

Non-Executive Report of the: <b>Overview and Scrutiny Committee</b>  1 September 2016	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Aman Dalvi, Corporate Director Development and Renewal	<b>Classification:</b> Unrestricted
<b>Update report on the development of the Integrated Employment Service</b>	

<b>Originating Officer(s)</b>	Chris Holme, Service Head Resources and Economic Development
<b>Wards affected</b>	All

### REASONS FOR URGENCY

The report was not published five clear days in advance of the meeting. Therefore, as pursuant to Rule 6.1 of the Access of Information Procedure Rules before the item can be considered at this meeting, the Chair of the Committee would need to be satisfied that it is necessary to consider information about the development of the Integrated Employment Service without that consideration being delayed to a later meeting. The Chair of the Committee is satisfied that the report cannot be deferred to the next meeting on the 28th September, 2016 as this would mean that that Committee will miss the opportunity to input into the strategy before it goes to the proposed Strategic Steering Group on 26th September 2016. The final report did not come to the attention of the Overview and Scrutiny Committee until the 5 day publication period had elapsed.

#### **Summary**

The report provides an update on the development of several measures relating to the long-term delivery of Integrated Employment Support across the borough. It seeks to update on inter-related issues cited in the Strategic Plan, including: the upscaling of the Raising Aspirations pilot and the Growth Borough ESF Programme; the development of a new CRM system and related methodologies, and related service reviews across the council which need to be considered as part of the long term implementation of IES.

#### **Recommendations:**

The Overview and Scrutiny Committee is requested to:

- a) Note the progress of the current development work and offer comments for input to the strategic steering group.

## **DETAILS OF THE REPORT**

### **1. Background**

#### *Local Economic Assessment*

- 1.1. In Autumn 2015 the Council commissioned an update of the 2010 Local Economic Assessment, which has identified shift in a number of areas including:
  - business growth and commercial sectors,
  - labour market and welfare environment,
  - skills and skills gaps.
- 1.2. It is a comprehensive document of which the Council intends to publish a summary. The thrust of the document evidences high growth over the period and forecasts increasing growth in both population and jobs in the borough, up to 2030. The analyses of skills gaps in comparison to current and emerging opportunities and population forecasts for the period up to 2030 suggests a significant potential skills mismatch: with 40% of the population having lower than level three qualifications alongside a growth of 150,000 jobs requiring between levels 2 - 4 qualification.
- 1.3. The document demonstrates a shift in the unemployed, inactive and claimant profiles. In 2010 there were 9,700 Jobseekers Allowance (JSA) claimants, now reduced to 3,400. In the same period there were 5,500 claiming the health related benefit Employment Support Allowance (ESA) and this has now risen to 12,500.
- 1.4. The labour market has become more competitive in a growth economy and there is higher competition for jobs, but the reality is that residents in Tower Hamlets residents have largely responded to national welfare reform policy and growth in the economy by getting work and thus supporting a record employment rate level of 70.4%. This, however, means that the inequalities that remain are the harder to support, and those who are not in work suffer from serious and multiple barriers that must be overcome in order to access the skills required for a 21st century labour market. There is a particular need for basic skills in Maths, English, and ICT; and in some communities, spoken English, but additionally the people still remaining outside of the labour market are prevented from moving toward a job because of poor health, debt, housing issues and personal situations (e.g. caring responsibilities).
- 1.5. The change in the demographic profile of the workless has been mapped over the course of the last five years. Models of multi-agency service provision have also developed, seeking to enable local people toward work by providing holistic services. There is a need to focus on specific groups of individuals and to develop and implement a programme to provide intense levels of support to engage, inform, train if we are to successfully connect people to the local labour market and exploit the high growth expected in the commercial and labour markets.

## 2. Current position

### *Tower Hamlets Employment Review*

- 2.1. An independent consultant was engaged in November 2015 to undertake a comprehensive review of employment support provision across the borough. The report was taken to the Mayor's Advisory Board in April 2016 and made a number of recommendations. The key message being that, "...the council should strengthen its strategic role and lead on the establishment of a clearer, better coordinated and more efficient local employment and skills system..." to better enable all services to address the needs of residents, to maximise the use of ever dwindling resources whilst making significant savings to the public purse; and to ensure that local people can benefit directly and personally from the projected growth of the borough.
- 2.2. The report recommended a multi-agency and cross council mobilisation aimed at improving skills at all levels, and achieving greater traction towards employment across health<sup>1</sup>, housing and adult and family services as well as locking together business demand with supply, in a strategic skills pipeline.
- 2.3. The Employment Review and LEA both set out clearly the priorities and issues relating to strategic development of Tower Hamlets' employment and skills agenda and validated the principles behind existing work underway to develop IES across the borough. The sections below provide an update of progress to-date and further considerations.

### *Integrated Employment Service (IES)*

- 2.4. From 2013 to 2015 the council piloted a programme called 'Raising Aspirations', based in the westerly output areas of East India & Lansbury ward. The multi-agency pilot targeted the hardest to help residents in the area and worked with several partners including Poplar Harca, Troubled Families, Jobcentre Plus, health networks and third sector advice agencies, women's groups and the Council's Employment & Skills team, to engage and start people on a lengthy journey toward accessing skills and work.
- 2.5. Strategic leadership from the administration identified the success of the programme and the broad impact it could have on enhancing the service delivery to local people; driving them toward better skills, jobs and social mobility. From January 2016 the Raising Aspirations model was subsequently up-scaled, using secured ESF funding, to cover the whole borough. The RA model is the basis of a continuously developing multi-agency integrated employment service (IES) aimed at providing greater access to support and training for local residents through different routes, whilst delivering

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<sup>1</sup> *'The development of close strategic and operational links between health and employment is critical to the way forward in Tower Hamlets; to prevent unemployment, to maximise work opportunities for those who experience health and mental health problems and to support the long term unemployed back to work.'*

*Review of Employment Provision in Tower Hamlets, April 2016*

coordinated and therefore enhanced services. The model also has the potential to identify service efficiencies through joint working and co-location. The key aims of IES are to:

- identify and engage those most in need;
- deliver a coordinated referral and case management process, i.e. not lose people in the system or in referring them to multiple support providers;
- embed an electronic CRM / universal assessment and tracking tool to facilitate this;
- maximise available resources and ultimately relieve pressure on the public purse by sustaining people in long-term employment;
- increase Council-wide the capacity for supporting people in need through the integration and alignment of delivery systems and funding.

### *IES workshops*

2.6. A steering group was established with senior officers and service area representatives across the Council, and two workshops have been held to discuss the next steps in taking forward delivery of IES. Echoing the findings of the Health & Well-Being Board (HWBB) and other reviews, the workshops have highlighted the need for senior level dialogue and commitment leading to systemic change. Areas of on-going development centre around:

- aligning in the short-term, advice to target specific groups such as those affected by the Benefit cap from October 2016 many of whom are women and single parents.

Long term:

- cross referencing service reviews and their implications for service alignment;
- developing a common triage and assessment protocol;
- Aligning statistical recording and monitoring regimes.

### Related Service Reviews

2.7. Emerging service reviews across the council are fully supportive of the emphasis on skills and employment to tackle a range of issues, and whilst the Raising Aspirations pilot developed solid links with and sought to deliver a wrap-around service based upon the Troubled Families model in particular, other linkages are only now being fully considered.

2.8. The consensus of the steering group was that the different service/policy reviews all support the call for systemic and cultural change.

## *Health & Well-Being Board*

- 2.9. The Health & Well-Being Board (HWBB), has been considering the close links between ill health and unemployment where it has been highlighted that:
- many previously categorised as unfit for work are now deemed fit for work;
  - mental health is a barrier for 45% of those claiming ESA;
  - there are 12,500 claiming ESA and IB (3x number claiming JSA);
  - Job Centre Plus and Work Programme engages with < 10% of this group;
  - supporting people to gain and maintain employment is part of health intervention (and reduces use of health services).
- 2.10. Other emerging linkages to this agenda include:
- Vanguard (Tower Hamlets Together)
  - Social prescribing
  - Making Every Contact Count
  - Workplace Charter
- 2.11. The focus for the Health and Well Being Board is therefore to strengthen the strategic and operational links between health and employment and to develop the workplace as a setting for prevention and early help (another core theme of other service reviews) with a particular focus on those employing people with the greatest health needs. The use of the London Healthy Workplace Charter will be used as a lever to improve the health of employees with the greatest health need. In the short term the HWBB is seeking to have a fully integrated and jointly owned health and employment action plan as part of the Employment Strategy (now an integral part of the emerging Growth Strategy) and proposes a Health Summit to secure engagement and develop a coalition on this issue.
- 2.12. In the longer term, the three year HWBB strategy is to ensure that local residents who are unemployed are fully supported to sustain or improve their health; and that those living with a physical or mental health condition or disability have an equal chance of working and building a fulfilling career that is good for their health.

## *Central Benefits*

- 2.13. The revised DWP benefit cap is coming into force in October 2016 and will affect in excess of 1800 residents in Tower Hamlets alone. Officers across services are working with this list currently to identify those already registered and engaged with local support services and to directly target the individuals and households with a view to offering new or additional support before October 2016. Work includes:
- continuing to work with the existing 250 households receiving DHP;

- engaging with and designing service methodology to support those in TA outside the borough in partnership with Troubled Families;;
- directly targeting in partnership with related services the households who will be affected by the new benefit reforms, before they are introduced;
- holding a number of targeted engagement events with JCP and Polar Harca to ensure everyone has an opportunity to engage.

### *Careers Service*

- 2.14. Detailed discussions are underway with the Careers Service to identify the methodology that will embed within Economic Development the services for *young* people 14yrs+, where they will be better placed to connect young people to the emerging skills needs, the experience and sector based opportunities, and drive forward on motivation and ambition towards a job. This is intended to proactively reduce the next generation of worklessness and levels of NEET.

### *Early Help Front Door*

- 2.15. There is a need to co-ordinate the pathway for Early Help and provide easily accessible information, advice and targeted support. A redesign /re allocation of resources would provide a strengthened interface and support the co-ordination of the Social Inclusion Panel (SIP) and the step - up / step – down processes, building upon an understood process for holistic assessment using the Common Assessment Framework (CAF).
- 2.16. Officers in Learning & Achievement, Children’s Services are proposing further development of the ‘Early Help Front Door’ within an integrated service area for Tier 2 services; helping children, young people and families to prevent or deal with issues as early as possible. Some issues would relate to safeguarding but also include broader concerns such as health (including mental health), debt advice, managing behaviour, and - key to this agenda - unemployment. It is about providing information, advice or services at the right time and place, and using critical moments to engage families in meaningful work before problems become complex.
- 2.17. As with employment and other services, Early Help can be delivered from a range of settings including Children’s Centres, schools and youth provision; can include support with school attendance, transition, parenting, employment, behaviour and emotional wellbeing; and can be offered by peer supporters, one service or more than one working together in a family-focused ‘multi-agency’ integrated way.

### *Children’s Services*

- 2.18. As with other services, work with the Children’s Centres is about customer engagement. The Children’s Centres are key to providing the correct range of support to parents of young children, where because of welfare reform there is an increasing emphasis on moving into employment. Economic Development has been working with CCs to provide this support through training and

access to intermediate labour market programmes; staff have been cross referring and skill sharing, and the venues themselves are being used to provide employment related outreach. Their service review is taking full account of the close relationship with the IES agenda and there is a willingness to align service provision.

### *Ideas Stores and Community Adult Learning*

- 2.19. The work of the Ideas Stores and CAL has a clear relationship with the employment and skills agendas. Ideas Stores are a primary source of client engagement, and provide borough-wide facilities that can be and are used for the delivery of registration, engagement, training and other outreach services. ACL has a budget for the delivery of training, with a large emphasis on ESOL and basic skills, a provision that is of huge importance to a large percentage of the hard to reach residents prioritised within IES delivery. Discussions are underway to better define the pathways for referrals and the client journey towards work. Officers are fully engaged with and supportive of the development of IES.
- 2.20. All of this work aligns with proposals in this report to develop common triage and assessment that can identify a range of intervention needs and ensure residents are referred to the correct services. However, services must be coordinated and well managed to be effective in their integrated delivery.

### Shared Customer Relationship Management system (CRM)

- 2.21. Discussions have highlighted the need for consideration of a central system that allows services to undertake some level of common triage/assessment and to effectively cross refer and track clients across services. The development of CRM systems to allow for more effective data and case management has emerged as a central theme in all recent service reviews, and many services have already been scoping options.
- 2.22. Developing a single system will be more cost effective than developing several systems, in terms of both the technical costs and the long term management of data, i.e. it will cut out the need for services to cross reference several data sets.
- 2.23. Officers have been working with Agilisys and reviewing CRM models on the market and/or used elsewhere, but there is still work to be done to identify the best option. This is an area where there is potential for considerable change. Whilst a simple theory, each service inevitably brings its own specialisms and bias to any evaluation/assessment; they also more often than not duplicate work that is being done in any number of supporting services. This is perhaps a process that would be better delivered centrally by an independent team of staff trained specifically to fully assess and identify client needs and the essential points of contact across a range of specialist services.
- 2.24. The Troubled Families team currently appears to have the best wrap around service provision for the current employment target group/s and already

gathers extensive data from related services; they are introducing a new data management system, produced by 'Sentinel', which is due to go live around September 2016. The system is also under consideration by Learning & Achievement to assist in embedding the Early Help System referred to earlier. ED officers are now in discussion about its capacity for including the employment and training related functions such as the "Multiple Barriers Assessment Tool (MBAT) developed by the Raising Aspirations pilot:

- 2.25. This MBAT originally combined the Skillsmatch registration form with the CAF assessment, and then created an iterative assessment tracker to demonstrate the quality of the client journey, rather than just the end results (i.e. a job). It is currently still an Excel model, however, and requires more automation if it is to be effective for officers managing large case loads and referring clients to multiple providers.
- 2.26. In taking forward this work it is imperative that any CRM system reflects the needs of the services and does not drive the programme design. The system should work to support and not have delivery fitted around its capacity. Sentinel may not be the correct option but scoping work continues with a view to recommending options by September 2016; full costs will be worked up once scoping work is completed. Moving forward there needs to be senior buy-in to the creation of what would effectively become a central data system and a commitment to the ongoing costs of managing and maintaining it.

### **3. Next steps**

- 3.1. There are still a number of consideration to be resolved over the course of the IES development, including:
  - Strategic review and alignment of services as part of the growth strategy.
  - Integrating whilst maintaining specialist provision;
  - Increasing capacity in line with need and cost restrictions;
  - Finding effective and perhaps alternative ways to tackle entrenched barriers such as ESOL and affordable childcare issues.
  - Considering the demand side of the labour market in developing interventions<sup>2</sup>.
- 3.2. The initial IES workshops have identified a clear agreement for shared policy response and paved the way for more cooperative working, however, whilst working to deliver better services in the short and medium term there needs also be progress towards long-term transformational change. This includes

<sup>2</sup> The employment agenda is inextricably linked with enterprise, business growth, securing opportunities and ensuring that TH residents are skilled to access them. In order for TH to converge with the London average employment rate it needs to achieve a net increase of around 3500 residents into work; at London Living wage rate this equates to a business salary commitment of around £70m per annum.

Last Year nearly 15,000 people started work in TH; together with JCP we can claim engagement with around 4000 of these individuals. Council services must work across a partnership to deliver a seamless journey to work processes whilst overcoming the barriers.

service area alignment and mergers; formulation of agreed first contact delivery methodology and staffing of this service; systems and process redesign and implementation, and a Senior Officer-led drive to implement change.

#### *Actions*

- Establish a Strategic Steering Group to guide the future development of service alignment and business case modelling.
- Complete business modelling and rationales for the alignment or merging of services across the council, including those referred to in section.
- Design and agree effective options for the implementation of a “first contact” common/universal triage and assessment process.
- Design and agree a single CRM system to support IES across multiple services;
- Review training and support needs and develop a programme for delivery and for commissioning external niche services to address barriers to work.

#### **4. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 4.1. This report provides an update on the development of several measures relating to the long-term delivery of Integrated Employment Support across the Borough. Overview and Scrutiny Committee is requested to note the progress of the current development work, which is being financed from within existing budgets.
- 4.2. There are no direct financial implications arising from the report, although the report highlights areas where there may be a future financial impact – for example - in relation to the development of a shared customer relationship management system (paragraphs 2.21 to 2.26). These will need to be considered as part of the Council’s Medium Term Financial Strategy considerations.

#### **5. LEGAL COMMENTS**

- 5.1. This is a noting report in respect of the development of Integrated Employment support in the borough
- 5.2. The content of the report should be considered in accordance with the public sector equalities duty under the Equalities Act 2010. The duty is set out at Section 149 of the Act. It requires the Council, when exercising its functions, to have ‘due regard’ to the need to eliminate discrimination (both direct and indirect discrimination), harassment and victimisation and other conduct

prohibited under the Act, and to advance equality of opportunity and foster good relations between those who share a 'protected characteristic' and those who do not share that protected characteristic.

- 5.3. The Council should take all necessary steps to ensure that it properly understands how the proposed support measures affects people who have protected characteristics. The Council should carry out an Equality Analysis prior to any measures being implemented and should consider consultation with the proposed target groups if it considers it necessary to show that it has taken due regard of the impact on those target groups.

## **6. ONE TOWER HAMLETS CONSIDERATIONS**

- 6.1. It is widely recognised that working in partnership is vital in supporting opportunities for skills, jobs, human capital and social mobility in an area. However, there are many challenges facing the client groups being targeted including Lack of basic skills, lack of work experience, Poor Health, family situation and issues, Confusion in service provision, access to legal and housing advice alongside the significant changes to the benefits regime and welfare reform agenda.

- 6.2. The population demographic of people who live and work in the Borough has changed over recent years, becoming more ethnically diverse with more households with an income of above £60,000. The borough has achieved high employment figures not dissimilar to that of the London averages but this does however disguise some of the more disadvantaged groups across all wards and this programme seeks to target those most vulnerable and most in need of more help so that all residents have the skills and abilities to compete in a modern labour market.

- 6.3. The development of IES is well-aligned with the Council's existing corporate policy and strategic direction intended to respond to the needs of residents across the spectrum of job readiness.

- The Tower Hamlets Partnership's Community Plan 2015 recognises the need to support "the large number of Tower Hamlets residents who have low skills, have not worked for some time and are a long way from being 'job-ready'".
- It reiterates the Partnership's commitment to developing an integrated employment support service for the borough which "addresses broader needs which can act as a barrier to employment (e.g. skills, housing, health, money management, welfare reform advice).
- The briefing paper on the local impact and policy implications of the government's welfare reform agenda, which MAB considered in October 2015, highlighted the development of a borough-wide integrated employment support service as a key plank in the Council's response to welfare reform.

- It identified expansion of the Raising Aspirations model as the basis for establishing such a service, noting the need to focus on residents furthest from the labour market through the provision of a wide range of support including employment advice, skills provision, childcare support, and assistance for specifically impacted groups including women and residents with mental health issues.
- Finally, early work is continuing on both the forthcoming economic elements of the emerging 'Growth Strategy' which will supersede the employment and enterprise strategies, and on the Employment Delivery Review , which suggests that an approach which focuses resources and support on those who need the most help to move toward the labour market, and does so in the context of improved coordination between employment support providers across the borough, is likely to be further reinforced by these documents.

## **7. BEST VALUE (BV) IMPLICATIONS**

- 7.1. The recommendations in this report are made as part of the Overview & Scrutiny Committee's role in helping to secure continuous improvement for the council, as required under its Best Value duty.

## **8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 8.1. There are no direct environmental implications arising from the report or recommendations.

## **9. RISK MANAGEMENT IMPLICATIONS**

- 9.1. There are no direct risk management implications arising from the report or recommendations.

## **10. CRIME AND DISORDER REDUCTION IMPLICATIONS**

- 10.1. There are no direct implications of crime and disorder as a result of the recommendations of this review.

## **11. SAFEGUARDING IMPLICATIONS**

- 11.1. There are no direct implications of safeguarding as a result of the recommendations in this review.

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## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- None

### **Appendices**

**Appendix 1 – Local Economic Assessment Summary**

**Background Documents – Local Authorities (Executive Arrangements)  
(Access to Information) (England) Regulations 2012**

- None

**Officer contact details for documents:**

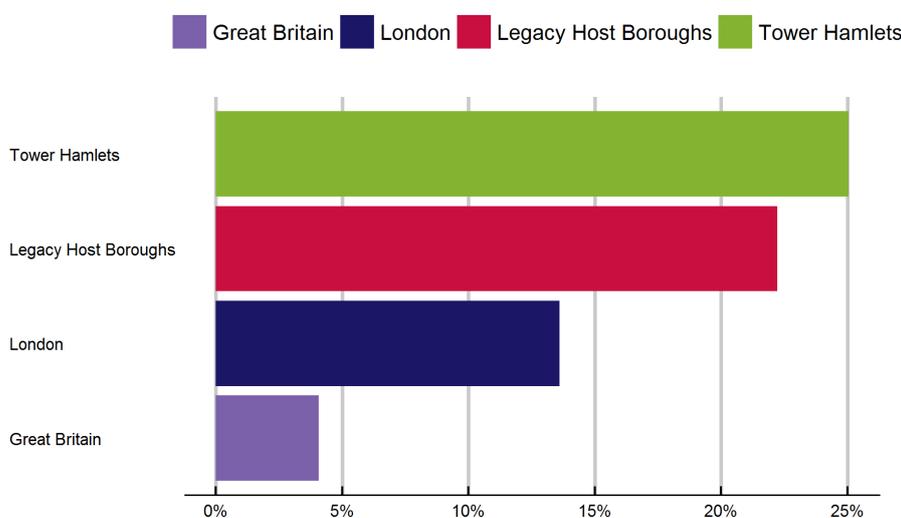
N/A

**Local Economic Summary update for Tower Hamlets. April 2016**

**1. Growth**

1.1 Over the period 2009-2014, Figure 11 shows that total employment in Tower Hamlets expanded by 25%, higher than the average growth rates for the Six Legacy Host Boroughs sub-region (22%), and substantially higher than for London (14%) as a whole.

1.2 Tower Hamlets accounts for 43% of employment growth in the Legacy Host Boroughs.



1.3 Professional and business support services have been the major driver of job growth in the borough over the past five years, recording a 60% increase in employment levels for professional services and 51% for business support services. This has been followed by information and communication (+39%). These rates of growth all exceeded the London average.

1.4 Despite recent growth the borough is the third most deprived in London and is *the* most deprived with regard to income deprivation among children and older people.

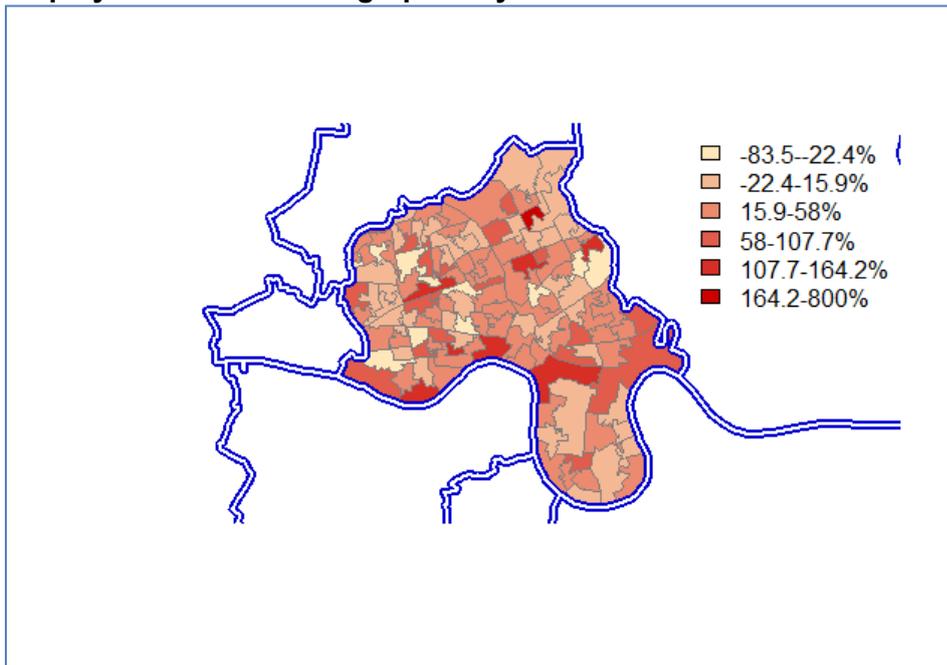
1.5 The huge growth that is forecast in the economic region which the borough is part of, will be mainly in higher level occupations. There is likely to be increased competition for these and lower level jobs.

1.6 Tower Hamlets has a strong and successful local economy with just over 5% of London's total employment concentrated within the borough. The borough also accounts for some 30% of all jobs in East London.

1.7 In terms of sectors the borough has much more in common with its central than its east London neighbours. Finance and insurance, professional services and Information and communications are the largest sectors in the borough mainly concentrated in the City Fringe and Canary Wharf districts with employment in the rest of the borough more concentrated on education and health.

- 1.8 The borough has the fifth highest jobs density in London after City of London, Westminster, Camden and Islington with 14% of these being filled by local residents. 30% of working residents work outside of the borough.
- 1.9 The Borough tends to import higher-qualified staff in some 'high-value' sectors from a wide catchment (perhaps inevitably given the specialist nature of the work), and tends to export less-qualified labour in 'lower-value' sectors to work in the surrounding borough'.
- 1.10 The GLA forecasts employment in Tower Hamlets increasing from 261,000 (2014) to 323,000 (2022) and 465,000 in 2036. This is a growth of 78% in Tower Hamlets, compared with 14% in London as a whole. Tower Hamlets therefore increases from 5.5% of total London employment in 2014 to 8.6% in 2036.
- 1.11 Median pay in Tower Hamlets is £41,866 - that is - half of workers (71,500) are paid above that sum and half below. The average is £61,198. This is pulled up by small numbers of very highly paid workers.
- 1.12 The lowest 20% of workers in Tower Hamlets are paid up to £22,466 a year. The equivalent figure for London is £15,817 and for England, £11,570.

### Employment Growth Geographically



NOTE: Ward level employment % and volumes are listed in section 2

### Population and population forecasts

1.13 The Boroughs population figures are recorded as:

Population	284,000
Working Age Population	209,000
Economically Active population	158,000
In employment	143,600

- 1.14 Population projections suggest growth of 80-130,000 people from 2011 to 2041, mostly from natural change, implying an increase of up to 90,000 in the working-age population. Up to 30,000 of this growth is likely to have already taken place, given the projections to 2016.
- 1.15 These figures show that the population of Tower Hamlets is expected, under most assumptions, to rise by around 50% by 2041 (from 2011). The lowest forecast (the GLA long-term migration basis) implies a 32% population growth from 2011 to 2041.

## **2. Deprivation, Employment & Worklessness; and Geography**

### **Deprivation**

- 2.1 The 2015 Indices of Deprivation (IMD) rank Tower Hamlets the 24th most deprived borough in the country, and the third most deprived borough in London.
- 2.2 Tower Hamlets is the most deprived district with regard to income deprivation among both children and older people.
- 2.3 More than two thirds (69 per cent) of the borough's population belong to minority ethnic groups.
- 2.4 Tower Hamlets has a relatively high proportion of residents who use a main language other than English: 34 per cent compared with 22 per cent across London.

### **Employment, unemployment and economic inactivity**

- 2.5 Employment rate in Tower Hamlets is 70.4% (Apr 2016) lags the London rate of 72.9%
- 2.6 There are 85,000 males in employment which represents 78.1% employment rate and is similar to but still below the rates for London (78.9%) and England (78.3%)
- 2.7 There are 58,000 females in employment which represents 60% employment rate and this is lower than the averages for London (65.5%) and England (68.8%).
- 2.8 Employment rates for women are substantially lower than for men. The employment rate for Pakistani/Bangladeshi females is 37.3%
- 2.9 Only 6% of residents aged 25-34 are claiming out of work benefits compared to a quarter of all residents aged 55-59. This is significantly above the average for London.
- 2.10 Around 20% of JSA claimants (860) in August 2015 were long-term claimants, who have been claiming for 2 years or more. This is the 5<sup>th</sup> highest proportion of long-term JSA claimants in London.
- 2.11 The most common reason for claiming Employment and Support Allowance is poor mental health (which is imprecisely defined, but ranges from the most serious psychological conditions to stress). Currently 45% of ESA claimants have poor mental health (an increase from 34% in 1999).
- 2.12 32% of women are considered economically inactive within the borough (not working and not claiming) compared to 14% of men.

2.13 The Government's major initiative to assist ESA claimants into work is the Work Programme. DWP statistics do not give a clear idea of its performance for Tower Hamlets ESA claimants, but for London, less than 6% of the ESA new claimants group have achieved a three-month 'job outcome' in their first year of the programme in the most recent year's data, and just over 10% do so through their overall participation.

### Unemployment/Economic Inactivity

	Tower Hamlets (Numbers)	Tower Hamlets (%)	LBTH volumes		London (%)	Great Britain (%)		
Total Claimants	25,290	12.1			10.7	12		
<b>By Statistical Group</b>								
Job Seekers	4,280	2	M	2,470	F	1,810	1.8	1.6
ESA and Incapacity Benefits	12,500	6	M	6,860	F	5,630	5.3	6.3
Lone Parents	2,320	1.1	M	40	F	2,280	1.1	1.1
Carers	3,840	1.8	M	1,150	F	2,690	1.2	1.6
Others On Income related Benefits	620	0.3	M	440	F	180	0.2	0.3
Disabled	1,480	0.7	M	760	F	720	0.8	1
Bereaved	250	0.1	M	10	F	240	0.1	0.2
Main Out-Of-Work Benefits	19,720	9.4	M	9,810	F	9,900	8.5	9.2

### The Geography of worklessness

2.14 In the north-east of the borough starting to the east of Victoria Park extending down into Bow, there is a large number of people claiming a workless benefit.

2.15 In the west there are large numbers of workless residents in the south of Spitalfields extending into the west of Whitechapel and the southern half of Shoreditch. This concentration has weakened since the previous assessment.

2.16 There is a central concentration 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.

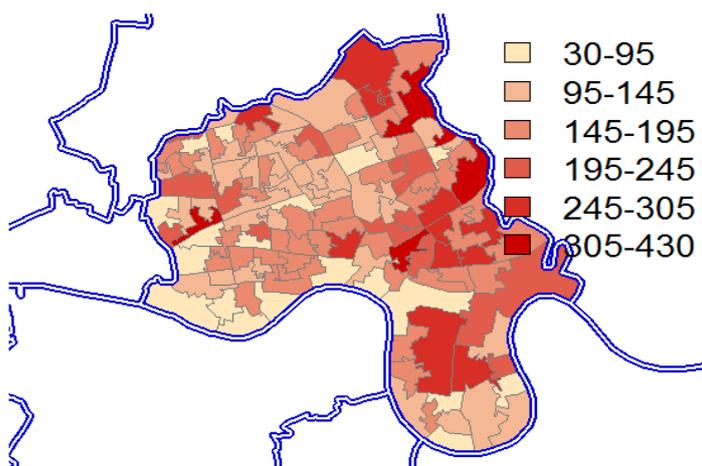
2.17 The final concentration in terms of counts of workless individuals occurs in the east and south of the borough beginning in Leamouth, extending south-west through the east of Blackwall and Canary Wharf, finishing with a concentration in northern and central Millwall with a small but significant concentration in the east of Cubitt Town.

### Employment rates and volumes by Ward and Gender

2.18 The tables and charts below outline the employment rates and volumes of the population in each ward with rates and volumes relating to gender differences; pictorial density map of out of benefit claims and table of out of work benefits by ward:

LBTH Ward	Total		Males		Females	
	%	Vol	%	Vol	%	Vol
St Katharine and Wapping	77	7,619	82	4,534	70	3,085
Millwall	74	13,759	80	8,065	66	5,694
Blackwall and Cubitt Town	71	10,684	79	6,257	62	4,427
Bow East	69	7,655	74	4,115	63	3,540
Weavers	67	6,693	73	3,839	61	2,854
Bow West	66	6,262	70	3,265	63	2,997
Whitechapel	65	7,530	72	4,638	56	2,892
Bethnal Green North	65	6,580	71	3,598	59	2,982
Limehouse	64	7,314	73	4,344	55	2,970
Shadwell	61	6,534	70	4,026	50	2,508
Spitalfields and Banglatown	61	5,055	69	3,067	52	1,988
Mile End East	56	5,276	60	3,063	49	2,213
Bethnal Green South	56	5,934	62	3,471	49	2,463
Mile End and Globe Town	55	6,271	62	3,450	49	2,821
St Dunstons and Stepney Green	55	6,098	62	3,484	48	2,614
Bromley-by-Bow	55	5,386	64	3,183	46	2,203
East India and Lansbury	53	5,124	61	2,970	56	2,154

**Geography & number of working age population claiming an out of work benefit**



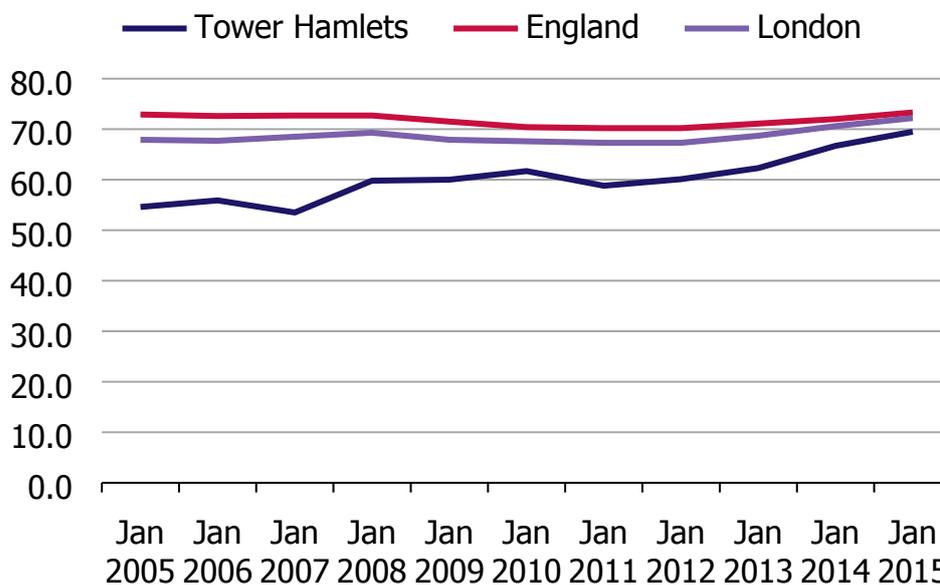
**Table of Out of Work benefit claimants by Ward Employment**

Ward	Out-of-work Benefits (March 2016)		
	Total	Males	Females
	Vol	Vol	Vol
East India and Lansbury	445	270	175
St Dunstons and Stepney Green	365	215	155
Bromley-by-Bow	360	205	155
Limehouse	355	210	145
Mile End East	325	190	135
Millwall	295	165	130
Bethnal Green South	295	175	120
Blackwall and Cubitt Town	285	180	105
Shadwell	280	165	115
Bow East	270	155	110
Bethnal Green North	265	145	115
Weavers	265	170	95
Spitalfields and Banglatown	260	155	105
Mile End and Globe Town	250	140	105
Whitechapel	250	150	105
Bow West	225	125	100
St Katharine and Wapping	170	95	75

2.19 In the year to June 2005, 54.6% of Tower Hamlets working age residents were in paid work. In the year to June 2015, this had risen to 69.5% and currently (Apr 2016) is 70.4%, an improvement of nearly 16 percentage points. Employment opportunities within Tower Hamlets have grown significantly.

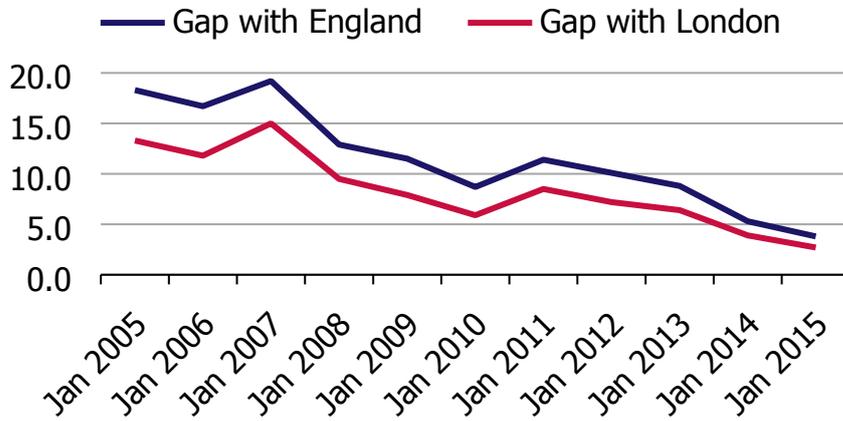
2.20 The number of jobs increasing from 105,000 in 1991, to 204,000 jobs in 2008 and 261,000 in 2014.

**Employment rate 2005-2015 for Tower Hamlets, London and England**



2.21 The gap between Tower Hamlets employment rates and those for London and for England shows a trend fall.

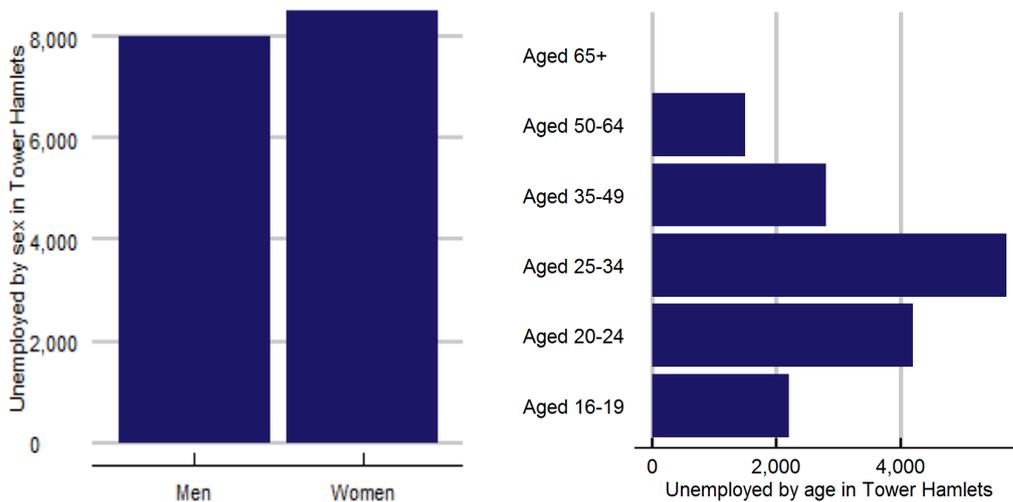
**Gap between Tower Hamlets employment rates and comparators**



2.22 The employment rate for those of working age is currently 70.4% Apr 2016, 2.5 percentage points lower than the London average (72.9%).

2.23 17.5% of those of working age are economically inactive and (say that they) do not want a job. This is down 9 percentage points from 26% in 2010 Assessment.

**The unemployed within Tower Hamlets**



2.24 Employment rates for men (78.1) are similar to the London and UK average (78.3% nationally and 78.9% in London), but rates for women (60%) are much lower than London (65.6%) and the UK (68.8%). The variance in rates is supported by the figure of 23.7% of women of working age being economically inactive. This rate is down from over a third in 2010 where less women are choosing to be inactive.

(Note: The rates for inactive people with a specific choice of wanting to go to work as a part of this group are gleaned from the Annual Population Survey (APS) figures that are small samples which are then scaled up; thus making the confidence in accuracy relatively weak)

2.25 This is far below Newham (32%) but is higher than the London (23%) average

2.26 The most common age range amongst the unemployed group is 25-34 followed by 20-24 and 35-49 yrs. old.

2.27 Tower Hamlets has the lowest Youth unemployment rate (16-24) across the 6 Growth London Boroughs.

2.28 Those from ethnic minorities have lower employment rates than those from white backgrounds. The employment rate for Pakistani/Bangladeshi men is 63.5% compared with 84% for white males. However, since the previous assessment, the employment rate for Pakistani/Bangladeshi men has risen slightly faster than for white men, by 2.9 percentage points compared to 2.2.

2.29 Employment rates for women are substantially lower than for men, but have been increasing rapidly. There was a faster rise for white women, of 13.8 percentage points to 77.7%

2.30 The employment rate for Pakistani/Bangladeshi females has risen by 11.1 percentage points to 37.3% since 2009.

### 3. SKILLS

#### Qualifications (Jan 2014-Dec 2014)

	Tower Hamlets (Level)	Tower Hamlets (%)	London (%)	Great Britain (%)
<b>Individual Levels</b>				
NVQ4 And Above	89,500	44.2	49.1	36.0
NVQ3 And Above	121,300	60.0	64.7	56.7
NVQ2 And Above	150,200	74.3	76.4	73.3
NVQ1 And Above	164,400	81.3	84.2	85.0
Other Qualifications	13,500	6.7	8.0	6.2
No Qualifications	24,400	12.1	7.8	8.8

#### Skills gaps

3.1 Employers are described as having a 'skills gap' where they have staff who they believe to be not fully proficient at their job.

3.2 The 2013 UKESSE survey suggests the most common skills gaps are related to problem solving skills (71% of those with skills gaps identified this). The next most common skills gaps, identified by over 50%, were planning and organisation skills,

customer handling skills, advanced IT or software skills, oral communication skills, team working skills, and strategic management skills.

3.3 In response around 60% of Tower Hamlets employers with skills gaps intend to increase their training and/or supervision of staff.

### **Work readiness of young people**

3.4 Ninety Tower Hamlets employers reported recruiting higher education leavers, 47 reported recruiting 17-18 year olds from either college or school, and 19 reported recruiting 16 year old school leavers.

3.5 Employers do not report poor education or lack of literacy/numeracy skills among their recruits. Tower Hamlets employers issues relate to:

- Lack required skills or competencies – 15% compared to national 7% and London 10%
- Poor attitude/personality or lack of motivation – 17% compared to national 11% and London 13%
- Lack of working world/life experience – 20% compared to national 14% and London 17%

3.6 Tower Hamlets' figures are elevated but consistent with patterns in neighbouring Boroughs such as Newham, Southwark, Greenwich and Hackney. London as a whole shows similar patterns, but to a lesser extent.

## **4. Business**

4.1 The economic structure in Tower Hamlets is very different from that in the rest of the country, and even from the rest of London.

4.2 The overall headline totals in two key forecasts differ considerably. The UKCES forecasts a growth in London employment of 8% from 2012 to 2022, while the equivalent for the GLA forecasts are a growth of 13%.

4.3 Projected growth figures show demand for higher level jobs including managers, directors, professional occupations and associate professional and technical skills. There will be some demand in lower level occupations in caring, leisure and other services.

4.4 Tower Hamlets concentrations of jobs in different sectors characterises it as closer to the Central London Economy than surrounding East London Boroughs.

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### **Employment by sector, Tower Hamlets, London and England**

Industry	Tower	%	London	England
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	Hamlets		%	%
Agriculture, forestry & fishing	0	0	0	1.3
Mining, quarrying & utilities	800	0.3	0.6	1.1
Manufacturing	3,700	1.4	2.4	8.1
Construction	4,200	1.6	3.1	4.5
Motor trades	600	0.2	0.8	1.9
Wholesale	6,000	2.3	3.2	4.1
Retail	10,300	3.9	8.6	10
Transport & storage	5,200	2	4.7	4.5
Accommodation & food services	13,000	5	7.5	7
<b>Information &amp; communication</b>	22,900	8.8	7.8	4.3
<b>Financial &amp; insurance</b>	68,800	26.4	7.4	3.7
Property	5,200	2	2.4	1.9
<b>Professional, scientific &amp; technical</b>	35,400	13.6	13.5	8.6
<b>Business admin &amp; support services</b>	31,400	12	10.2	8.7
Public administration & defence	9,900	3.8	4.5	4.2
Education	16,900	6.5	8	9
Health	20,500	7.8	10.1	12.7
Arts, entertainment, recreation & other services	6,200	2.4	5.1	4.5
Column Total	261,200	100	100	100

4.5 The two largest growth sectors for London (and also Tower Hamlets) in the recent past have been professional, scientific and technical services on the one hand and business administration and support services on the other.

4.6 Both of these groups could be characterised as including substantial 'outsourced services' elements. There have been trends towards outsourcing a wide range of service elements in both the private and public sectors, resulting in the substantial growth of these specialist organisations.

4.7 The future success of the financial district based around Canary Wharf is likely to be linked to openness of the UK to recruiting the highest talent available globally.

## 5. The Broad Issues

### Changing circumstances – employment

5.1 The change in circumstance for those who reported looking for work fell into three broad groups:

- those who had been moved onto Jobseeker's Allowance from an inactive benefit;
- those affected by the benefit cap and;
- working families in private rented accommodation

5.2 Almost all respondents had significant barriers to work and employability support needs. Some had sought employment support through Jobcentre Plus or the Work Programme but had tended not to be satisfied with this.

Most of these residents required intensive support including ESOL, basic skills and work experience.

## **JSA**

- 5.3 The employment rate lags the London rate and the claimant rate for both JSA and ESA are higher than the London averages. 2.5% represents need for around a 3000 net increase of local people into work.

## **Impact of sanctions**

- 5.4 There has been a strong upward trend in the number of residents being sanctioned. The total number of sanction referrals, and the number of sanctions resulting in an adverse decision, has both risen more than six-fold since 2005-06. Anecdotal evidence suggests that many of those referred for sanction leave benefit before a decision is made.

## **ESA**

- 5.5 There are almost three times as many people on Employment and Support allowance /Incapacity benefit (12,500) as there are on Job seekers allowance (4280). A large proportion of those who are economically inactive cite mental health problems as a barrier to work.

## **Need**

- 5.6 People on ESA and IB will tend to have more complex barriers to labour market inclusion and require tailored and sustained interventions to address a range of issues including housing, health, debt, confidence, basic skills and labour market experience before being job ready.

## **Skills**

- 5.7 Only 44% have NVQ4 compared to 49% in London; only 60% have level 3 qualifications compared to 64% in London. Level 3 is considered minimum for labour market entry currently and demand for higher level skills (level 4+) is rising. In terms of skills Tower Hamlets performs worse than London at almost all skills levels.

## **Target Groups**

- 5.8 Target groups continue to follow disadvantaged groups of those over represented in the benefit, poverty and inactive statistics: (in no order)
- Women
  - Disabled (Both Mental and Physical)
  - Young people
  - 50 years +
  - Ethnic Minority
  - Long term Unemployed (2yrs+)

And associated sub-groups of the above, for example: There is an exceptionally low economic activity rate amongst Bangladeshi females.

There are issues with long term 50+ unemployment relative to London.

## **Targeting**

- 5.9 The economic picture suggests increasing competition for lower level jobs and the need for both low and higher level skills for work such as adult apprenticeships and more focused programmes for access to inactive groups, skills training and the integration of delivery methodology.