

Employment Strategy: *Executive Summary and Introduction*

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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 in the Borough go to 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 built 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 welfare to work 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.

Based on an analysis of the challenges and opportunities facing the Borough from the perspectives of demand, supply and the changing policy context, a strategic framework is developed for improving the employment rate. The aim is to achieve convergence with the London employment rate over time through five strategic objectives:

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

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.

Introduction

Purpose

The purpose of the Tower Hamlets Employment Strategy is to set the context for employment provision and worklessness issues within the Borough, and to lay out steps for achieving the following strategic aim:

Tower Hamlets aims to increase its employment rate to converge with the London average rate

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.

This Strategy also builds on lessons from the previous Employment Strategy, and the learning from programmes such as the Working Neighbourhoods Fund. The intention of this document is to build on those positive results and spearhead a move towards complete convergence with the London employment rate.

Importance

Improving the employment rate is fundamental to improving the wellbeing and prosperity of the Borough's residents. It is a cross-cutting theme that is central to achieving the vision of the Tower Hamlets Community Plan, 'to improve the lives of all those who live and work in the Borough'.

Being out of work for prolonged periods of time has important socio-economic consequences. It inhibits residents from achieving their full potential and accessing the prosperity of the Borough and London, as a leading global city. The high rates of unemployment and worklessness in Tower Hamlets are inextricably linked to poverty and multiple deprivation. The high concentrations of workless households have particular implications for child poverty. Tower Hamlets is the third most deprived borough nationally, with the highest rate of child poverty. This affects the life chances, attainment and aspirations of young people in the Borough and perpetuates a cycle of generational worklessness.

Worklessness also adversely affects the physical and mental health of residents. Economic inactivity and unemployment are closely linked to poor health, mental illness and premature mortality. Those with poor health also find it difficult to access the labour market, which in turn can exacerbate health inequalities.

Other plans and strategies

The Employment Strategy therefore sits within the wider context of the Tower Hamlets Community Plan and efforts to reduce poverty and inequality, as well as to increase financial inclusion and prosperity within the Borough. While child poverty, enterprise, health, and young people all have their own dedicated strategies, efforts to improve the lives of disadvantaged residents require cooperation between different departments and agencies, hence some interplay between strategies will be necessary. A commitment to joined-up working between Council departments and

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their partners is fundamental to comprehensively addressing the issues of deprivation and disadvantage in the Borough, and not just those of worklessness.

The Tower Hamlets Employment Strategy sits within the context of significant changes in national policy and delivery that are being implemented in the coming years. These changes will significantly alter the landscape of service provision, but the exact impact can only be understood with time. As such, this Strategy has attempted to reflect the forthcoming changes in policy and to plan a way forward even though their effects are not known. Communication and partnership at local, borough, regional and national levels will therefore be fundamental to successfully meeting the Strategy's aims.

The Employment Strategy recognises the importance of partnership working in achieving this Strategic Aim, which will not be possible without collaboration between public, private and third sector organisations. As such this document is aimed at all stakeholders working within the Borough and is intended to facilitate the move to a more coordinated approach to tackling worklessness. In particular, the Council and LSP recognise the valuable contributions of the third sector. It should be noted that there is a separate Borough strategy regarding building the capacity of the third sector and the Third Sector Strategy is the primary document covering how the Council works with and supports the third sector.

Principles

The following cross-cutting principles run throughout this Strategy and underpin the Strategic Framework, Objectives and the Action Plan:

Principle 1 – Data and Evidence

Investment and project decisions will be evidence based. They should be able to show a clear line of sight to a potential positive impact on the employment rate.

Principle 2 – Barriers to Work

Plans for services will address the specific barriers to work for identified groups to enable more sustainable outcomes.

Principle 3 – Equalities and Diversity

Whilst mainstream services are available for all groups, the Council and its Partners will identify people who are not being provided for effectively or who are excluded from accessing programmes. The Council and Partners will look to address the gaps in service, recognising the needs of different groups.

Principle 4 – Partnership Working

The Council will work with strategic and delivery partners to achieve its aim. It is essential that the Employment Task Group represents and has engagement from the key organisations that will influence employment in the Borough. The Council and Partners will encourage collaboration and align funding where appropriate to achieve the collective aim.

Structure

The structure adopted within this Strategy is as follows:

- **Tower Hamlets 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
- **National Policy and Funding** – outlines current and forthcoming employment services provision at all levels that apply to Borough residents
- **Demand and Resources** – expands on local service delivery
- **Strategic Framework** – explains what strategic and intermediary objectives are proposed to increase the employment rate in Tower Hamlets, including the principles underpinning these.
- **Governance and Implementation** – sets out how the strategy will be implemented and monitored

The Context, Supply, Demand and Policy sections include analysis of the challenges and opportunities brought by each subject area. Each section concludes with a summary of salient points and conclusions. The sections have been colour-coded as shown for ease of navigation.

The document moves from analysing the challenges and opportunities facing the Borough to developing a strategic framework for addressing this. It is worth noting that this takes place within the overall context 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.

A proposed action plan for 2011/2012 is included as a separate document. 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's 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. More up to date labour market statistics have also been taken from NOMIS. Where these sources have been used, this is shown by a footnote.

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.

Tower Hamlets Context

The story of Tower Hamlets is one of immense challenges and opportunities. It is the densest and most populous boroughs in Inner London, with one of the highest deprivation rates in the country. From its beginnings as an 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.

The Tower Hamlets context is crucial to understanding the Borough's economic situation and the nature of worklessness. 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 eleven Thames Gateway boroughs¹, 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 last decade has seen employment growth of 60% in Tower Hamlets – four times the rate of London as a whole. There are now around 60,000 more jobs than there are residents of working age. 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 12.9%² - is almost half as much again as the London average of 8.9%. Less than 70% of residents are in work or looking for work, and for female residents the figure is 55.8%. A quarter of Borough residents - twice the London average - have no qualifications and over 40% of these are not in work.³

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.

¹ the Thames Gateway London Partnership consists of: Barking and Dagenham; Bexley; City of London; Greenwich; Hackney; Havering; Lewisham; Newham; Redbridge; Tower Hamlets; and Waltham Forest.

² Economic activity and employment figures in this paragraph are from NOMIS, Employment and unemployment (Oct 2009-Sep 2010), ONS annual population survey, accessed April 2011

³ Figures from the LEA

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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 average⁴.

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 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.

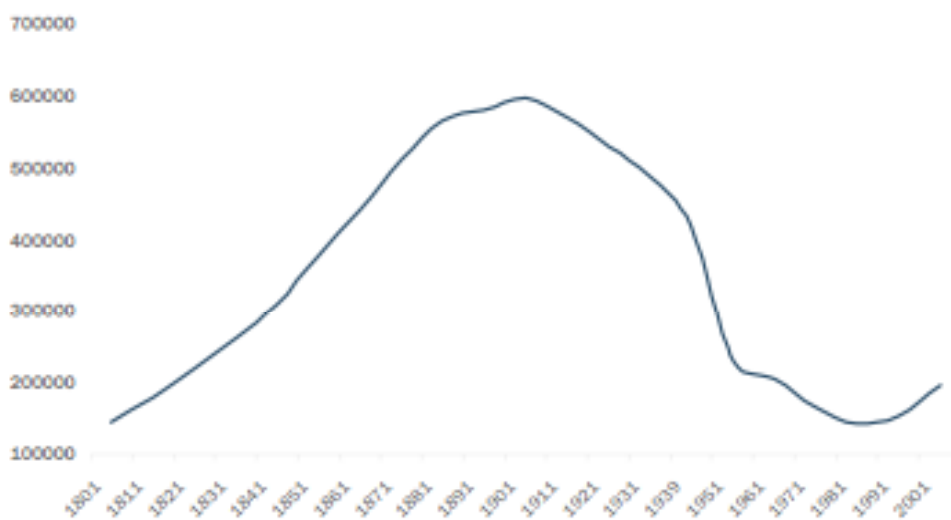
History

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, the population 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

⁴ ONS estimates, 2006/7

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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.

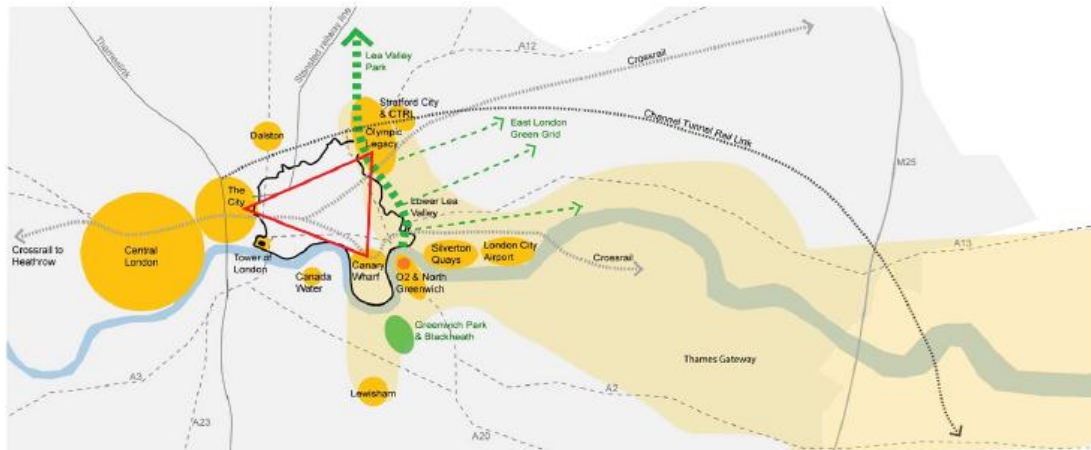
This historical ‘Hamlets’ legacy continues to drive the perceptions of many residents, with distinct neighbourhood identities creating a positive attachment, sense of place and community identity. However there is some anecdotal evidence that this geographical attachment can negatively influence people’s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

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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.

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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

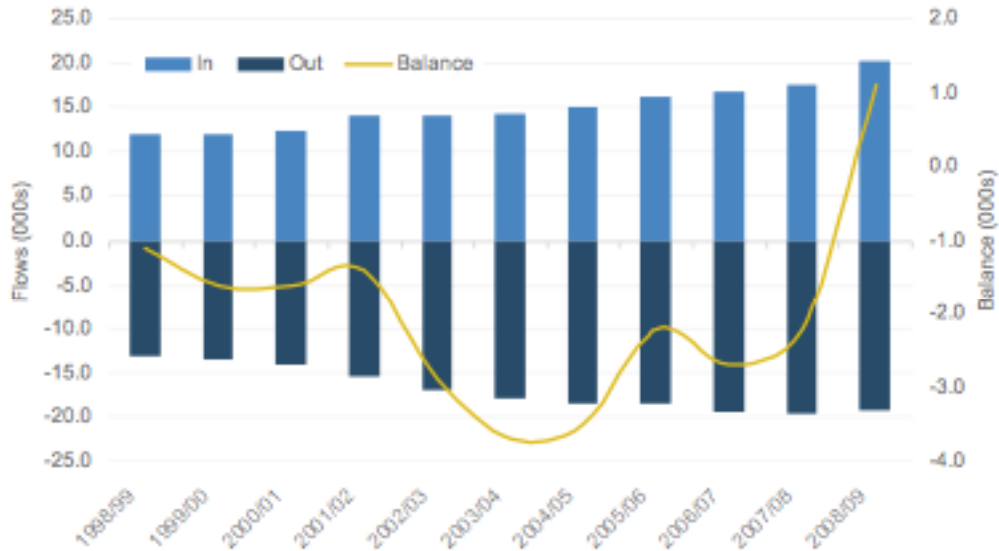
This household growth - of up to 80% by 2026 – is expected to predominantly be of single person households, accounting for some 60% of the increase. This has significant implications for housing type and tenure.

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

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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

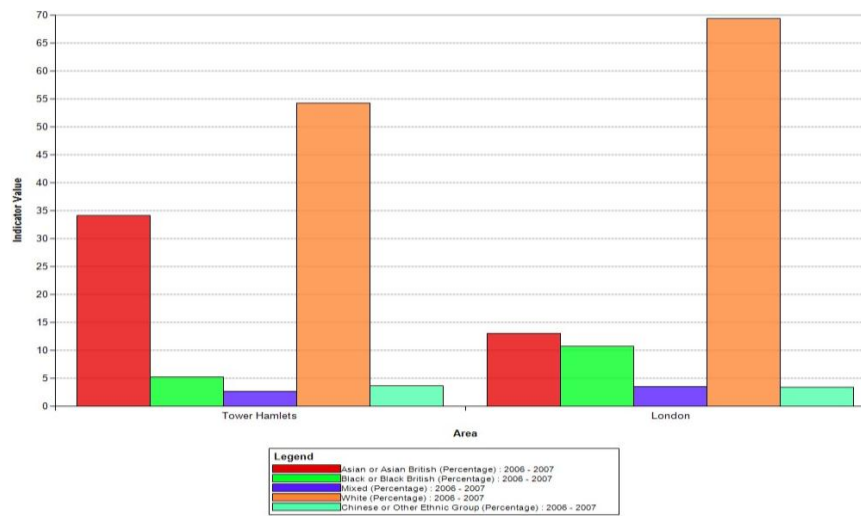
All the indicators above have to be considered in the context of Tower Hamlets having the 4th highest population turnover in London which is characterised by net inward migration (to the Borough) of under 30s and net export of those aged 30-45 who are generally economically active.

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.

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



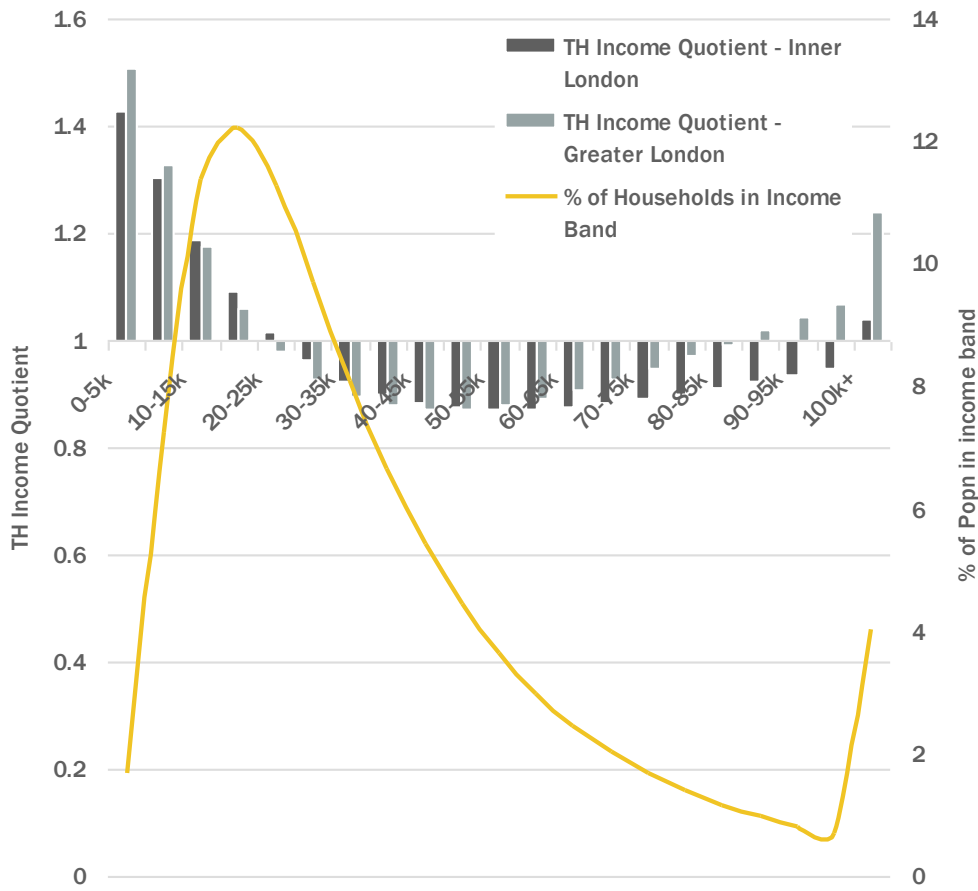
The ethnicity distribution varies widely across the Borough, with a number of wards in the west having a predominately Asian population, as can be seen below.

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.

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Figure 2.7 - Borough Income Distributions, CACI 2009

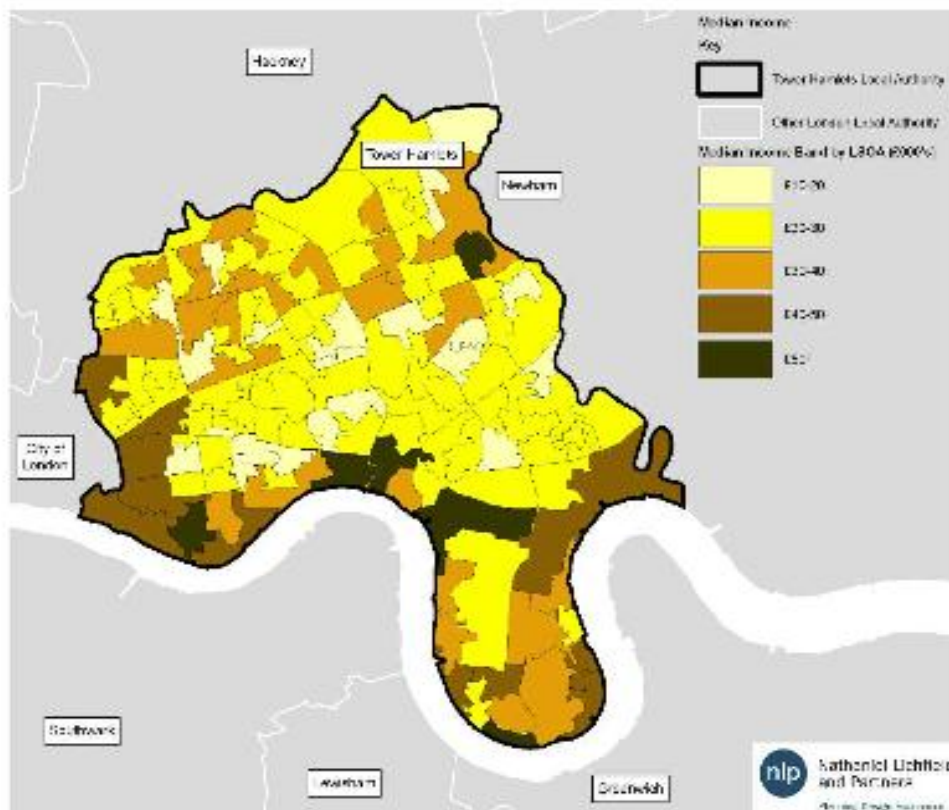


Note: Data is Equivalised Paycheck data. Equivalised data takes account of household size and composition and its impact on household budgets

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.

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Figure 2.8 – Median 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

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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.

Key conclusions

Tower Hamlets is a deprived borough that has experienced dramatic population and economic growth in the last decades. The influx of wealth and dramatic employment growth have done little to change the lives of the poorest and the persistence of inequality in Tower Hamlets requires intervention at borough level.

There is a correlation between housing need and the employment rate. Tower Hamlets experiences a high degree of churn, as some economically active groups, particularly middle income distributions and individuals and households within the 30-45 age range, tend to migrate out of the borough in search of affordable housing.

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. This therefore has a suppressing effect on improvements to the Borough's employment rate, as residents who leave the borough tend to be in work, while those who replace them are in some cases seeking employment. The affordability and mix of housing provided by the Borough will therefore have an effect on the employment rate.

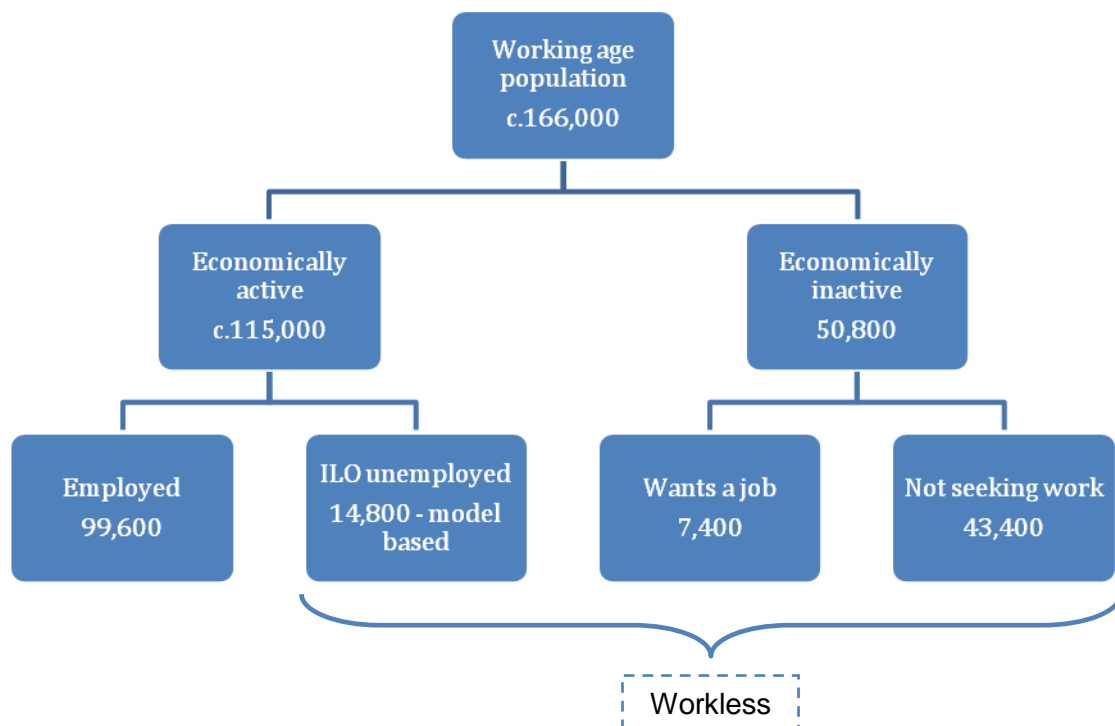
Supply

Worklessness and the Employment Rate

Increasing the employment rate in Tower Hamlets must be understood from the perspective of tackling worklessness. Worklessness is a relatively new concept within employment discourse and is a less familiar term than unemployment. This section details the composition and concentration of worklessness in Tower Hamlets, and analyses the issues that make worklessness an entrenched issue in Tower Hamlets.

Worklessness is different from 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 Market⁵



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

⁵ Numbers updated from NOMIS data, Employment and Unemployment, October 09 – September 10, accessed April 2011. This uses different data sets from different time periods. Approximations are used to minimise the confusion arising from these conflicts. NB the working age population used here is the total based on adding the number of economically active and inactive people, rather than the ONS mid-year population estimates.

Essentially, the workless population includes three main groups:

- The unemployed – this is the **ILO unemployed**⁶, 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).

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 59.8% (99,600 residents employed). Neighbouring Newham has the lowest at 58.5%, and in third is Haringey with 61.6%. Tower Hamlets' employment rate is roughly 8 percentage points behind the London average of 68.0%⁷. 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%.

The Composition and Concentration of Worklessness

Overview⁸

22,200 people in Tower Hamlets are estimated to not have jobs and be seeking work of which around two-thirds (14,800) are currently unemployed but economically active (using the ILO measure), and a third (7,400) are economically inactive but want a job. Unemployment levels are high at 12.4% compared with 8.9% for London as a whole, as are unemployment benefit claimant levels, at 6.0%, compared with a 4.1% London average⁹.

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, 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.

Furthermore, approximately 39,700 residents are claiming benefits and are thought to be not actively seeking work. 12,380¹⁰ residents, or 7.2 % of the working age population, are claiming Incapacity Benefit. 44% of these cite mental health related issues as the reason for their incapacity.

⁶ The ILO – (International Labour Organisation) – approach is designed to exclude the otherwise distorting effect of different countries' benefits policies when comparing unemployment counts.

⁷ NOMIS data, Employment and Unemployment, October 09 – September 10, accessed April 2011

⁸ Unless otherwise stated, figures in this paragraph are from NOMIS, Employment and Unemployment, October 09 – September 10

⁹ NOMIS, Total JSA Claimants, February 2011

¹⁰ NOMIS, Key benefit claimants, August 2010

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. The most significant component of this group is people of Somali origin, who are well represented within the Borough. 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.

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%

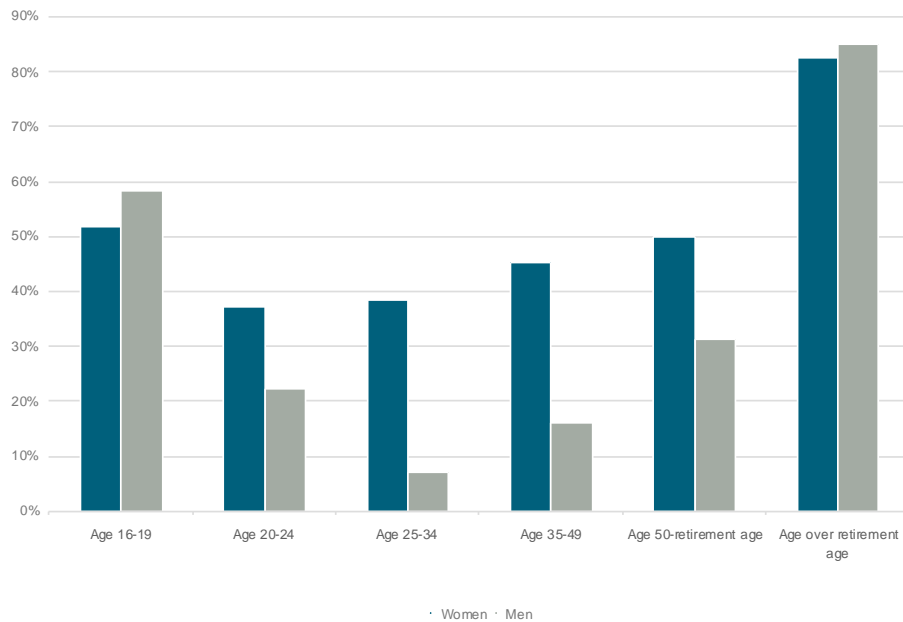
(Source: DWP Claimant Count, April 2010, Mayhew 2010 population estimate for Tower Hamlets)

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 are not perceived to want a job (according to DWP categorisation) – 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.

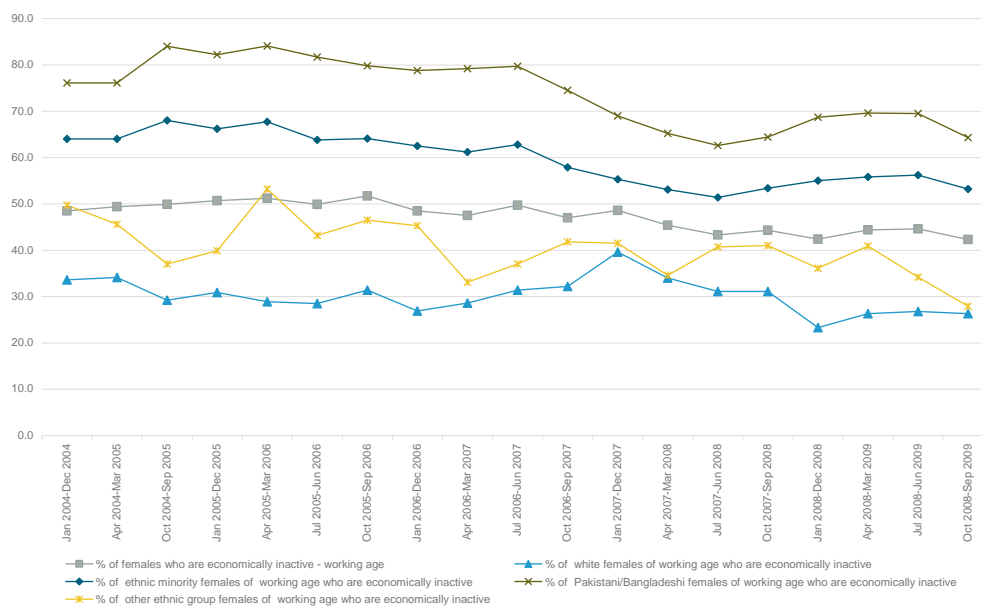
Employment Strategy: Supply

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



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. This is reflected in the graph below.

Figure 3.3 - Economic inactivity rates for females within Tower Hamlets by ethnicity



Age

As seen above, economic activity varies strongly along gender lines; 42% of women are economically inactive within the Borough compared to 19% of men. The difference becomes even more apparent when differences of age are taken into account. For instance, the variance between women and men is most stark at age 25 to 34, where the difference is approximately 30% of the working age population. This partly reflects women leaving the labour market to start a family. Given that economic inactivity rates increase gradually, – from 25-34 onwards, it would seem that only a small proportion of them return to the labour force after raising their family.

In terms of the ages of benefit claimants, Tower Hamlets has a similar profile to other London boroughs for people aged 15-44, although the percentage of claimants in each age group is a few points higher in Tower Hamlets. For instance, 13% of all claimants in Tower Hamlets are aged 15-24 compared to a London average of 10%. However, the data shows a marked divergence for age groups ranging from 45 to 64. With almost two fifths of residents aged 55-59 claiming an out-of-work benefit, this group is heavily over-represented in the claimant count relative to other groups at roughly twice the London average. Further investigation may be required to understand the factors at work here.

Table 3.2 Proportion of age group, claiming an out-of-work benefit

Age band	Within Tower Hamlets	Within London
Aged 15-24	13%	10%
Aged 24-34	11%	10%
Aged 35-44	18%	14%
Aged 45-54	31%	17%
Aged 55-59	37%	19%
Aged 60-64	24%	13%

Source: DWP working age claimants Nov 2009, Mayhew 2010 population estimate for Tower Hamlets, Mid-year population estimates 2008 for London

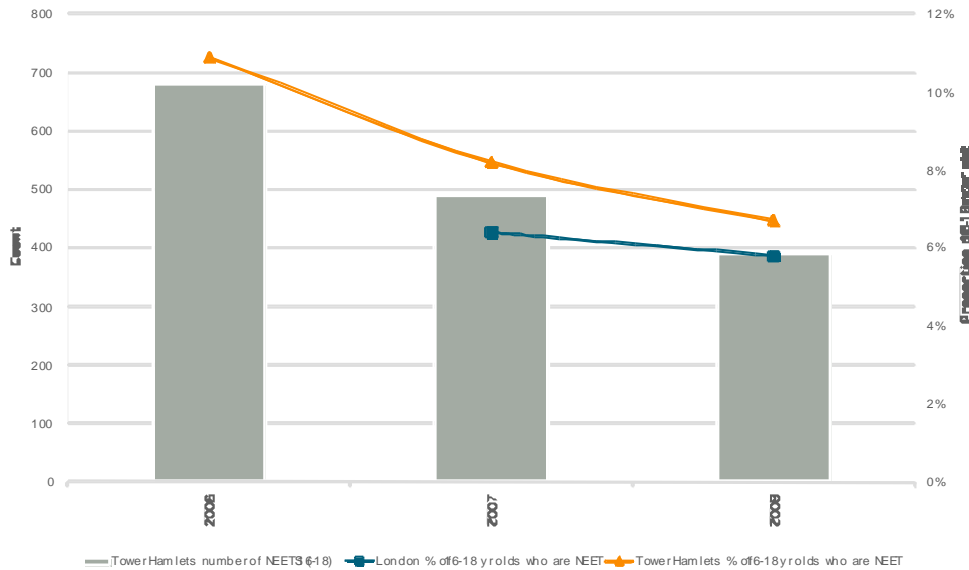
Young People

Tower Hamlets has the youngest job-seekers within London. 43% of JSA claimants are under 29 years old (though 39% of the Borough's population is aged 15-29), 13% are over 50 with the balance in the middle.

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%.

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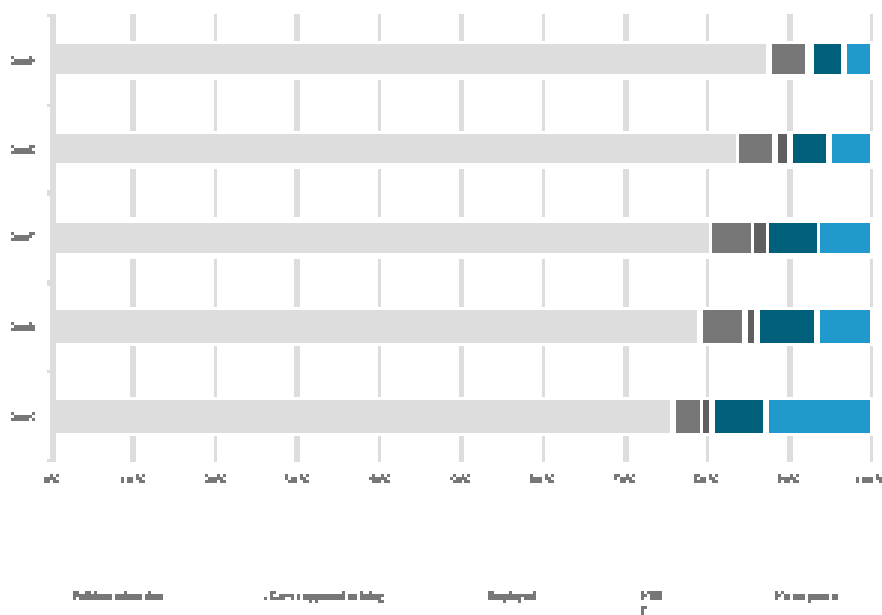
Figure 3.4 - Percentage and numbers of young people aged 16-18, Not in Education, Employment or Training, 2006-08



(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 3.5 - 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.

While NEET levels and JSA claim rates for 18-24 year olds have fallen in recent years, they are still high. There is concern that funding and economic changes put particular pressure on this age group. Of note is the surprisingly high rate of unemployment among recent graduates. While borough-level statistics are not readily available, the London-wide rate for unemployed graduates less than 2 years out of university is 22.9%, compared to a UK average of 19.1%¹¹. The London rate for those who graduated 2-4 years ago was 7.2%.

Lone Parents

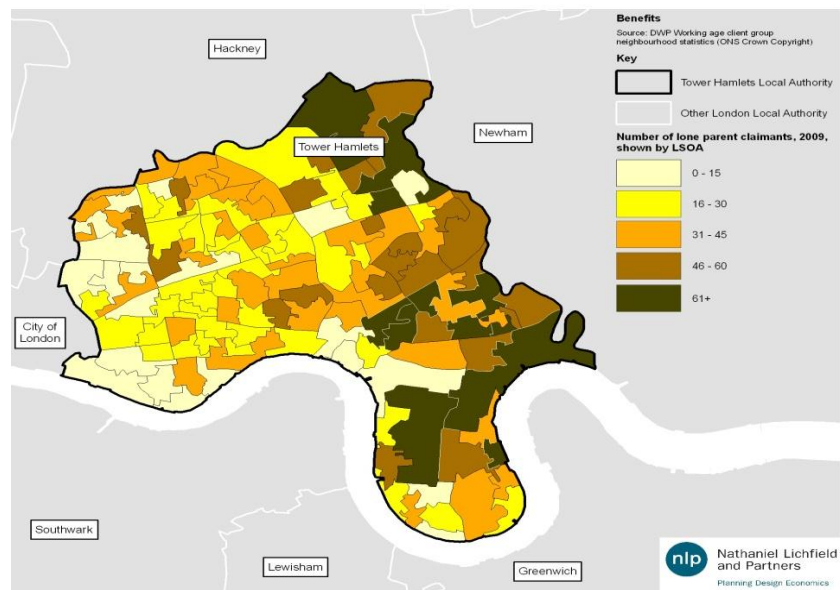
The number of lone parents claiming Income Support (IS) within the Borough remained very steady between 1999 and mid 2006 at around 6,000. Since August 2006 the number has fallen steadily and by November 2009 there were 4,900 lone parents claiming income support.

The Borough follows the London average in terms of the duration of claim. Once a lone parent is claiming Income Support there is a high chance that they will claim for two years or more. The average for London is 68.4%, as it is for Tower Hamlets. Of those claiming for five years or more, Tower Hamlets is slightly higher than the London average: 42.9% compared with 42.2%.

Tower Hamlets has fewer young (aged <25) lone parents than the London average. Lone parents within the Borough are much more likely to be aged between 25 and 34 than elsewhere in the capital.

¹¹ ONS Oct-Dec 2010

Figure 3.6 - Geographic Concentrations of working-age population claiming as lone parents

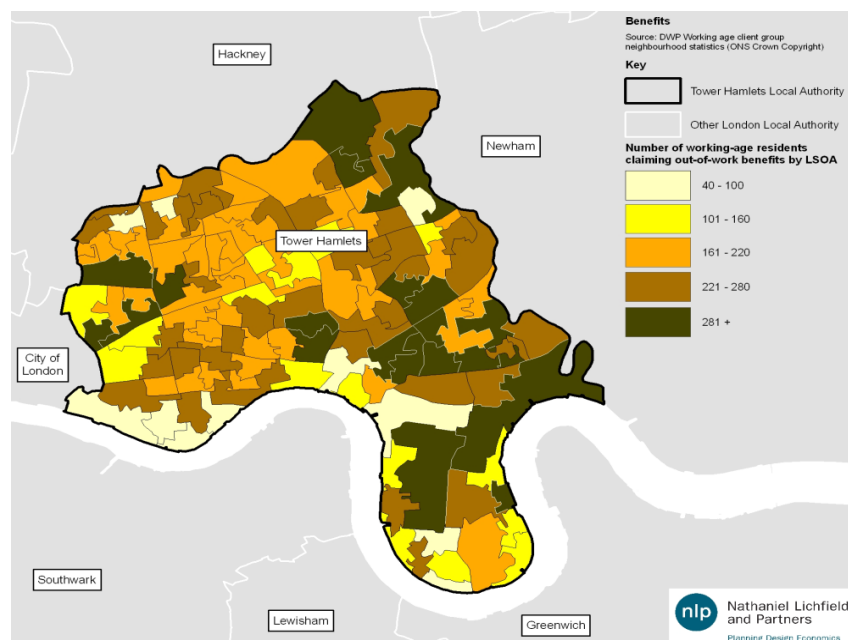


(Source: DWP benefit claimants - working age clients for small areas, Nov 2009)

The distribution of lone parents claiming IS-LP is most pronounced in the east of the Borough, whereas the west has lower numbers of lone parents claiming. There is a marked cluster in the north-east corner of the Borough. Many of the wards around the redeveloped docks also show high concentrations of lone parents receiving benefits, from the central part of the Isle of Dogs, then to the north and to the east, along the side of the Thames and the Lea.

JSA claimants

Figure 3.7 - Geographic Concentrations of JSA claimants



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

Employment Strategy: *Supply*

- 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.

The western half of the Borough shows a similar pattern for concentrations of JSA claimants to that of lone parents in receipt of income support. However, the eastern and central concentrations described above for JSA are not reflected in the location of lone parents claiming benefits

To a very considerable extent, unemployment, worklessness, poor health¹², low household income, child poverty and housing need all overlap geographically. This can be seen in national data and it is also reflected in sources describing the situation in Tower Hamlets. Whilst this is not unexpected, this correlation suggests that geographic targeting of multi-agency services could bring potential benefits.

Barriers to work

The multiple barriers that make it difficult for the workless population to access the labour market are well evidenced. These include:

- Lack of skills
- Psychological barriers
- Health issues
- Transport and connectivity
- Benefits trap
- Childcare

Each is considered in turn below.

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. Two fifths of Borough residents have skills at Level 2 or below, which corresponds to a maximum qualification of GCSEs at Grade C or above. 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.

¹² This is reflected in Figure 3.9 – Geographic Concentrations of IB/SDA claimants, below

Employment Strategy: Supply

Table 3.3 - 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.

Table 3.4 - 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.

The skills needs of Borough businesses are considered further in the section on Demand which follows.

Psychological barriers

The length of time out of the labour market can create significant psychological barriers that hinder residents' attempts to move in to employment. Being out of work for a long period of time reduces self-confidence and lowers aspirations, all of which affect people's motivation and capacity to make what is a significant change.

Engaging with the labour market after a lengthy time of economic inactivity can require a considerable degree of behaviour change. However, lacking the confidence and motivation to change will make this particularly difficult. Internal LBTH qualitative research on child poverty in the Borough (as part of Total Place) showed that a lack of confidence is often a key barrier inhibiting workless people from accessing the labour market.

Lack of confidence and motivation to enter the labour market is also linked to people's levels of skills. Those with little or no employability skills are not only at a competitive disadvantage in recruitment terms but are also more likely to be fearful of accessing the labour market. This highlights the interconnectedness of barriers to work and that workless people are often faced with multiple barriers to accessing employment.

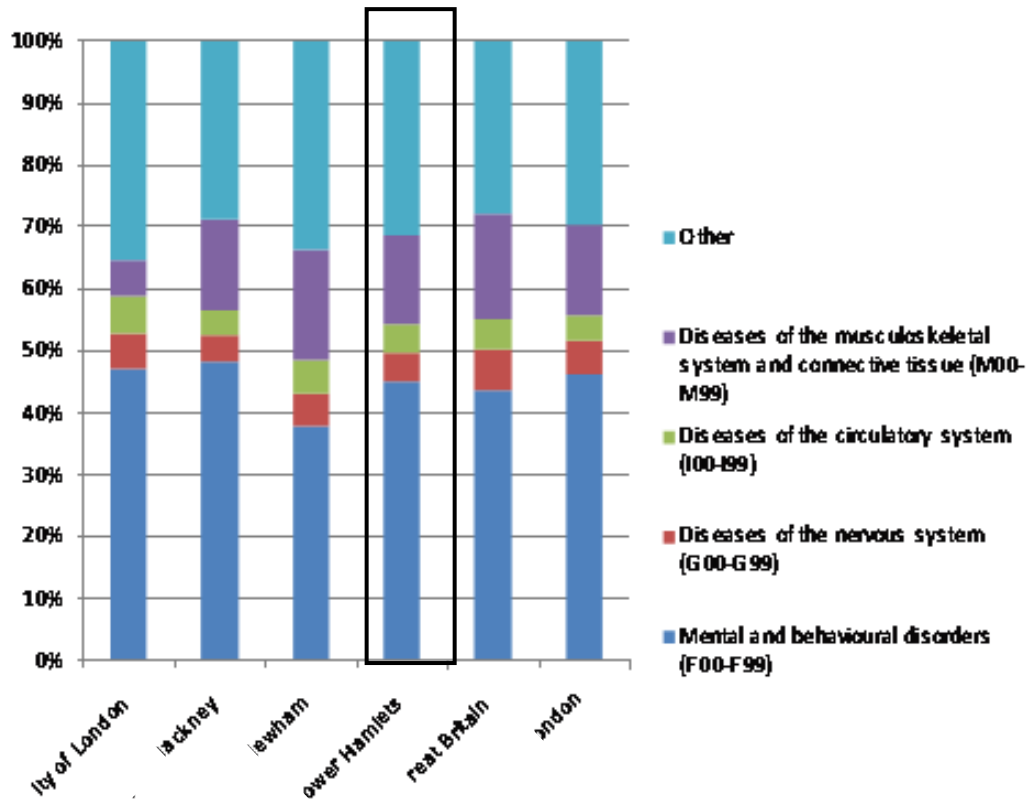
Health and disability

Poor health and/or disability is a significant barrier to employment for many residents, with a third of the Borough among the 10% most health deprived areas in the UK. 7.4 % of the working age population, 12,240 residents, are claiming Incapacity Benefit. As Figure 3.7 demonstrates, mental health is the most prevalent factor for claiming IB in the Borough, as is the case regionally and nationally. 44% of claimants in Tower Hamlets cite mental health related issues as the reason for their incapacity.

A breakdown of the mental health category, from research carried out in 2008, shows that the biggest groups within this are related to depression, anxiety disorders and drug abuse.

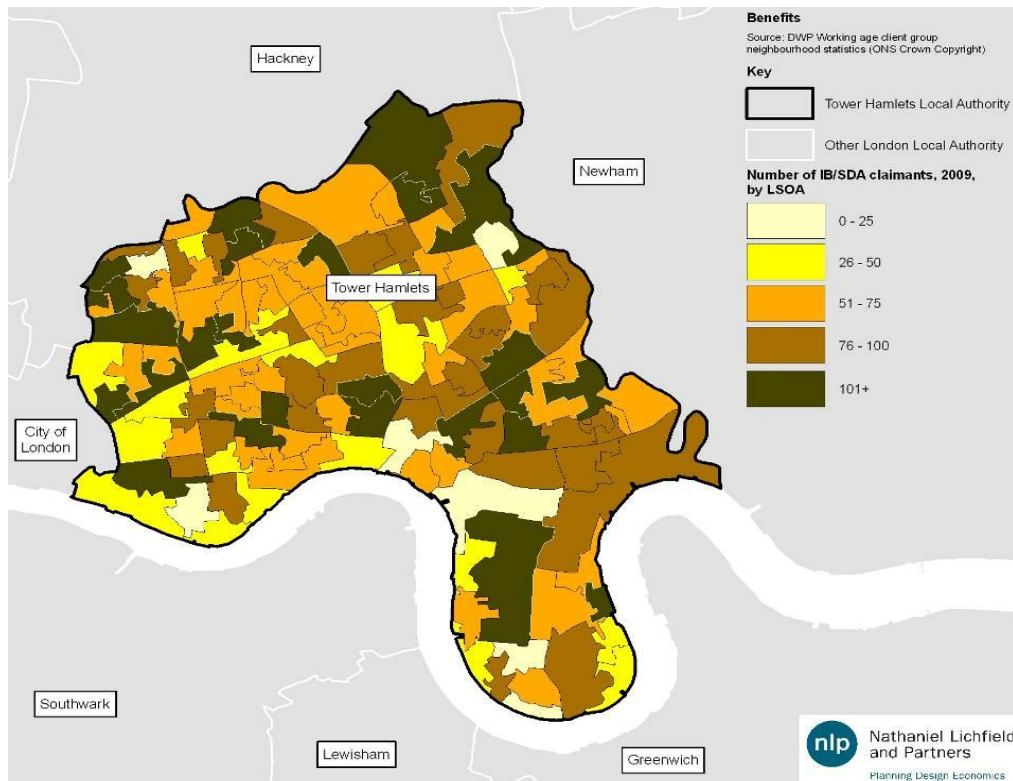
Employment Strategy: Supply

Figure 3.8 - Reason for IB/SDA claim, all people of working age, Feb 2010, NOMIS



The data also reveals that mental health is also by far the main reason for those claiming IB/SDA for a period of five years or more. The map below illustrates where the concentrations of long-term claimants of IB and SDA are located.

Figure 3.9 – Geographic Concentrations of IB/SDA claimants



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

This shows a similar geography to that of JSA claimants, with some additional pockets of IB/SDA claimants in the south west of the Borough and a more marked concentration in the north west, around Shoreditch.

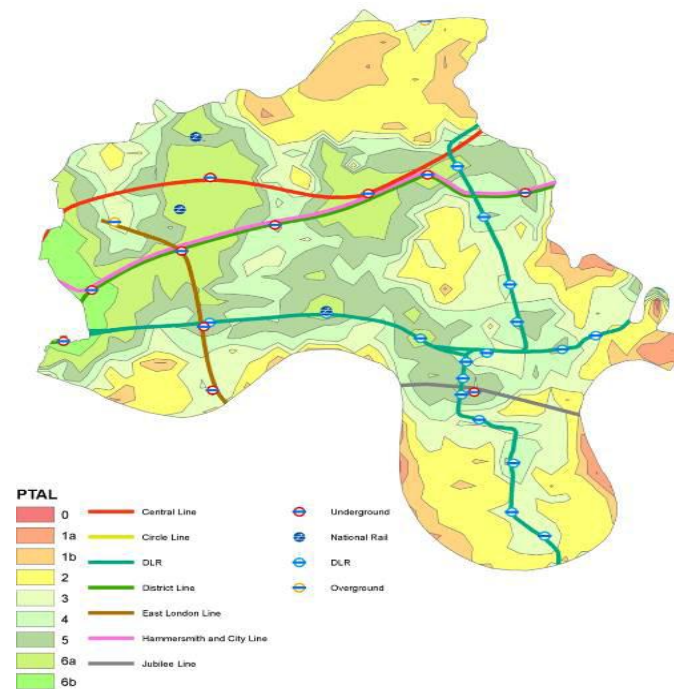
Qualification for incapacity benefits does not necessarily mean an *inability* to work, just evidence of sufficient ill health not to be *required* to look for work. As the cost to the Exchequer of these benefits has risen very fast in recent years, they are a key focus for Government attention, and a direction of future policy will be to aim to move significant numbers of IB claimants into seeking work and then into jobs. The introduction of the Work Programme and capability assessment, as discussed in the national policy section below, will have an impact on the numbers of people claiming IB.

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 3.10 - 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.

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. This flow of workers means that competition for Borough jobs is region wide, but it also enables Borough residents to compete for jobs throughout the metropolitan area, as indeed many do. The balance of in and out commuting is shown in the figure below:

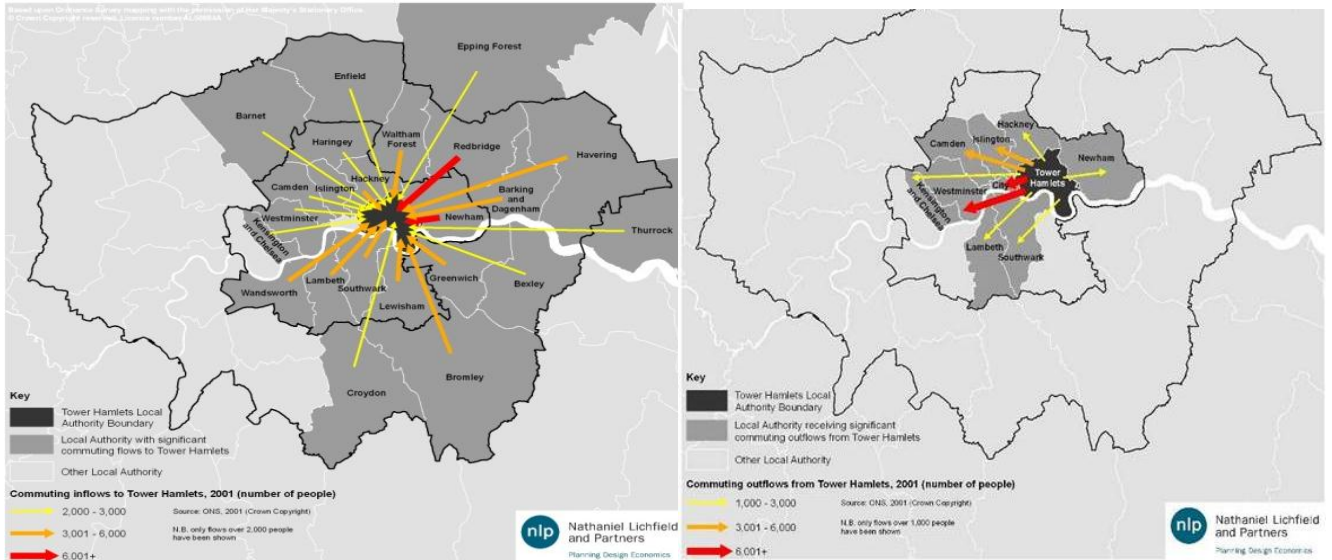


Figure 3.11 – Flows of In- and Out-commuting working people

Source: Census, 2001

In terms of Tower Hamlets residents, the numbers show that most commute westwards to inner London Boroughs, with Westminster and the City acting as the main draw, followed by Camden and Islington. Newham is the only borough to the east where a significant (1,000-3,000) volume of people from Tower Hamlets work. By contrast, commuting inflows are from across the metropolitan area, covering a more even spread of inner and outer London Boroughs as well as parts of Essex. The spread is somewhat stronger to the south and to the east: the greatest numbers of in commuters come from Newham and Redbridge.

It has been suggested that psychological barriers to commuting elsewhere exist within some sectors of the Tower Hamlets population, with some residents reluctant to travel outside their particular hamlet or neighbourhood. Expectations and aspirations may well vary within the Borough population. This possibility needs further investigation.

The cost of public transport is a potential barrier. Job seekers on New Deal can access reduced cost tickets, paying child rate for TfL Travelcards or obtaining a 50% discount on Oyster Prepay. However, even with these reductions transport can be a significant cost for workless residents, and the discounts do not continue into employment. Transport costs are a significant issue for all workers, with a Zone 1-2 Travelcard, at £106 per month, representing over 6% of pre-tax income for a worker on £20k.p.a.

Benefits trap

Whilst people are generally better off in work, for some the improvement is only marginal at present. This is due to the operation of the current system which reduces benefits to take account of earnings. These reductions, combined with childcare costs, the high cost of housing, loss of free school meals and some health related benefits, mean that for some low-income families employment only offers marginal financial benefits.

The LEA consultation findings also 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 by those who are eligible seems to indicate this. Consideration needs to be given to how people can be better advised on their benefits entitlements. Partners also need to consider how to address the perceptions and reality of the benefits trap, which relates to people's concerns that they will not be better off in work.

The introduction of Universal Credit from 2013, set out in the White Paper "Universal Credit: welfare that works"¹³, is intended to improve the reduction of benefits in relation to earnings and rationalise the benefit system to 'make work pay'.. 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 as the policy is implemented.

Childcare

The cost and flexibility of child care can be a barrier to work for many low-income families. 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 being expensive, particularly in London. Low-paid work makes it hard to fund childcare and a lack of flexibility amongst available jobs makes it even more difficult for lone parents to access the labour market. More consideration may need to be given to this issue in the specific context of Tower Hamlets.

¹³ DWP, November 2010

Key Conclusions

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.

Around 13,300 additional Tower Hamlets residents will have to start working for the borough to reach the London average employment rate. The main target groups are the 14,600 residents who are ILO-unemployed and 6,300 economically inactive people assumed to want a job, totalling 21,000 residents. The pool of residents moving into work needs to be greater than those claiming work-related benefits.

Targeting Disadvantaged Groups

- (ii) 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, where people of Somali origin are particularly significant
- *Young men* – over half of JSA claimants are young men
- *Women* – economic activity rates are much lower than for men
- *Other ethnic minority communities*, notably including the Bangladeshi community, which has the second highest percentage 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

Employment as a Cross-Borough Issue

- (iii) 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.

The high level of commuting 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 at least as willing to travel for work. Furthermore, the higher levels of skills required by the financial and business services cluster, as well as the correspondingly higher pay, mean that these attract strong candidates from well beyond the Borough. It is therefore beneficial to see the issue of creating employment opportunities as at least a sub-regional problem.

Holistic Approach to Tackling Worklessness

- (iv) Workless individuals and households often experience multiple deprivation and face multiple barriers to accessing the labour market. Supporting them into sustainable employment will require a targeted, multi-agency approach to addressing these needs

The complicated relationships between employment and skills, health, poverty, housing, family structure and mobility highlight that the strong socio-economic determinants of worklessness require an holistic approach to supporting workless people into sustainable employment. Employment programmes will need to engage the full range of services working on these issues 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.

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.

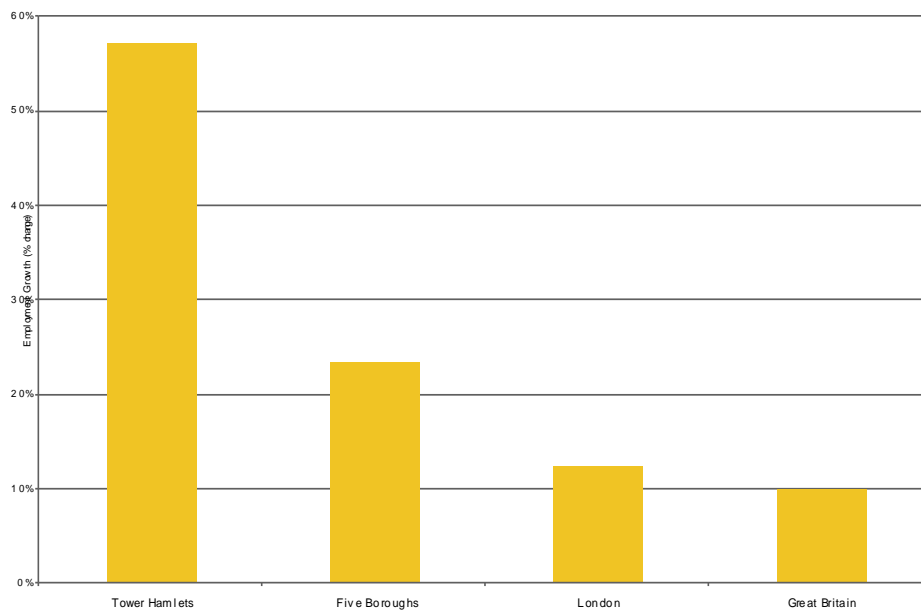
As the economy continues to evolve there will be changes in the skills demanded by employers. This Strategy has used national research and reports from Sector Skills Councils to provide some indication of sector specific needs. Important sectors for employment within the Borough, both now and in the 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 2008¹⁴.

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.¹⁵

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.

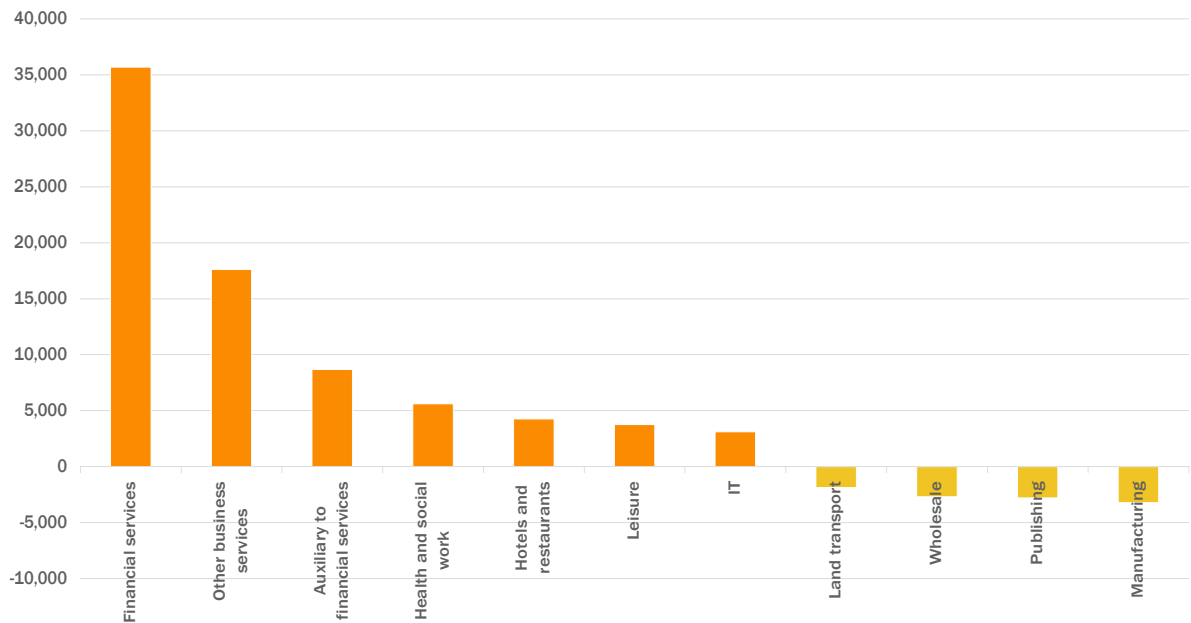
The greatest employment growth within the Borough over the last 10 years has been in financial and business services. This is shown in the graph below.

¹⁴ Census of Employment 1991, ABI 2000, ABI 2008

¹⁵ Defined here as the 10 Thames Gateway boroughs

Employment Strategy: Demand

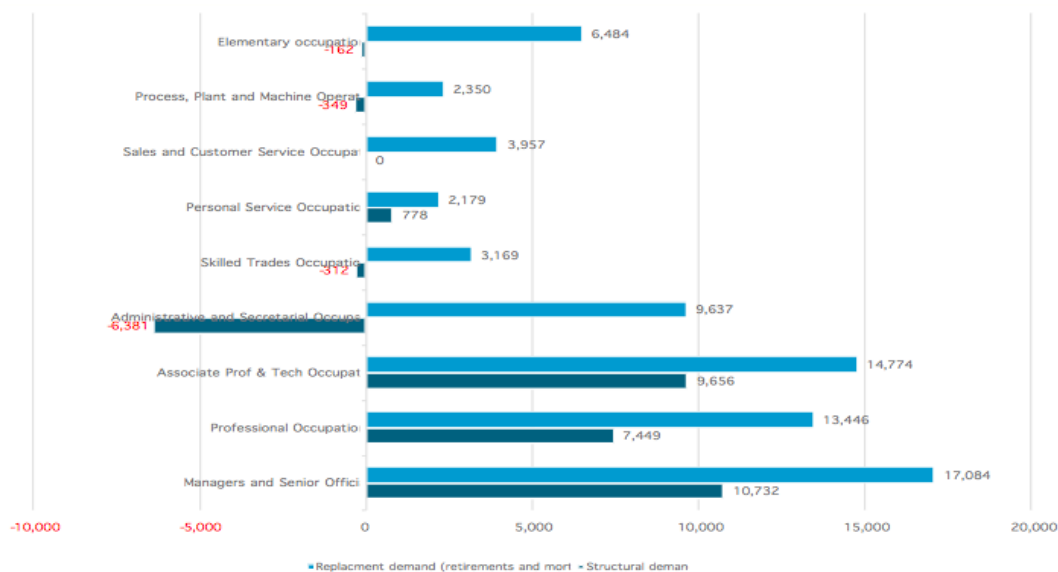
Figure 4.2 – Tower Hamlets Employment Growth 1998-2008, by sector



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 – the normal turnover of people leaving jobs, including through retirement, which creates vacancies - hence not all of these are new jobs. By contrast, the graph below shows the differences between replacement and structural demand by sector.

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

Employment Strategy: Demand

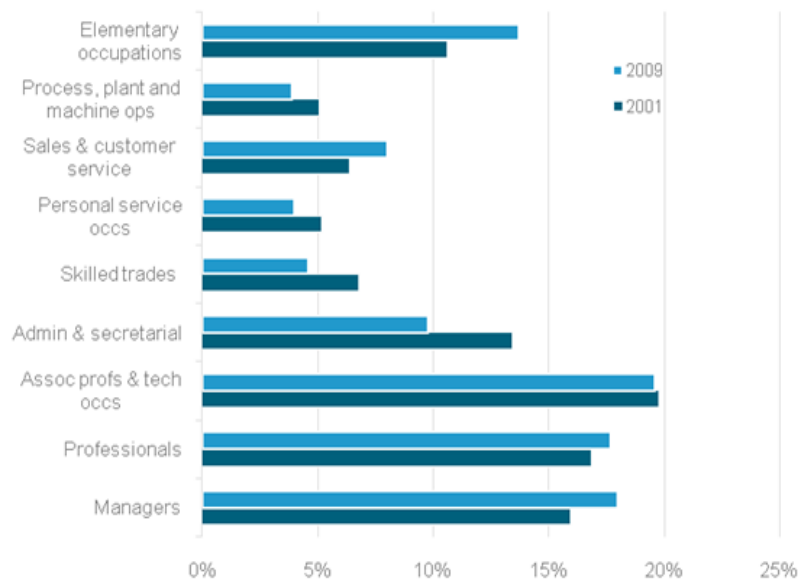
of technical, professional and managerial work. Administrative and secretarial occupations, by contrast, show the sharpest structural decline, whilst most of the other areas show predominantly replacement demand.

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.

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

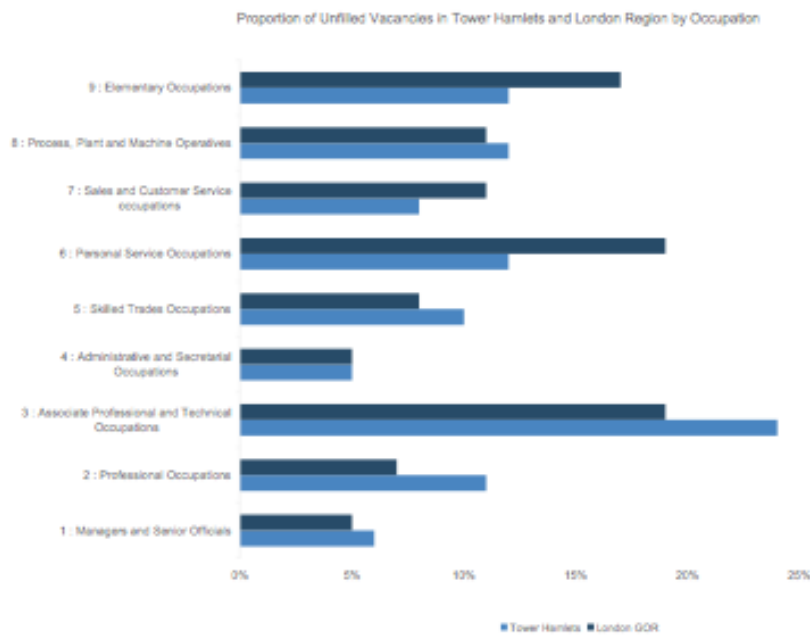


(Source: 2001 Census of Population, Annual Population Survey 2008-09)

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.

The graph below 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.

Figure 4.4 – Proportion of Unfilled Vacancies, by occupation



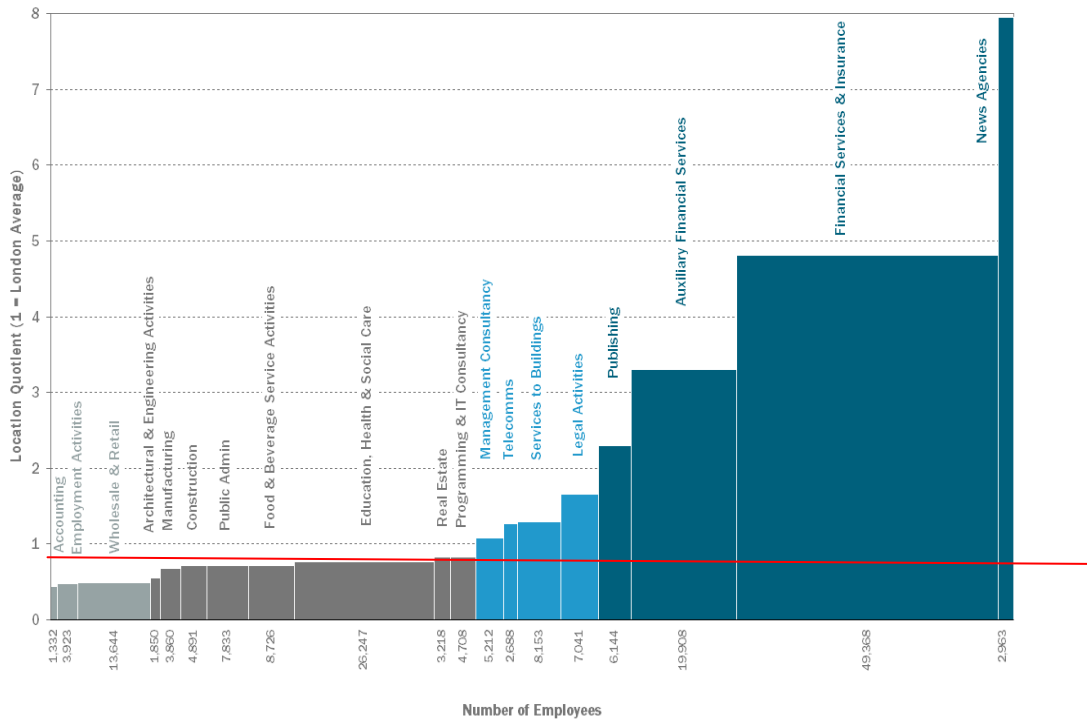
Source: Job Centre Plus Notified Vacancies, 2009, ONS

Tower Hamlets (in light blue) thus performs best 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.

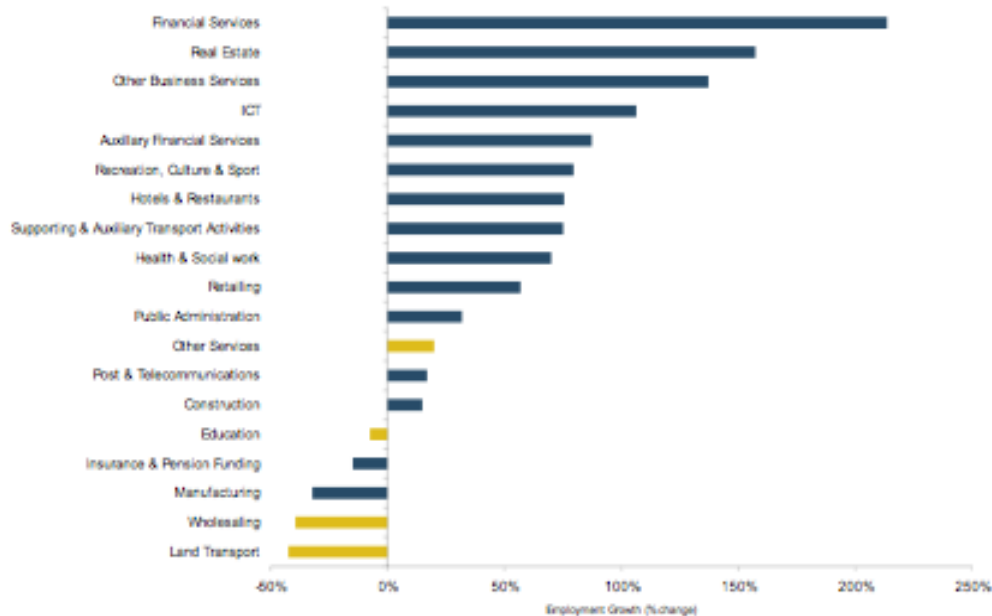
The international investment banks and large financial institutions that have been drawn to Canary Wharf, and the large floorplate offices there, means that large businesses dominate the Borough's economy in employment terms. Over 70% of employment in Canary Wharf is in businesses with 500 or more employees, 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

Employment Strategy: Demand

includes the Borough's second largest employer, the NHS, which employs around 10,000 people throughout the Borough.

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 about 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.

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 skilled workforce is increasingly important to the London economy, with 43% of jobs currently requiring employees qualified to Level 4 or above. Consequently, there are three main aspects to skills demand in Tower Hamlets, these are:

- i. The overall higher levels of skills which London’s economy requires, and will increasingly demand
- ii. Generic employability skills, such as literacy and numeracy
- iii. Skills which are specifically required by jobs in certain sectors

It is important to consider the needs of employers and the skills demand from different sectors. Tailoring skills training opportunities for workless residents to the needs of Borough and regional businesses can only aid attempts to raise the Borough employment rate by making residents more competitive.

This is also a reflection of the increasing number of jobs that require high levels of qualifications. According to the LSEB Skills and Employment strategy, 50% of jobs in London are expected to require qualifications at degree level (Level 4+) by 2020.

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 (see table overleaf):

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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%

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.

Key Conclusions

Linking Residents to Demand

- (i) 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. For this reason the borough and its partners need to strengthen their links with employers and insofar as possible, help them meet their recruitment needs from borough residents.

Meeting the skills needs of residents and businesses

- (ii) Lower levels of skills in the borough and skills gaps for particular businesses need to be addressed if residents are to access jobs in growth sectors

Data 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 in most sectors, residents have lower success in entering professional, technical and managerial types of work, which are the areas where there is projected to be an increase in structural demand. Qualification levels are part of the issue, 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. Increasing residents' ability to compete, as well as finding ways to improve residents' access to vacancies, should form part of the objectives and actions. This also requires engagement with businesses to address demand.

National Policy and Funding

National Policy Context

National policy relating to skills and employment is changing significantly, with a move towards a single worklessness delivery approach, reforms to the welfare system and significant changes to schools and education. Recent Government papers, notably “21st Century Welfare” (DWP, July 2010) and “Universal Credit: welfare that works” (DWP, Nov 2010), have given some information on the likely reforms, although some details remain to be clarified.

The Skills Funding Agency, the agency of BIS which has largely replaced the Learning and Skills Council, is now established with a duty to fund and regulate education and training for adults in England. Besides more recent changes to funding, which are discussed below, the Government’s skills conditionality proposals mean that if Jobcentre Plus refers claimants for skills training but claimants do not participate, sanctions can be imposed leading to a cut in people’s benefits. A national consultation on this closed last year but the response had not been published at the time of writing (March 2011). Lastly, the government promised in “Skills for Sustainable Growth” to expand the numbers of adult Apprenticeships available by up to 75,000 by 2014–15, including more emphasis on routes to higher level training.

What is clear is that these radical shifts in national policy will impose changes to the lives of Tower Hamlets’ residents and affect the delivery of services within the Borough.

Previous Delivery Model

In the past, the mainstream of welfare to work service delivery was conducted by Jobcentre Plus and focused on those claiming welfare benefits, i.e. JSA, IB/ESA, and IS.

- JSA claimants undertook 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 (reduced to six months of job-seeking), 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 (often 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.

In addition to this mainstream provision, funding at European, national, regional, and local level provided the resources for other employability programmes which offered services to the registered unemployed and economically inactive, including those groups served by Jobcentre Plus. Voluntary and community sector organisations as well as local authorities delivered services to specific groups of residents and this was usually tailored to the funding requirements of their grants. In April 2010 a survey of local employment and skills providers indicated that there were several hundred welfare to work initiatives running in Tower Hamlets.

Employment Strategy: *National Policy and Funding*

This approach was characterised by the duplication of provision by the mainstream and local providers. Whilst choice of provision can be beneficial, overlapping services can lead to perverse incentives and reduce value for money and effectiveness. In the last three years rising unemployment has triggered the release of additional funding, including European Social Fund (ESF) and the Council's own Working Neighbourhood Fund (WNF) allocation. Many organisations added employment outcomes to their portfolio of services as they accessed these funding streams. This has to some extent fuelled an uncoordinated and complex array of overlapping provision.

New Welfare to Work Delivery Model

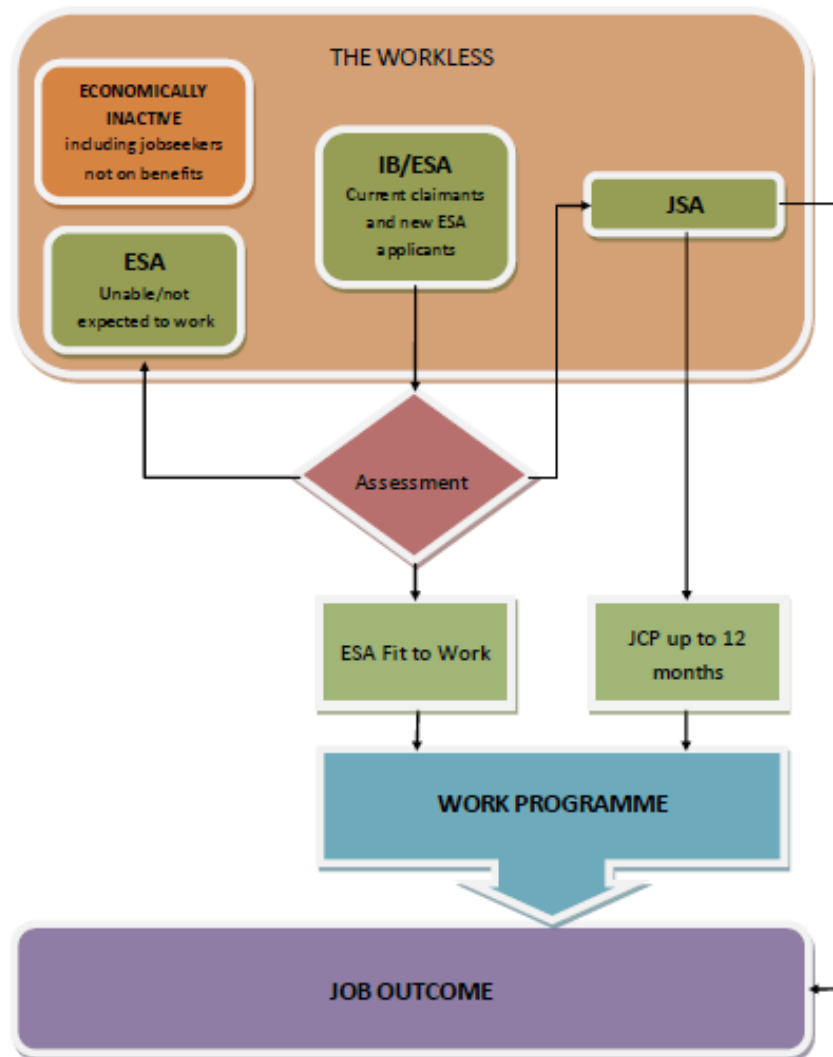
National policy changes are intended to create a more streamlined model of delivery for Jobcentre Plus services and the new Work Programme.

- JSA claimants will remain with JCP for an initial period, where it is assumed 65% will move into employment. On reaching 9 months of unemployment for young people or 12 months for those over the age of 25, 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: National Policy and Funding

Figure 6.1 – 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. The London Borough of Tower Hamlets will need to work closely with the three Prime Contractors who will be providing services in the Borough.

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 Programme per 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

Employment Strategy: *National Policy and Funding*

Programme is likely to be much higher. Given that an assumption of 11,250 Tower Hamlets' participants in the Work Programme (based on the DWP's indicative volumes) is conservative, and the eventual numbers may be greater, 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.

Resourcing Delivery

Of the financial resources available for delivery, the mainstream of Jobcentre Plus and the Work Programme will account for a significant and increasing 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.

Analysis conducted for the Strategy suggests that concentrating efforts in Tower Hamlets specifically and East London more generally could help providers of the Work Programme meet their targets. This is a reflection of the relatively high levels of deprivation and concentrations of worklessness.

In terms of skills, changes are being made to the funding entitlement for adult students. There is no change to entitlements for 19 to 24 year olds. But of particular significance to the economically inactive and unemployed are the following measures:

- The greater use of co-funding and loans proposed in Skills for Sustainable Growth mean that more people will have to contribute to the cost of training, particularly for higher levels of skills. From 2012/13 the Government intends to introduce a loan scheme for adult students aged over 25 who wish to undertake a full Level 3 qualification, including if they are unemployed and on active benefits.
- From 2011/12, free tuition for ESOL programmes will only be provided to those students on active benefits (JSA/ESA).

The implications of these changes are significant as it affects the money available for skills training, including what employment providers can access for their client groups, and may affect the ability of partners in Tower Hamlets to improve the skill levels of the local population. In general, there seem to be grounds for concern that there may be lower provision and uptake of skills training, which in turn risks leaving some parts of the population disadvantaged in the labour market.

Key Conclusions

Tower Hamlets need to influence mainstream service provision

- (i) The bulk of financial resources and delivery capacity will be controlled by mainstream service provision. Tower Hamlets agencies will need to make their voices heard at an appropriate level to influence this.

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 existing relationships with JCP and neighbouring boroughs, 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.

Some people's needs will not be met by the Work Programme

- (ii) The mainstream cannot do everything and not everyone will be served by the Work Programme.

With the Work Programme prime contractors delivering services to the main claimant groups in the borough, the Council and its partners have the opportunity and responsibility to focus on those residents who fall outside of this mainstream 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.

Employment Strategy: *Delivery and Resources*

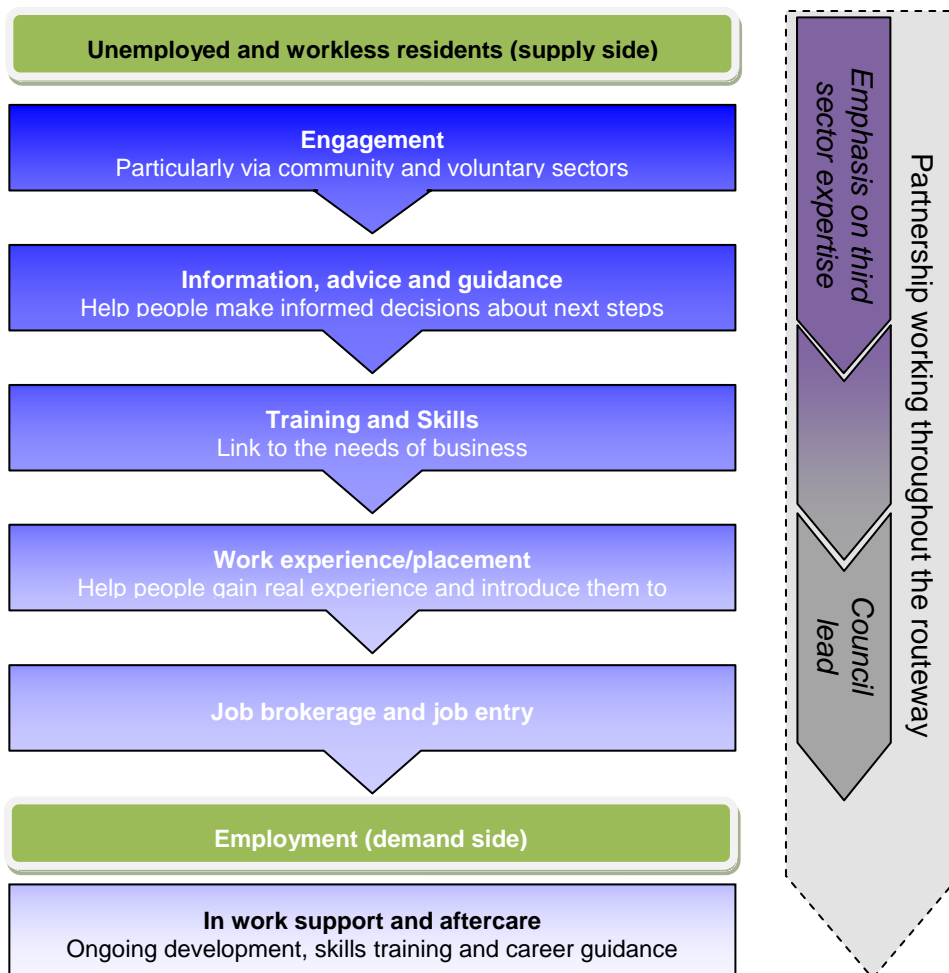
Delivery and resources

The previous section examined the significantly changed national policy context of welfare to work and skills. This section provides an analysis of the challenges and opportunities relating to local and sub-regional provisions to tackle worklessness. This includes a review of important local and sub-regional initiatives and resources.

Routeway to work

Despite the changes to welfare to work policies, work-related and employability services can still be thought of using a clear model, shown below, for supporting workless people into employment and, ideally, enable them to progress within that profession or the labour market more generally.

Figure 7.1 - Routeway to Work



The stage at which individuals enter the pathway and their progression through it will differ for different groups. This is dependent on a number of factors, including an individual's level of engagement with the labour market and the barriers they experience. Though not always following a linear trajectory, the model reflects the stages or components in the journey from worklessness to employment.

Employment Strategy: *Delivery and Resources*

Partnership working is essential to the efficacy of the routeway to employment. The pathway to employment requires a strong multi-agency approach involving a wide range of organisations from the public, private and third sectors. Workless people, as highlighted in the analysis of the supply side, are often facing multiple barriers to work. In order to progress through the pathway and secure sustainable employment these barriers must be addressed: multiple barriers require multi-agency working. Moreover some agencies are better placed to intervene at certain stages of the routeway and with particular client groups.

The involvement of employers, for example, is crucial at the skills and training and work experience stages of the routeway to employment. Engagement with employers is important to ensure that the training and work experience provided for beneficiaries reflect local business needs and result in sustainable employment outcomes.

Role of the Third Sector

Tower Hamlets benefits from a well-established third sector, with a wealth of experience and expertise in delivering services in the Borough to support local people and communities. These organisations play a pivotal role in the routeway to employment. Third sector organisations are often more effective at the engagement and information, advice and guidance (IAG) stages of the journey to employment, particularly for those that are furthest away from the labour market.

An evaluation of the Borough's Working Neighbourhood Fund Programme, discussed in further detail below, highlights the particular strength of community and voluntary groups in the preliminary stages of the routeway to employment model. The evaluation suggests that projects ran by third sector organisations were very successful at community outreach and engagement, reaching hard to engage groups. Although the evaluation is still underway at the time of writing, further indicative findings were as follows

- *Engagement*
Third sector organisations are often well established within local communities, smaller, more informal and approachable. Moreover their advisers and staff tend to be members of the target community, making it easier for them to gain the trust of clients, leading to effective engagement.
- *Personalised approach*
Third sector organisations typically took a more person-centred approach to IAG. They did not limit IAG to employment related issues but were able to address other issues, such as housing, health and relationships, that were affecting clients. In so doing, advisers within these organisations were often helping to identify and address multiple barriers to work.

The importance of the Borough's third sector in the routeway to employment is also evident in the role of volunteering as part of the progression route into work. Research shows that volunteering can provide workless people with key employability competences including the confidence, skills and experience needed to successfully compete in the labour market. Volunteering is therefore both a direct and indirect route to employment.

The Borough benefits from a dedicated volunteer centre and high levels of volunteering locally. The 2008-9 Place Survey shows that 1 in 5 people in the

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Borough volunteer, equal to the London average. There is therefore an opportunity to explore this further

Sub-regional delivery

The major sub-regional employment and skills programme for Tower Hamlets has been the East and Southeast London City Strategy Pathfinder (CSP). The CSP, launched by the Department of Work and Pensions (DWP) in 2007, comprises the Olympic Host Boroughs, employers' organisations and key regional organisations such as the London Development Agency.

In Tower Hamlets, the main delivery arrangements for the programme have been Skillsmatch – the Borough's flagship job brokerage service - and Children's Centres to provide direct work focused support for parents.

Key outputs from the programme for 2008 - 2010 include:

- 27,400 people contacted through outreach and engagement – 6,040 of which were from Tower Hamlets
- 18,000 clients receiving employability support – 2,650 of which were from Tower Hamlets
- 6,500 job outputs – 1,140 from Tower Hamlets
- Non quantifiable achievements include improved partnership working, a single structure for engaging government departments and information sharing

A draft evaluation of the CSP is underway and highlights some important learning to help inform future employment programmes:

- *Alignment of funding between and within boroughs*
The evaluation highlighted that despite strong partnership working at the strategic level, opportunities to co-ordinate resources both within and across the boroughs was not fully utilised. For example, Working Neighbourhood Funding received by the boroughs was not aligned but allocated individually
- *Collaboration across the sub-region enabled better leverage of funding*
The CSP provided the boroughs with access to direct DWP funding, as well as a framework for jointly bidding for external funding such as the European Social Fund (ESF). The CSP received £13.5 million from the DWP Deprived Area Fund for the duration of the pathfinder 2007 to 2011. In addition to DWP funding, it was also able to secure £2 million of ESF through co-ordination of bids.
- *Sustainability*
There was insufficient attention given to the long-term sustainability of the CSP. Although the major changes in public finance could not have been anticipated, the CSP has shown that partnerships need to consider more innovative solutions to joint working to achieve delivery, and this is particularly relevant in the current climate.

Local and neighbourhood delivery

Working Neighbourhoods Fund

The Borough's allocation of Working Neighbourhood Fund (WNF) has been the main local mechanism for tackling worklessness. Introduced in 2008, WNF replaced the Neighbourhood Renewal Fund, as part of the Borough's Area Based Grant. WNF

Employment Strategy: *Delivery and Resources*

was a regeneration grant aimed at tackling worklessness and low skills highly deprived areas.

Tower Hamlets was awarded £32.6m of WNF from April 2008 to March 2011. This has been used to develop a comprehensive programme aimed at achieving the Borough's Local Area Agreement target of improving the employment rate by 2.5% over the course of the funding. This equated to in excess of 4000 people into sustainable employment. Other strategic objectives of the Borough's WNF programme included:

- the long-term goal of preventing the large population of Tower Hamlets young people becoming the future workless; and
- targeted work with excluded groups with a focus of getting them into employment

A total of 33 projects were commissioned across the programme's five strands to achieve its strategic objectives. This was done through a 'hybrid model' of a number of commissioning projects and grant funded projects. This included formal consortia projects, collectives of organisations, and single delivery bodies.

As part of its commissioning approach, the programme focused particularly on engaging third sector organisations and the target of at least 10% of the available funds being deployed to voluntary and community groups was far exceeded.

The latest provisional data indicates that the programme has led to over 3,500 sustainable job outcomes. This includes 1,719 through Skillsmatch. It has also made considerable inroads towards the broader objectives of preventing worklessness among the younger population and targeted work with excluded groups.

Generally therefore the WNF programme in the Borough has been successful however there are a number of important lessons emerging from early evaluative work of the programme that need to inform future worklessness programmes. These include:

- The importance of the third sector in engaging hard to reach groups and supporting them into employment, particularly long-established community organisations. Such organisations were particularly successful in the earlier stages of the routeway to work (engagement / IAG) but third sector organisations tended to be less successful at the latter stages of the employment pathway – including job brokerage and employer engagement.
- The evaluation highlighted that in some instances the training offer was tailored to what suppliers could offer rather than the needs of beneficiaries and businesses. As a result the skills barrier to work, which is highly prevalent in the Borough, was not always effectively addressed as it did not take sufficient account of demand.
- There was a tendency for some employment projects to not signpost beneficiaries to other services but instead recreating provision that already existed in order to claim outputs. The increased resources available to third sector organisations through the WNF programme led to some overlap and duplication across services.

Employment Strategy: *Delivery and Resources*

Complexity of local employment provision

Multiplicity of services in the Borough is also a delivery and resource consideration for future strategy and programmes. In 2010 as part of its Total Place Programme to help deliver better outcomes for local people and reduce costs, the Council undertook research into employment provision in the Borough. It carried out a snapshot mapping exercise of employment related services operating in the Borough during 2010/11.

Headline analysis of the work 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. These projects were funded by over 22 separate funding streams and there were also intricate subcontracting relationships between agencies, further complicating the local landscape.

While these multiple programmes undoubtedly benefit Tower Hamlets residents, this level of complexity and overlap does not offer the most efficient use of funding. In some cases the high numbers of agencies involved is likely to have pushed up the average unit cost per job secured.

National changes to the funding of welfare to work programmes, particularly the introduction of the new Work Programme, will mean that this dense and overlapping approach is no longer sustainable. 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.

Local Resources

As mentioned in the national policy section, the Work Programme will be the main source of funding for helping the long-term unemployed into work, once they have left Jobcentre Plus.

The Work Programme has increased significance given that there are reductions in the resources available to the Borough. In particular, there is no replacement for Working Neighbourhoods Fund which ends in 2011. 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.

There are other potential, though relatively small, localised sources of funding available to tackle worklessness that will need to be explored by the Council and its local partners. These are summarised below.

Big Business Funding

Tower Hamlets benefits from a large big-business base situated in Canary Wharf. There is scope for greater collaboration with large businesses in the Borough as a way of generating funding to tackle worklessness within the context of corporate social responsibility.

Businesses in Canary Wharf are already involved in a number of initiatives to help support local people into employment; however, this potential source of funding has been under explored by the Council. This will need to be seriously considered in the current funding climate.

Employment Strategy: *Delivery and Resources*

Business Rates

The government's proposals to provide local authorities with greater flexibility over business rates generated locally also offers another potential source of funding for local growth and regeneration. The Local Government Resource Review is exploring reforms to business rates as a way of providing income streams for local authorities. Given the Borough's large business base, being able to retain business rates locally and have greater financial freedom will be beneficial for the Borough. However the details of the review are yet to be finalised, including the equalisation mechanism that will be put in place. The first phase of the review is expected in July 2011.

Section 106

The high land values in the Borough, along with its geographic location, make it a focal point for development in London. The Council has been able to successfully use these advantages to secure additional funding for economic and physical regeneration in the Borough through Section 106 agreements. The Council will continue to pursue this as a source of additional funding for local initiatives, albeit a very small addition.

Job Outcome Funding for Colleges

The government's plan to introduce Outcome Initiative Payments (OIP) to encourage the further education sector to deliver employment outcomes also offers some resource for local initiatives. The national skills strategy *Investing in Skills for Sustainable Growth: Strategy Document*, sets out plans for OIP to be piloted in 2011/12 by introducing funding for job outcomes. 2.5% of the Adult Skills Budget from the Skills Funding Agency will be ring-fenced to incentivise colleges to support local people into employment. However, the funding will be limited to workless people who are on Job Seekers Allowance and Employment Support Allowance at the start of their learning programme.

External funding

There are a number of external funding opportunities relating to worklessness such as European Social Fund (ESF) and Big Lottery Funding that can be accessed to support local initiatives. The Council is currently working with partners to review external funding to develop a more co-ordinated approach to accessing and deploying external funding in the Borough.

Employment Strategy: *Delivery and Resources*

Key conclusions

Specialised services and the third sector support access to those further from the labour market

(i) Value of specialised services and the important role of the third sector

Local third sector organisations play an important role in supporting workless people into employment, especially those groups further away from the labour market. Third sector organisations are particularly effective at the early stages of the pathway – engagement and information, advice and guidance. This is often as a result of their expert local knowledge and involvement with the communities they are working with. The third sector can also provide important skills training and work experience through volunteering opportunities as a pathway to direct and indirect employment.

Duplication undermines efficient resource use

(ii) Complex local employment provision results in duplication and inefficient use of resources

Local research shows that employment provision in the Borough is dense and very complex. As a result there are high levels of duplication. The hybrid commissioning model adopted by major funding programmes in the borough further compounds this overlap and duplication. There is therefore scope to improve the efficiency of employment provision in the borough by better co-ordinating resources for local employment provision and ensuring that commissioning approaches allow for alignment of services.

The path to work is not coherent across the borough

(iii) There is no clear borough-wide path to work that effectively engages all key stakeholders. Instead there are multiple paths within projects that undermine a ‘total place’ approach and result in duplication and poor signposting between services

The complexity of employment provision in the Borough makes it difficult for there to be a clear routeway to employment, supported by targeted resources at each stage. The commissioning model used by commissioners of services also makes it hard for a whole area pathway to be sustained. For example, commissioning models that focus principally on job outcomes for individual projects encourage service providers to focus on meeting their targets. This often leads to duplicating provision rather than referring beneficiaries to already established services that may be better placed to meet their needs.

Tower Hamlets needs to influence national schemes to meet the borough’s needs

(iv) Tower Hamlets has to influence larger schemes, notably the Work Programme

With less local regeneration funding, mainstream provision - including the Work Programme - will be the main vehicle and source of funding for tackling worklessness. This means that the Council’s role in influencing what others do with their money, particularly Jobcentre Plus and Prime Contractors, will take on 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.

Strategic Framework

The preceding sections have detailed the challenges and opportunities facing the Borough based on the context of Tower Hamlets, the supply and demand of labour within the Borough, including barriers to entry facing the workless population, and changes underway in welfare to work provision at national and local levels. Following on from this analysis a comprehensive strategic framework has been developed to achieve the aim of the strategy.

The strategic framework sets the context (aim and objectives) for the Employment Strategy over the medium term, i.e. the five years from 2011 to 2016. An annual action plan will be agreed to ensure actions align with the objectives and contribute to their fulfilment. The strategic framework itself and the action plans are underpinned by the four key principles outlined in the introduction: data and evidence, barriers to work, equalities and diversity, and partnership working.

Before outlining the strategic framework, it is useful to summarise the key conclusions from the previous sections.

Summary Analysis

The objectives need to fit with the needs and drivers outlined in the earlier sections of the Employment Strategy to ensure that they are appropriate. This summary serves as a snapshot. The five key issues which arise are:

Interaction with mainstream services is necessary

The scale of the employment challenge is such that partners within Tower Hamlets need to work increasingly effectively with mainstream service provision. This recognises changes to welfare to work provision, which mean that the bulk of resources are managed at sub-regional level, notably through the Work Programme. In addition, the complexity of the issues around deprivation and multiple barriers to work necessitate partnership working at all spatial levels. Finally, the high degree of in and out commuting (as residents from elsewhere have jobs in Tower Hamlets, and Borough residents also work elsewhere in London) mean that employment is a sub-regional issue, hence the mechanisms for improving the borough's employment rate require interaction at this level.

Mainstream services will not reach all workless residents in the borough

Whilst the mainstream is important, some claimant groups will not be served by it. There are also identifiable groups within the borough which are overly represented in terms of worklessness and unemployment, hence targeted intervention for these groups is appropriate. The local knowledge of all partners in the borough, including the third sector, is particularly valuable here because of the specific nature of the barriers facing these groups and the need to tailor local delivery accordingly. This is a more bespoke approach which should operate alongside the mainstream and in harmony with it. Clear and effective signposting between borough services will be to the benefit of providers and residents alike.

Inactive groups need information and encouragement to seek employment

Engaging with economically inactive people in the borough is essential to achieve the target of convergence between the Borough's employment rate

Employment Strategy: *Strategic Framework*

and the London average. Furthermore, the recognition that some groups have particularly low employment rates begs the question of why this is the case. Targeted schemes will need to take account of the diversity of reasons which may be in operation.¹⁶

Whatever the precise balance of different factors, improving people's access to information about the opportunities available is a necessary first step to encourage residents to consider employment. At the same time, sensitivity is required in communicating this message so that the needs of different groups are recognised. Economically inactive groups are not homogenous and there will be people within them who would like to work and need help to achieve this. Ideally, work should be perceived as both normal and accessible for current residents and future arrivals.

Financial resources could be better co-ordinated

Making the best use of limited resources will improve the impact of any programmes. The historic duplication of services should be replaced with a more co-ordinated approach which will also help to maximise the benefits of specialised services, including third sector provision. Equally, cross-borough working is appropriate given the sub-regional nature of the labour market.

The high availability of jobs needs to be matched with the needs of residents

Work needs to be done to facilitate Borough residents' entry into one of the most buoyant labour markets in the country. The mismatch between relatively low levels of skills and the requirements of businesses in the Borough and elsewhere in London requires action so that local people stand a better chance of finding work, especially in growth sectors. Vacancies – which will come about in the Borough as the result of replacement and significant structural demand – will not go to residents without intervention. This also applies across London, for instance by connecting residents with the employment needs of large scale developments.

¹⁶ These may include (but are probably not limited to): low self confidence for those without recent experience of the labour market; people's perception of space and parochial outlooks on where jobs can be sought; cultural norms and expectations around gender roles; understanding of the benefits system and the perception and reality of issues relating to the extent to which people are better off in work; the under provision or expense of services which can help people access jobs; low or limited knowledge of what is available in terms of employment and support to access it.

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Strategic Aim and Objectives

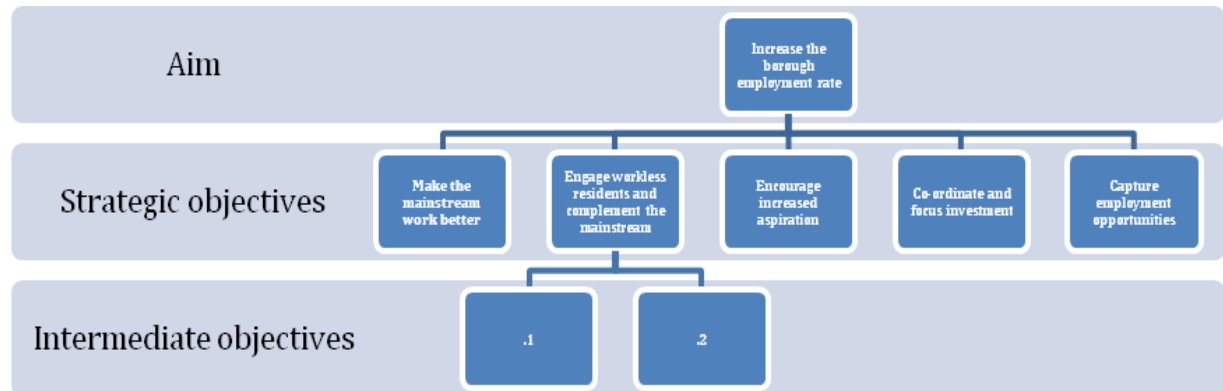
The aim of the strategy is to increase the employment rate in Tower Hamlets, with the overall goal that the Borough's employment rate converges with the London average by 2020.

This will be achieved through five strategic objectives:

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

In order to respond to how the strategic objectives are to be achieved, several intermediate objectives have been developed for each strategic objective, as shown in the diagram below. These intermediate objectives will then have actions assigned to them on an annual basis; the annual action plan will be a separate document.:

Figure 8.1 - Hierarchy of Aim, Strategic Objectives and Intermediate Objectives



A full and expanded version of this diagram is included at Appendix 1.

Employment Strategy: *Strategic Framework*

Objective 1: Make 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 both Jobcentre Plus and the Work Programme) 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: providers also stand to benefit from success in targeting the relatively high levels of need in Tower Hamlets and East London more generally.

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 Prime Contractors

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 onto the Employment Task 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

Employment Strategy: *Strategic Framework*

relationship manager, especially via the existing Third Sector Funding and Development Team.

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: *Strategic Framework*

Objective 2: Engage Workless Residents Detached from the Labour Market and Complement 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.

It recognises the need for services which are tailored to the needs of particular demographic groups and particular parts of the Borough. It is also fundamental that this objective supports people who are not eligible for the Work Programme, so that their needs are met appropriately.

The intermediate objectives are to:

2.1 Target Geographic Areas with Low Rates of Economic Activity and/or High Rates of Unemployment

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 Task 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

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- *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, young Somali people or BAME disabled people, who are significantly more likely to be economically inactive than other groups

The Borough and its partners recognise that meeting the needs of these groups will require sensitivity to specific barriers that they might face and a corresponding customisation of services to meet their needs. This relates to a holistic approach to tackling worklessness and will involve partnership across and beyond the Council. For instance it will draw on the Family Wellbeing Model.

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. Funding needs to be identified to accomplish this, especially in the light of forthcoming cuts.

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: *Strategic Framework*

Objective 3: Encourage Increased Aspirations to join the Labour Market, Particularly amongst 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 48,700 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, voluntary and community organisations, faith groups 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. Due consideration will be made of cultural differences to ensure that these messages are presented sensitively with an awareness that some groups wish to work but may currently be prevented by factors beyond their control. 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 welfare to work agencies 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. Recent research into women and worklessness in Tower Hamlets suggested that children's services are particularly trusted and present a good opportunity for engagement. Links to existing, trusted services, such as Children's Services or the Family Services Directory are therefore an important approach.

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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 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.

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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 introduction, of 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

Employment Strategy: *Strategic Framework*

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.

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 volunteering, 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 infrastructure project. Also, the Council and partners will work with developers to

Employment Strategy: *Strategic Framework*

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 NHS 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.

Governance and Implementation

The Tower Hamlets Employment Strategy sets out a four-year trajectory to increase the employment rate in Tower Hamlets. It covers the period from April 2011 to March 2015. Achieving the vision of the Employment Strategy will require robust and sustained co-operation and joint working among key partners and stakeholders. This section outlines the governance framework that will oversee the resource allocation, delivery and monitoring of the strategy and accompanying action plan which will be developed on an annual basis.

Governance structure

A fit for purpose governance structure is paramount to realising the aim of converging the Borough's employment rate with that of London by 2020. This requires shared commitment to the objectives and principles of the strategy, backed by alignment of resources. Therefore, all partners will be required to commit to the strategic framework and take on mutual accountability for its implementation.

The Borough has a well established Local Strategic Partnership (Tower Hamlets Partnership) structure in place. The Partnership is responsible for developing and implementing the Borough's Community Plan, which sets out the overall vision for Tower Hamlets, and related high-level strategies. The Partnership's governance structure has recently been reviewed to ensure its effectiveness going forward in delivering the refreshed Community Plan. It consists of a: Partnership Board; Partnership Executive; Community Plan Delivery Groups (CPDGs) and their related sub-groups – responsible for the specific delivery of thematic objectives. There are also issue-based groups such as the Diversity and Equality Network.

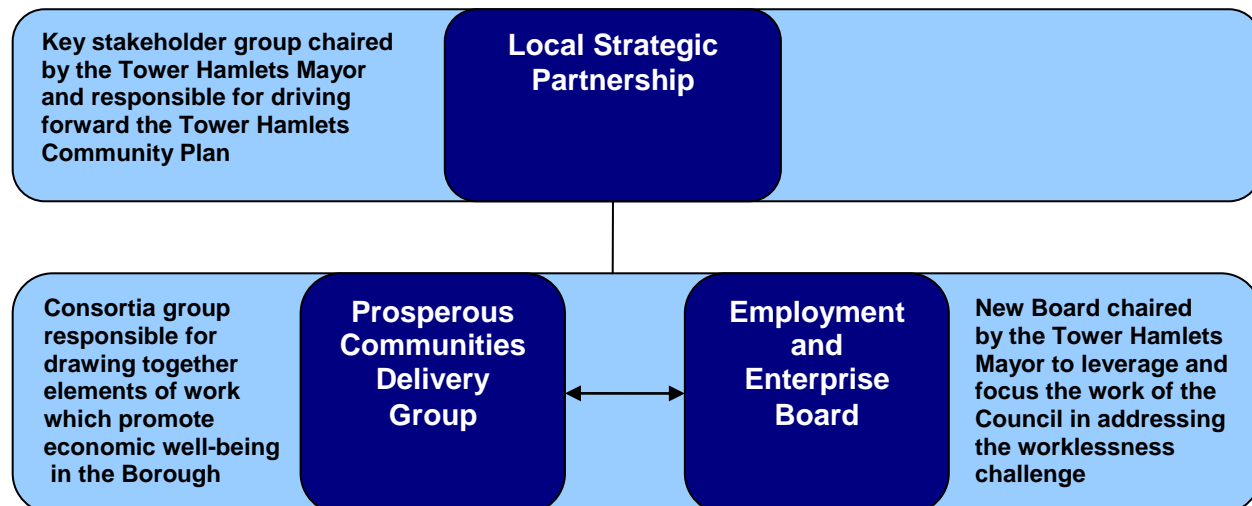
As a key partnership strategy, the Employment Strategy will fall within the sphere of activity of the Partnership, more specifically the Prosperous Community Delivery Group. This group is responsible for leading on employment, education, skills and enterprise in the Borough. The Prosperous CPDG includes representation from the Council, business community, education and skills institutions, health, and third sector organisations. Appendix 2 provides a list of member organisations of the Prosperous CPDG. This group will essentially operate as the steering group for the strategy.

As part of a more strategic focus on worklessness, The Mayor of Tower Hamlets has recently announced the establishment of an Employment Task Force, bringing together key partners and agencies. It is anticipated that the Employment Task Force will be report to a new Board chaired by the Tower Hamlets Mayor and work closely with the Prosperous CPDG and take a lead on co-ordinating activities relating to tackling worklessness, as outlined in the annual action plan.

The Tower Hamlets Partnership is part of wider regional and sub-regional strategic structures that will be of importance to the implementation of the strategy. These structures and partnerships, all with a remit covering physical and economic regeneration, need to be incorporated in the governance framework for the Employment Strategy to ensure effective co-ordination with wider strategies. This includes the Host Borough Unit. Though the East and South East London City Strategy Pathfinder is drawing to a close, whatever partnership structure replaces it, if any, will be of significance to the delivery of the strategy.

Employment Strategy: Governance and Implementation

Below is an illustration of the emerging governance framework for the Employment Strategy.



Monitoring

The strategy will be reviewed in September 2013 as a mid-term process. This review will focus on progress against the overall aim of convergence and the targets against the strategic objectives. In addition, there will be an annual action plan of tasks, to be undertaken by partners, which will contribute to achieving the aims and objectives of the partnership. Any considered actions will take account of availability of funding across the partnership.

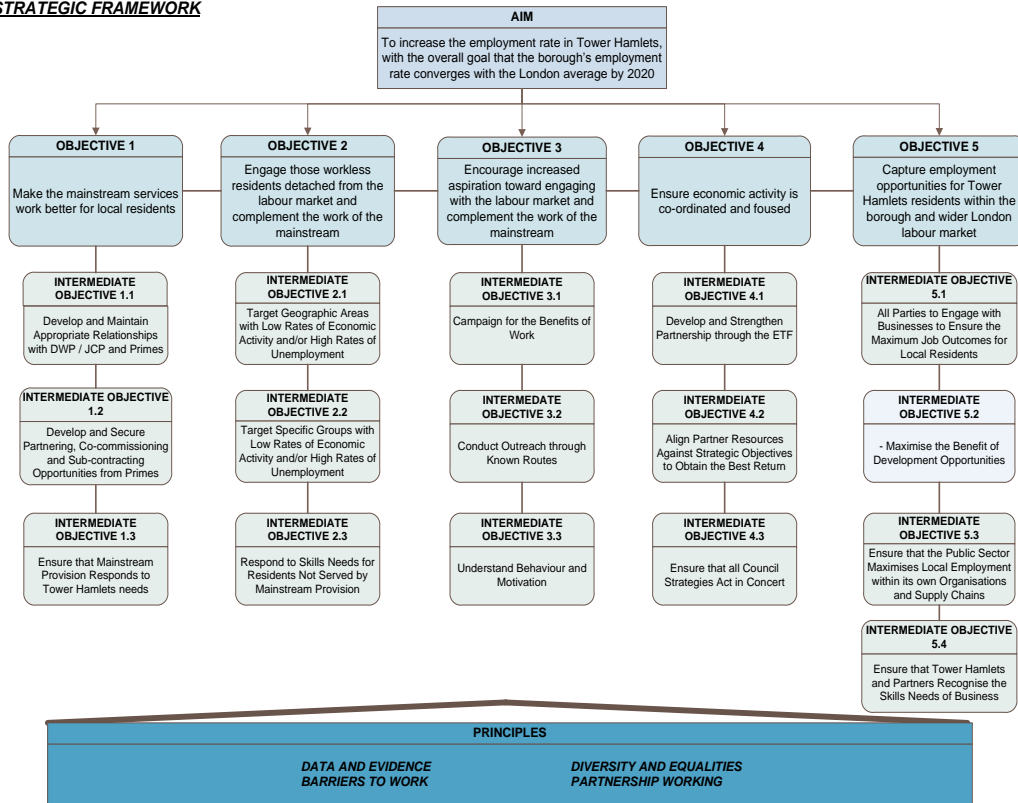
Glossary

- 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
- East London Boroughs** – The boroughs in the East London conglomeration used by the LEA: Havering, Bexley, Redbridge, Barking and Dagenham, Greenwich, Newham, Hackney, Lewisham and Tower Hamlets
- 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
- LSEB** – London Skills and Employment Board
- 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
- TfL** – Transport For London
- Thames Gateway Boroughs** – The London Thames Gateway sub-region refers to the 11 local authorities covered by the Thames Gateway London Partnership: Barking and Dagenham; Bexley; City of London; Greenwich; Hackney; Havering; Lewisham; Newham; Redbridge; Tower Hamlets; and Waltham Forest.
- WNF** – Working Neighbourhoods Fund

Appendices

Appendix 1 – Strategic Framework

STRATEGIC FRAMEWORK



Appendix 2– Core Members of the Prosperous Community Delivery

Group

Canary Wharf Group Plc
East London Business Alliance
Jobcentre Plus
LBTH Councillor(s)
LBTH, Adult Health and Wellbeing
LBTH, Development and Renewal
LBTH, Human Resources
LBTH, Lifelong Learning
LBTH, Young People & Learning
Leaside Regeneration
NHS Tower Hamlets
Olympic Park Legacy Company
Queen Mary, University of London
The Hub, LBTH
Third Sector Employment Network
Tower Hamlets College
Tower Hamlets Education Business Partnership
Tower Hamlets Housing Forum
Tower Hamlets Partnership