residents' ability to compete, as well as finding ways to improve residents' access to vacancies, should form part of the objectives and actions.

Employment as a Cross-Borough Issue

- (v) The high degree of commuting into and out of Tower Hamlets suggests that the aim of increasing the employment rate should not be solely restricted to activity within the borough.

Nearly 70% of working residents commute out of the borough to work, mostly in towards Central London. This trend is partnered with a high degree of in-commuting by workers who come from across the city and the South East. With quick access from London City Airport to Canary Warf, some workers even commute internationally. This high level of labour migration creates both challenges and opportunities for the target of increasing the borough's employment rate. Strong transport links mean that Tower Hamlets residents can benefit from employment

opportunities throughout the regional and sub-regional labour markets, but they face stiff competition from other London residents who are just as willing to travel for work.

It is therefore beneficial to see the issue of creating employment opportunities as at least a sub-regional problem. Opportunities such as Westfield and the Olympic Legacy developments can be both a driver and an opportunity for Tower Hamlets residents. Residents willing to travel to find work will find job opportunities both before and during 2012. Additional development, notably at Stratford City, will create retail and commercial opportunities that are located near to Tower Hamlets' residents, particularly on the east side of the borough. There is a clear benefit to encouraging workless residents to overcome barriers or reluctance to travel, and to exploit employment opportunities just across the borough boundary.

Finally, given that employment is a cross-borough issue, there is a need to partner with other boroughs on employment issues. This can build on the working relationships and alignment of objectives achieved through the Multi Area Agreement and the Strategic Regeneration Framework. This need for cross-border collaboration is made even more necessary by the size of the Contract Package Area for the Work Programme, given the programme's likely dominant affect on local service delivery.

Housing and Population Churn Affect the Employment Rate

- (vii) There is a correlation between housing need and the employment rate, which is reflected in the high churn rate: Tower Hamlets loses economically active people who move into the market.

Tower Hamlets experiences a high degree of churn, as economically active groups migrate out of the borough in search of affordable housing. This phenomenon is closely linked to middle income distributions and to individuals and households within the 30-45 age range.

This out-flow is partnered by an in-flow of migrants, both international and from across the UK, who typically have lower levels of economic activity and are attracted to the borough's high levels of employment opportunities. The combined effect of this churn is the outward migration of a stable, middle income, high employment demographic and the inward migration of relatively deprived, lower-skilled and unemployed new residents. This therefore has a large suppressing effect on improvements to the borough's employment rate, as those residents who find stable, well-paid jobs are more likely to leave the borough and be replaced by the unemployed. There is therefore a link to the Housing Strategy as the continuing need for affordable housing – both for rent and sale – will continue to drive residents from the Borough.

Employment Strategy: *Aims and Objectives*

Aims and Objectives

The aim of the Employment Strategy is to increase the employment rate in Tower Hamlets, with the overall goal that the borough's employment rate converges with the London average by 2020. This requires 13,300 additional people in Tower Hamlets (based on current figures) to enter the labour market.

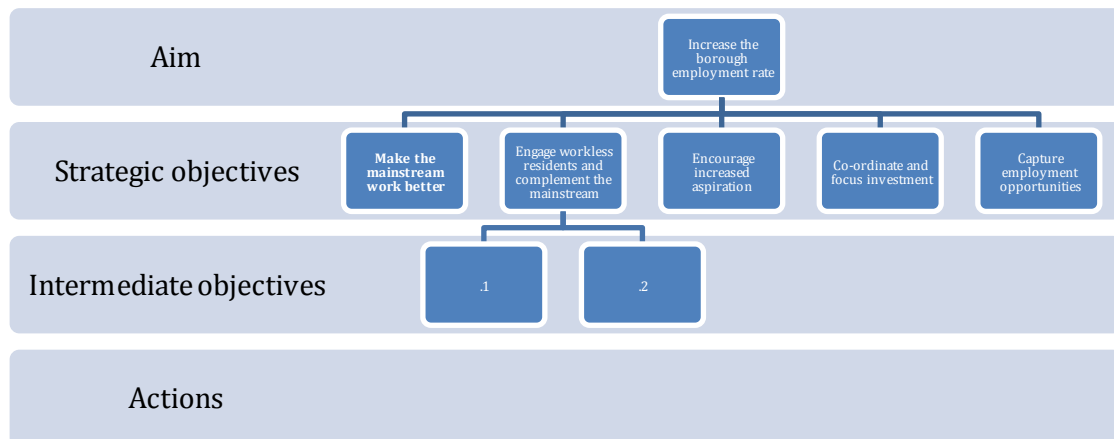
Five strategic objectives are set:

1. Make the mainstream services work better for residents
2. Engage those workless residents detached from the labour market and complement the work of the mainstream
3. Encourage increased aspiration toward engaging with the labour market, particularly for inactive groups
4. Ensure economic investment is co-ordinated and focused
5. Capture employment opportunities for Tower Hamlets residents within the borough and wider London labour market

The objectives are based on the earlier data and analysis, which set out the challenges and opportunities the borough faces.

Each of the strategic objectives is now considered further. The hierarchy used is that each strategic objective is supported by about three intermediate objectives, which then have actions assigned to them, as shown in the diagram below:

Figure 7.2 - Hierarchy of Strategic Objectives



Employment Strategy: *Aims and Objectives*

Objective 1: Making the Mainstream Services Work Better for Local Residents

Services for residents delivered through national programmes form the core of service provision in Tower Hamlets, as they do elsewhere in the country. The DWP's introduction of the new single Work Programme, together with the changing policy context around working age benefits, means that the volume of local residents served by mainstream provision, including Jobcentre Plus, will be between 15,000 and 25,000 people, depending on assessment results and the impacts of welfare reform definitions.

Ensuring that mainstream services are operating as responsively, effectively and efficiently as possible is vital, as incremental improvements in the volume programme will have a significant positive impact for Tower Hamlets residents. The "black box" approach to the Work Programme also means that the providers delivering the programme will need to design services to overcome the barriers and challenges identified in this strategy to achieve sustainable job outcomes. Ensuring providers' responsiveness to local needs and conditions will benefit all parties and generate a stronger return.

It is essential that the Council and its partners maximise the return from the national mainstream investment, as other funding streams have been significantly reduced.

The intermediate objectives in this area are to:

1.1 - Develop and Maintain Appropriate Relationships with DWP / JCP and Primes

Tower Hamlets will build on its strong relationship with Jobcentre Plus to further engage with the DWP and Prime Contractors. The purpose is to secure partnership agreements and identify ways of working together. The Council has:

- democratic accountability
- access to residents, directly and through partners
- in depth knowledge of the context of its residents
- relationships with delivery agencies, many of which have expertise with specific groups
- access to premises, many of which are located in the heart of areas in need of intervention

Tower Hamlets will invite representation from Work Programme providers on the Employment Steering Group and ask Prime Contractors to sign up to the Employment Strategy. Securing this representation and agreement is an important part of this sub-objective.

1.2 - Develop and Secure Partnering, Co-commissioning and Sub-contracting Opportunities from Primes

The Council wishes to secure subcontracting arrangements for consortia of local provision that are best positioned to achieve an impact. Charities, social enterprises and other providers have much to contribute because of their experience and networks and the Council wishes to ensure that the Prime Contractors can readily draw upon these resources. The Tower Hamlets Partnership structures can help to ensure access to the local third sector, in conjunction with the Council as the relationship manager.

Employment Strategy: *Aims and Objectives*

1.3 - Ensure that Mainstream Provision Responds to Tower Hamlets needs

London Borough of Tower Hamlets intends to share performance information and other data with Prime contractors. Understanding which groups are benefitting from mainstream services will help the Council identify where there is a need for complementary provision. This might include groups of service users eligible for mainstream support but with a low uptake, as well as groups which are not entitled to support. In line with the overarching objective, where gaps are identified, the Council would consult with mainstream providers about possible programme adjustments.

Employment Strategy: *Aims and Objectives*

Objective 2: Engaging Workless Residents Detached from the Labour Market and Complementing the Work of the Mainstream

If maximising the impact of the mainstream programme is the first objective, then supporting those that are excluded from, or find it difficult to access, the mainstream (i.e. complementing mainstream delivery) logically follows.

Creating complementary activity to enhance accessibility to mainstream services, or to facilitate access to jobs directly, would allow the Council and partners to target communities of interest and groups of concern as identified earlier. Furthermore, by developing key programmes to complement and thus improve mainstream work, there is likely to be a reduction in duplication of services and increased value for money. This objective also allows for programme design outside of the working age groups, for example, preparatory work with young people on skills and experience, or specific projects to support employability and access to information.

The intermediate objectives are to:

2.1 Respond to the Geography of Worklessness

In designing complementary programmes, geographic areas with particularly high levels of unemployed and inactive residents can be targeted, specifically the four most employment-deprived areas in the borough. The areas which have particularly high rates of economic inactivity and worklessness are:

- *north-east* - starting to the east of Victoria Park, extending down into Bow
- *west* - in the south of Spitalfields, extending into the west of Whitechapel and the southern half of Shoreditch
- *central* – from the border between Limehouse, Stepney and Bow Common, including much of Poplar
- *south-east* - from Leamouth, extending south-west through the east of Blackwall and Canary Wharf, finishing in northern and central Millwall and the east of Cubitt Town

2.2 Target Specific Groups with Low Rates of Economic Activity and/or High Rates of Unemployment

It is likely that some groups identified as further away from employment will benefit from separate projects, and these will be developed in collaboration with the Employment Steering Group, public and third sector partners. The general principle is to aid the transition towards inclusion in the mainstream provision, where resources are greatest, although some dedicated employment services may also be offered. Additional financial resources may also need to be identified and deployed to close the gaps between targeted groups and the mainstream.

Specifically, it is anticipated that targeted programmes will be appropriate for:

- *Black (African)* – the ethnic group with the highest proportion of JSA claimants
- *Young men* – over half of JSA claimants are young men
- *Women* – economic activity rates are much lower than for men in Tower Hamlets. Since men's activity rate is almost in line with the London average,

Employment Strategy: *Aims and Objectives*

high economic inactivity is a significant factor in reducing the overall employment rate in the borough

- *Other ethnic minority communities*, notably including the Bangladeshi community, which has the second highest incidence of JSA claimants after Black (African) people.
- *People with health issues or a disability*, particularly mental health
- *Overlaps between these groups* – such as Bangladeshi women, who are significantly more likely to be economically inactive than other groups

Anticipating the development of the future workforce, the council will develop programmes to facilitate entry to the labour market for young people (and NEET) groups, targeting specific barriers to work using the routeway to work model.

2.3 Respond to Skills Needs for Residents Not Served by Mainstream Provision

Whilst the mainstream will most likely provide skills training for those engaged with Jobcentre Plus and the Work Programme, not all residents are eligible or can readily access the mainstream. There is therefore a need to consider the role of complementary work around skills for such groups. Skills are important when competing for jobs, as businesses have particular needs which they seek to fulfil.

Skills can also have further functions: they can be a pre-requisite which equips people to take advantage of further training, as in the case of literacy and language skills, including ESOL; they can be a means of engagement and confidence building for those who are distanced from the labour market; and they can be a means for people to develop new abilities which they want to pursue professionally. Whilst these functions may stop short of directly connecting to the labour market, they nonetheless have value as interventions and can benefit some of the residents who are in need of support.

This intermediate objective also reinforces the others in this section. Local partners, including the Council, may choose to target interventions on particular areas or groups where skills are part of the need and may be tailor skills training to those groups' needs and/or interests.

Employment Strategy: *Aims and Objectives*

Objective 3: Encourage Increased Aspirations to Engage with the Labour Market, Particularly for Inactive Groups

The first two objectives seek to ensure that there is a suitable range of services that provide access for local residents to employment services, but these need to be placed in the context of the Borough having approximately 47,000 residents classed as economically inactive, many of whom may not currently be ready to consider work. There is a need to raise aspirations to work and promote the benefits of work: it is essential that economically inactive groups are encouraged to engage in the routeway and are offered the opportunity to access information and guidance relating to skills and the labour market.

Only by increasing aspiration and furthering a culture of work amongst Tower Hamlets residents can the longer-term goal of employment rate convergence be achieved. This entails three intermediate objectives.

3.1 - Campaign for the Benefits of Work

A comprehensive communications plan will be developed to ensure residents are aware of available employment services. This plan will include a campaign to encourage economically inactive people to consider work as a positive and viable option, and to sell the benefits of employment and economic independence. It will be conducted in partnership with Primes, housing partners, health providers and Prosperous Communities

The purpose of the campaign and associated communication will be to:

- (i) *Inform* – provide clear information as to the options, opportunities and support available
- (ii) *Inspire to aspire* – using community leaders, roles models and positive examples to encourage aspiration in workless groups
- (iii) *Connect to specialist support services* – where targeted service provision exists, to raise awareness of available services within the groups and communities that need it most

Communications will target the specific groups that need encouragement to access employment services. This can be through existing publicity channels, as well as community partners who may have specific access. This objective will be coordinated by Tower Hamlets Council through the Employment Task Group, Housing partners, Health partners, and the Prosperous Communities Delivery Group.

3.2 - Conduct Outreach through Known Routes

Engagement with third sector organisations and networks will be important to ensure residents from disadvantaged groups have access to information and support. Where residents are not already engaged with benefit providers it is important to actively engage them through non-employment services, such as health, housing, children's services and education. In particular, working with housing providers will enable identification and engagement with workless social housing tenants who are not claiming benefits.

Specific effort needs to be made to ensure that young people struggling to find work today do not become the long-term unemployed of the future. While reductions in NEET rates over the last four years have been encouraging, it is important to encourage young people to think beyond education and enable them to capitalise on

Employment Strategy: *Aims and Objectives*

their skills and aspire to stable employment in the future. To encourage employment aspiration in young people as they transition out of education it will be necessary to work closely with schools, colleges and universities, along with other youth services, as appropriate. Linking education services with local employers may also be profitable.

3.3 - Understand Behaviour and Motivation

To successfully increase aspiration within workless and economically inactive groups it will be necessary to develop an understanding of attitudes to employment, especially towards specific attitudinal or psychological barriers to work. Such perceptions may be real or perceived, but without developing a clear understanding it will not be possible to target resources towards helping residents overcome them.

Effort will also be made to identify specific barriers to aspiration, including (but not exclusively) the financial concerns relating to the perceived 'benefits trap', and whether specific communities have cultural reasons preventing them from working. This data-gathering exercise will then enable either specifically targeted resources to address these concerns, or the re-evaluation of Strategy targets relating to the group in question.

Employment Strategy: *Aims and Objectives*

Objective 4: Ensure Investment is Co-ordinated and Focused

Historically, complex delivery arrangements in the borough have often provided overlapping and conflicting services, resulting in a dissipation of public investment and inefficiency in service delivery. With forthcoming reductions in public sector funding and the availability of grants, particularly in the third sector, it is essential that resources to increase employment are better co-ordinated. This is especially true of the newly introduced Work Programme. It is essential that the Programme's prime- and sub- contractors participate in local networks to successfully target delivery, and these networks in turn need to be better coordinated and less fragmented.

Improved co-ordination locally, and the inclusion of the Work Programme providers in that co-ordination, allow for better design of both mainstream and complementary services. This in turn will enable all resources to be deployed in line with the objectives of this Strategy. Additionally, it is hoped that better co-ordination across partner organisations will go some way to mitigate any reduction in outputs as funding is reduced. The ultimate aim is to work together to achieve savings across the board and deliver efficient services for residents. In this sense, co-ordinated activity and investment underpins all of the other strategic objectives. The three intermediate objectives are as follows:

4.1 - Develop and Strengthen Partnership through the ETG

Successful co-operation between all relevant stakeholders requires co-ordination. As such the existing Employment Task Group will be reviewed and reconstituted to ensure the group is able to take on a strategic management and monitoring function for the Strategy. Because of the important place the Work Programme will have in all forthcoming service provision, every effort will be made to ensure the Prime Contractors are represented on, and fully engaged with, the Task group.

The importance of this Strategy in successfully co-ordinating service delivery within the borough, ensuring efficient provision and the targeting of hard-to-reach groups means that Tower Hamlets will seek to secure 'sign up' to the strategy by all providers. The Council can act as a co-ordinating body to align funding from partners, to ensure services sit within the co-ordinated strategy.

The Employment Strategy should also act as a matrix to commission all employment related delivery across the council, within a competitive application process. The Council will seek to lead and support consortia of organisations to apply for external funding opportunities as they arise.

4.2 - Align Partner Resources Against Strategic Objectives to Obtain the Best Return

Given the previous context of diverse funding streams and delivery arrangements, and the emerging one of a reduced settlement, it is important for all agencies to work in partnership to use available resources as efficiently as possible. The Prosperous Communities and Employment Task Groups have a valuable role to play here, in providing forums to co-ordinate activities at the borough level. Given the intention to work with the mainstream (Objective 1) and to encourage partners to endorse the Employment Strategy, it is hoped that common ground can be found on which to base decisions which offer the strongest returns for all of the borough's residents. There are also four principles which underpin the Employment Strategy, shown in the

Employment Strategy: *Aims and Objectives*

appendix, around data and evidence, barriers to work, Equalities and Diversity and Partnership working, which contribute to the overall framework. It is hoped that these can be linked with the objectives to provide a framework for partners to use in an integrated fashion when seeking the best use of existing resources, or bidding for new ones, including possible funding streams from central government or Europe.

4.3 - Ensure that all Council Strategies Act in Concert

Clear correlations between worklessness, economic inactivity and child poverty mean that developing clear links between this Strategy and the Council's Child Poverty Strategy will bring returns on several fronts. Working closely with colleagues and agencies specialising in child poverty, health, education, skills and housing when developing programmes will enable reductions in specific geographic areas through partnership working. In some cases, it may be appropriate to adopt a "Total Place" approach, channelling resources from across service areas to achieve multiple aims by rationalising spending and service delivery. This intermediate objective also links to 2.1 and 2.2.

As the Council works to implement this Employment Strategy it will seek to harmonise the overarching aim of this Strategy with those of other Borough strategies, including the Enterprise Strategy and Child Poverty. This work will also connect with Health and Children and Young People.

Employment Strategy: *Aims and Objectives*

Objective 5: Capture Employment Opportunities for Tower Hamlets Residents within the Borough and Wider London Labour Market

The previous objectives are focused on supply; i.e. the readiness and ability of residents to access the labour market. However it is also important for the Strategy to support the demand side, reflecting the skills requirements of employers and capturing opportunities for the local resident labour force. This objective therefore seeks, through engagement with the public and, more importantly, the private sectors, to identify, incentivise, capture and create opportunities by which local people can progress toward and subsequently achieve their career aspirations.

This area of work operates in parallel with the Tower Hamlets Enterprise Strategy, which aims to support enterprise and entrepreneurship as drivers of economic and employment growth within the borough, and through this to provide opportunity and social mobility.

5.1 - All Parties to Engage with Businesses to Ensure the Maximum Job Outcomes for Local Residents

Increases in the local employment rate cannot be achieved without the support and engagement of the local business community. However, close partnership can result in clear benefits for all parties, especially when related to capturing job opportunities for local residents. The Employment Task Group together with the Council will engage with businesses and their networks to identify current vacancies.

Co-ordination with businesses may include (but is not limited to):

- Working with them to recruit local talent
- Understanding their training needs – and seeking to provide employees that meet these needs through the routeways programme
- Secure new apprenticeship positions for Tower Hamlets young people

The Employment Task Group will also engage with businesses to identify opportunities for work experience, placements and internships. These are helpful ways for people to get experience and strengthen their CV that may also lead on to employment with the same company or improved prospects elsewhere.

Specific benefits for residents can be achieved by seeking to develop Local Accords with large employers – agreements that secure a proportion of vacancies for local people– and potentially by identifying opportunities for local organisations in the supply chains of larger businesses.

5.2 - Maximise the Benefit of Development Opportunities

Encouraging development within the borough will increase the number of available job opportunities and boost the local economy. By engaging with developers at every stage it will be possible to secure job opportunities for borough residents, along with additional funding to support the wider aims of the Strategy. This can be achieved through the planning process, including Section 106, and through local accords as detailed above.

The Council will seek to maximise the opportunities arising from local developments and regeneration opportunities, particularly at Canary Wharf, Wood Wharf, the City Fringe and Stratford City, including the Olympics. Crossrail is also a major

Employment Strategy: *Aims and Objectives*

infrastructure project. Also, the Council and partners will work with developers to exploit the opportunities from large scale mixed use developments and housing regeneration programmes.

A high degree of co-operation will be necessary to successfully maximise these opportunities, and as such will involve the Council, Employment Steering Group, Prime Contractors, and the Developers themselves.

5.3 - Ensure that the Public Sector Maximises Local Employment within its own Organisations and Supply Chains

The public sector is a significant employer within the borough and will continue to be so in years to come. The London Borough of Tower Hamlets will seek to show leadership and develop good practice for the public sector as a whole, both in terms of encouraging direct local employment and when tendering. Collaboration with the health service will be particularly important in meeting this objective, as the Royal London Hospital is the borough's second largest employer. This intermediary objective builds on previous activities which the Council successfully delivered, including the management and delivery of the Future Jobs Fund.

5.4 - Ensure that Tower Hamlets and Partners Recognise the Skills Needs of Business

Skills have a cross-cutting importance to employment and the employment rate. Residents with higher skills generally have more success in gaining jobs and their income is likely to be higher. It is also clear that there is a demand from businesses for certain skills which match their needs and can be mapped according to growth sectors in the borough's economy.

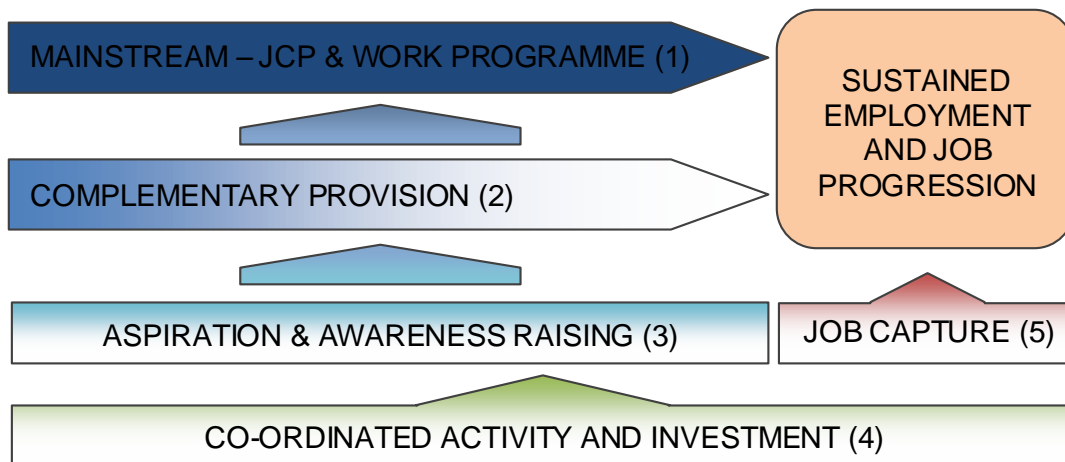
It is important for partners, including the public sector, third sector and Prime Contractors, to recognise the skills needs of business if the strategic objective of capturing opportunities for Tower Hamlets residents is to be fulfilled. The mainstream providers are likely to engage with businesses in the borough as they seek to deal with large volumes of clients who are seeking work. However, there is a role for all partners to play in this dialogue so that a full and accurate picture of businesses' demand for skills is maintained and the advantages for people in Tower Hamlets are maximised.

Employment Strategy: Aims and Objectives

Summary

The relationship between the five objectives is shown in the diagram below:

Figure 7.2 - Employment Strategy Objective Overview



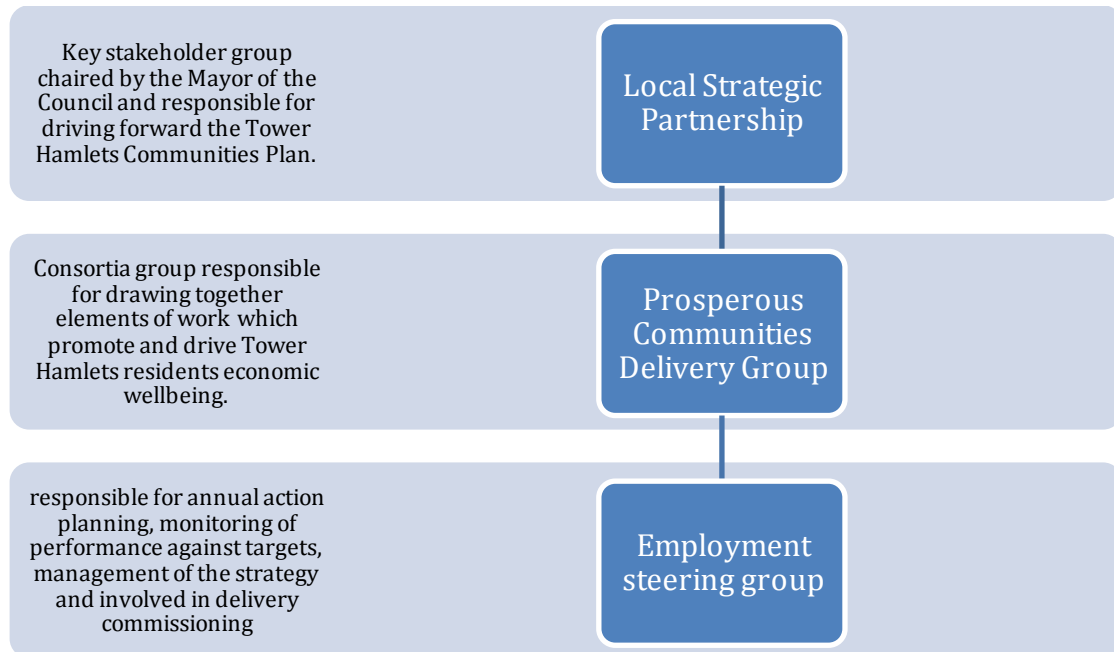
Changes to funding simultaneously necessitate that the borough and partners co-ordinate local resources and work with Work Programme Prime Contractors to best direct their substantial resources. Making the mainstream programme work for the borough also requires that Tower Hamlets engages and protects those on the margins of provision.

This includes supply-side intervention - encouraging aspiration amongst under-represented groups - and demand-side activity, particularly capturing jobs from Tower Hamlets' growing economy. This represents a coherent and comprehensive approach which will facilitate progress towards the Borough target of increasing the employment rate to converge with the London average.

Employment Strategy: Governance and Implementation

Governance and Implementation

The Tower Hamlets Employment Strategy sets out a five-year trajectory to increase the employment rate in Tower Hamlets. It covers the period from April 2011 to March 2016.



The strategy will be reviewed in September 2013 as a mid-term process. In addition, there will be an annual action plan of tasks, to be undertaken by the partnership, which will contribute to achieving the aims and objectives of the partnership. The action plan will be drafted, managed and monitored by the members of the employment steering group. Any considered actions will take account of availability of funding across the partnership.

Specific details of tasks, steps to achieve them and performance monitoring will be contained within an annual action plan produced by the employment steering group.

Employment Strategy: *Glossary and Appendices*

Glossary

- ABI** – Annual Business Inquiry
- CPA** – Contract Package Area – local delivery area for the Work Programme
- DCSF** – Department for Children, Schools and Families
- DLR** – Docklands Light Railway
- DWP** – Department for Work and Pensions
- EMA** – Education Maintenance Allowance
- ESA** – Employment and Support Allowance
- ESF** – European Social Fund
- ESOL** – English for Speakers of Other Languages
- ETG** – Employment Task Group
- Host Boroughs** – The boroughs hosting the 2012 London Olympics: Tower Hamlets, Newham, Hackney, Greenwich, Barking & Dagenham and Waltham Forest
- IB** – Incapacity Benefit
- ILM** – Intermediary Labour Markets
- ILO** – International Labour Organisation
- IS** – Income Support
- IS-LP** – Income Support for Lone Parents
- JSA** – Job Seekers' Allowance
- JCP** – Job Centre Plus
- LBTH** – London Borough of Tower Hamlets
- LEA** – Tower Hamlets' Local Economic Assessment document
- LSOA** – Lower Layer Super Output Area, ONS geographic distinction
- MAA** – Multi Area Agreement(s)
- NEET** – Young People Not in Employment, Education or Training
- NESS** – Neighbourhood Statistics
- NHSCR** – National Health Service Central Register
- NVQ** – National Vocational Qualification
- ONS** – The Office for National Statistics, the Government statistical body
- PCDG** – Prosperous Communities Delivery Group
- Primes** – Prime Contractors delivering the new Work Programme
- PTAL** – Public Transport Accessibility Level
- RSL** – Registered Social Landlord
- SRF** – Strategic Regeneration Framework
- WNF** – Working Neighbourhoods Fund

Employment Strategy: *Glossary and Appendices*

Appendices

Employment Action Plan for 2011/2012

Intermediate objective	Actions to Achieve	Actions by When	Responsibility
Strategic Objective 1. Make the mainstream services work better for residents			
1.1 - develop and maintain appropriate relationships with DWP / JCP and Primes	Encourage Prime contractors to sign up to the Tower Hamlets Employment Strategy		
	Invite Prime Contractors to participate fully in the structures of the Tower Hamlets Partnership, notably the Prosperous Communities Group		
	Participate robustly in any sub-regional framework/governance arrangements established to monitor and performance-manage Work Programme outcomes		
1.2 - develop and secure partnering, co-commissioning and sub contract opportunities from Primes	Negotiate sub-contract(s) for Local Authority-led delivery within the borough		
	Facilitate/support third sector relations and sub-contracts with Prime Contractors		
1.3 - Ensure that Work Programme / mainstream provision responds to Tower Hamlets needs	Use the THP structures (and the membership of JCP) to review performance of the Prime Contractors		
	Update statistical/evidence base of LEA to inform DWP/JCP understanding of Tower Hamlets needs and to hold Primes to account		
Strategic Objective 2. Engage those workless residents detached from the labour market and complement the work of the mainstream			
2.1 - Respond to the geography of worklessness	Prioritise at least one target area from the four priority areas identified		
	Design a suitable intervention with key partners		

Employment Strategy: *Appendices*

Intermediate objective	Actions to Achieve	Actions by When	Responsibility
	Put together a proposal for implementation during the last quarter of 2011/12		
	Work with social housing providers including RSLs and Tower Hamlets Homes		
2.2 - Target specific groups with low rates of economic activity and/or high rates of unemployment	Work with partners to respond to the high economic inactivity rates amongst women, particularly Bangladeshi women Take up recommendations from work currently being lead by the equalities team and design one or more interventions based on the report findings for Bangladeshi women		
	Target IB/ESA groups responding to specific health-related barriers with health partners, particularly around mental health		
	Consider the development of ILMs for target groups, possibly including young people (especially men under 29), or other groups mentioned above		
2.3 - Respond to skills needs for residents not served by mainstream provision	Ensure that local skills needs are taken into account and prioritised in any geographic based approach		
	Work with partners especially Tower Hamlets College to provide courses at Levels 2 and 3		
	Work with Tower Hamlets College and other providers to identify skills which can help to engage and attract residents distanced from the mainstream, including by providing ESOL		
Strategic Objective 3. Encourage increased aspiration toward engaging with the labour market, particularly for inactive group s			

Employment Strategy: *Appendices*

Intermediate objective	Actions to Achieve	Actions by When	Responsibility
3.1 - Campaign for the benefits of work	Promote work in schools and colleges		
	Promote work with partners through places the public can access, e.g. health and housing		
	Connect with groups with low labour market engagement using subject and skill areas that interest them, including ones which are not necessarily work related		
3.2 - Conduct Outreach through Known Routes	Engage parents in work related activity through schools, building on and learning the lessons from the School Gates project		
	Provide employability skills for young people, working through schools and colleges		
	Support links with local firms so that people can benefit from work experience, work trials etc to raise awareness and encourage people to see the benefits of work		
	Develop a communications plan to successfully convey the benefits of work		
3.3 - Understand Behaviour and Motivation	Develop understanding so that benefits trap issues can be understood, including in the light of welfare reform and the introduction of Universal Work Credit		
	Design and cost interventions to mitigate the effects of the benefit trap and overcome perceptions that people are worse off in work		
	Develop an understanding of the psychology of working or not working		

Employment Strategy: Appendices

Intermediate objective	Actions to Achieve	Actions by When	Responsibility
Strategic Objective 4. Ensure economic investment is co-ordinated and focused			
4.1 - Develop and strengthen partnership through the ETG	Review terms of reference and role of ETG		
	Ensure Primes are fully engaged		
	Ensure that all partners are signed up to the objectives of this Strategy		
4.2 - Align partner resources against these strategic objectives to obtain the best return	Use the framework of objectives and principles when commissioning new provision in the borough		
	Work collaboratively to respond to significant funding opportunities, including from Central Government and Europe		
4.3 - Ensure that all Council strategies act in concert	Maintain the current approach with the Child Poverty action plan		
	Develop closer relationships between the employment strategy and the housing strategy		
	Influence and participate in the development of other borough strategies, such as Health and Children and Young People		
Strategic Objective 5. Capture employment opportunities for Tower Hamlets residents within the borough and wider London labour market			
5.1 – All parties to engage with businesses to ensure the maximum job outcomes for local residents	Maintain and develop good working relationships with private sector organisations, such as ELBA and the Canary Wharf Group		
	Engage and exploit the supply chains of large businesses to maximise opportunities for local people		
	Identify and secure work experience, placement, and internship opportunities for local residents		
5.2 - Maximise the Benefit of Development Opportunities	Ensure maximum job outcome return for local residents from major developments in and around the borough including Westfield, Olympics, Wood Wharf and Crossrail		

Employment Strategy: *Appendices*

Intermediate objective	Actions to Achieve	Actions by When	Responsibility
	Ensure a partnership approach to major development opportunities with JCP and Primes		
5.3 - Ensure that the Public Sector maximises local employment within own organisations and supply chains	Develop a co-ordinated Public Sector local employment plan and corresponding initiatives with borough health services, especially the Royal London Hospital		
	Ensure the public sector is supportive to creating employment growth through planning policy and inward investment		
	Work through the public sector's supply chain and tendering practices to offer opportunities for local people, including through apprenticeships, routeways and potentially Intermediate Labour Market initiatives		
5.4 - Ensure that Tower Hamlets and partners recognise the skills needs of business	Tailor service provision to the skill needs of growth sectors		
	Listen to businesses about the skills needs they have		
	Shape mainstream and complementary provision to take account of these needs		

Employment Strategy: *Glossary and Appendices*

SWOT Analysis

In order to summarise the issues associated the borough's economic structure and prospects we present a SWOT analysis detailing the key themes that have emerged.

Strengths

The main strengths in relation to the borough's economy are:

- Canary Wharf has established itself as an integral and key player in London's global pre-eminence as a financial centre, and of London's Central Business District;
- The borough's adjacency to the City, supporting a strong business- services led sector, and creative industries activities;
- The borough as a whole benefits from a clustering effect as similar, related and supporting businesses are drawn to the borough;
- The borough is a major employment centre, and provides more jobs than there are residents of working age in the borough;
- Economic activity is spread across a number of sectors apart from financial and business services;
- A good level of enterprise, demonstrated by business births, deaths and survival rates; and
- Good transport links, providing access to a wide labour catchment to support its leading financial and business service sectors.

Weaknesses

The main weaknesses in relation to the borough's economy are:

- Financial and business services have experienced some recent retrenchment, as a result of the financial crisis and subsequent recession;
- Certain sectors - Manufacturing, Wholesale and Retail and Transport and Communications - are in long-term decline;
- The limitations of the local labour force in relation to basic skills and qualifications, and the mismatch with the workforce required by the leading sectors;
- The limitations of the local housing market, in particular a lack of family homes and affordability, may undermine sustainable local economic activity.

Opportunities

The Financial and Business Service sectors are forecast to resume as the engines driving economic and employment growth, as the global economy itself returns to growth. The development of Wood Wharf will be an important element, accommodating an additional 25,000 jobs over the next 20 years. Stratford City and the Olympic legacy developments that follow the 2012 Games will also drive economic demand and employment growth.

Threats

The borough's economy is acutely exposed to the global economy where recovery is far from secured. Moreover Tower Hamlets has a significant dependence on financial services, and new financial and banking regulation and taxation arrangements could undermine the attractiveness of London to such institutions, impacting the role of Canary Wharf in particular. Recessionary risks in the national economy remain in the short-term and there will be significant cuts in public sector employment over the next

Employment Strategy: *Appendices*

few years. Competition from new developments in the City and City Fringe and other developments in London may intensify competition for Canary Wharf and Wood Wharf.

Principles of the Employment Strategy

Four cross cutting principles underpin the strategic objectives and will be applied to all investment decisions and programme design. These are:

Principle 1 – data and evidence

Investment and project decisions will be evidence based and can relate back to the delivery of an impact on the employment rate and the work of the emerging employment strategy.

Principle 2 – Barriers to work

When designing complementary work programmes, it is essential that plans for services should address the specific barriers to work for identified groups, thus enabling more sustainable outcomes.

Principle 3 – Equalities and diversity

Whilst mainstream services are available for all groups, the council and its partners should be looking for those individuals who are effectively not being provided for or who are excluded from accessing these programmes. Equalities issues should look to address the gaps in service and ensure that all residents can access information and compete equally in the labour market.

Principle 4 – Partnership working

The council cannot work in isolation and will not achieve its aim without its strategic and delivery partners. It is essential that a steering group has engagement from the key organisations that will impact on this agenda. Similarly consortia of expert and effective delivery organisations need to work together and align funding where appropriate, to achieve the collective aspiration.

The objectives and principles collectively set a framework for the employment strategy.