

Croydon skills and employment plan

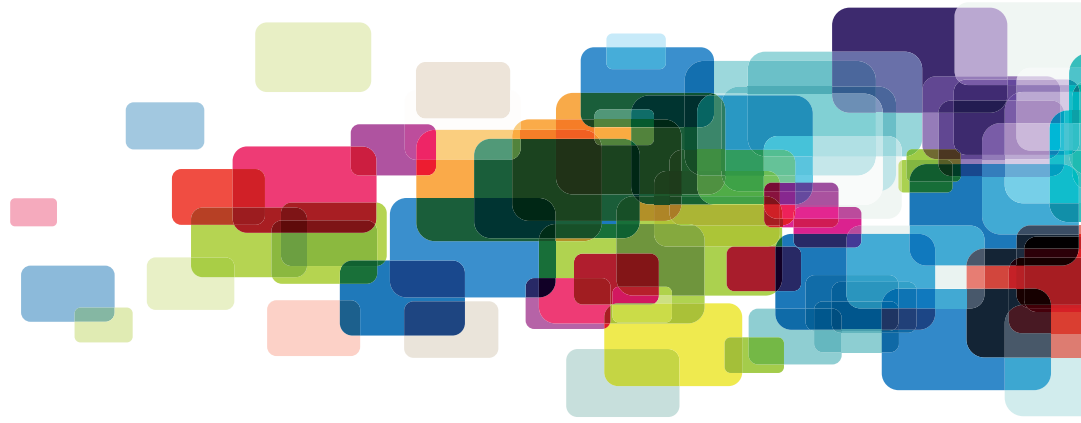
2013- 2018

Raising the skills levels in borough communities
Providing more employment opportunities



The plan will be reviewed on an annual basis to manage performance and update the focus according to new economic challenges.





Foreword



The Skills and Employment system has for many years been a minefield for jobseekers, learners and employers with a complexity of programmes, initiatives alongside frequent policy changes to the organisations involved. These complex arrangements have often resulted in disengagement amongst local residents seeking to improve their skills and employment. For employers, they have often reported that they cannot keep track of what is on offer and are put off by the number of publicly funded organisations contacting them with similar offers of services covering areas such as recruitment support, workforce development and training for staff and work placement requests for students and jobseekers.

This plan has therefore been developed to provide a strategic framework for the key organisations involved in the delivery of skills & employment services in Croydon to agree to a common set of objectives to work towards thus reducing duplication and improve the customer journeys of local jobseekers as they seek to upgrade their skill sets and secure jobs.

I am sure that all partners to the plan share a commitment to work towards aligning services within this plan's framework, a goal Government policy makers have in the past often talked about in strategic policy documents but have not followed through in terms of practical actions at local level.

Here in Croydon we support the UK Commission on Employment & Skills (UKCES) call for a simplification of the skills system given their research that has identified that employers have difficulties finding the right part of the system when they need advice, that the complexity of organisations and the numerous programmes are a turn off. Additionally, when employers do engage, the level of 'excessive bureaucracy' they face results in higher employer drop out rates during subsequent training service delivery.

In addition to skills directly linked to employers, this plan also promotes wider learning and development objectives which are crucial to improve the overall skills and qualifications of Croydon residents. This forms a vital element of the Imagine Croydon visioning exercise of a learning, enterprising and creative Croydon.

As well as the organisations involved in the Skills and Employment Strategy Group I would encourage all employers, residents and partner agencies to support the delivery of this plan and its allied action plans which will start in April 2013.

Councillor Vidhi Mohan
Cabinet Member for Communities and Economic Development

1

Croydon skills and employment plan Introduction

The skills and employment agenda for Croydon is being shaped by a partnership group consisting of representatives from the public, private and voluntary sectors



1. Introduction

1.1 Purpose of the plan

Croydon skills and employment plan sets out the agreed priorities for Croydon in terms of raising the skills levels within the borough's communities, creating sustainable employment opportunities and increasing the overall borough employment rate. The current document moves from the employment and skills plan developed in response to the borough's participation in the Future Jobs Fund programme.

The current skills and employment scene is complex and there is a broad range of bodies and organisations engaged in shaping policy on the one hand and delivery on the other. The cuts in public funding, the expectation of the private sector to deliver growth in creating employment opportunities and new enterprises, combined with devolution and the big society idea puts a lot of pressure on achieving a coordinated delivery approach at local level.

The need to know the local demand in terms of new jobs and the skills required to do these jobs becomes even more important as funding becomes more targeted in approach and less in volume. Croydon, through the Skills and Employment Strategy Group will meet this challenge head on to deliver a coordinated approach with targeted and high quality interventions.

The Coalition Government has already introduced a number of key new initiatives which will have a major impact on the future of delivering the skills and employment agenda across the country. In London, with its higher cost of living the impact, particularly on families will be unquestionably harsher.

1.2 Ownership

The skills and employment agenda for Croydon is being shaped by a partnership group consisting of representatives from the public, private and voluntary sectors. This group known as Croydon Skills and Employment Strategy Group owns the plan document and will have overall responsibility to deliver against the Action Plan developed as a delivery commitment within the plan.

The plan will be reviewed on annual basis to manage performance and update the focus according to new economic challenges.

1.3 Strategic objectives

The plan will address four strategic objectives –

Strategic Objective 1:

Support Croydon residents to develop the right skills at appropriate level to be competitive in the labour market and secure employment.

We will deliver this objective through the following interventions:

- Delivery of Apprenticeships.
- Delivery of vocational training.
- Support and encourage volunteering.
- Provide work experience (for all).
- Delivery of pre-employment training (digital inclusion, financial capability, debt management, etc).

Strategic Objective 2:

Work with Croydon employers to increase the number of jobs and ensure that local residents are considered as a priority for filling these vacancies.

We will deliver this objective through the following:

- A coordinated employer engagement protocol.
- Increase Business start-up rates.
- Support businesses to grow.
- Develop a sector-eased based 'Croydon Workcard' (a recognised competence card, securing an interview with employers who have signed up to the scheme).

Strategic Objective 3:

Support young people to be employment ready

We will deliver this objective through the following:

- Making the transition from school to work (develop a work ready checklist/portfolio).
- Promotion of enterprise awareness.
- First hand experience of work while at school.
- Bring work to school (i.e open days, exhibitions, fairs, visits from employers, etc).
- A Compete for Work Award (borough-wide competition – best in trade, sector, etc).

Strategic Objective 4:

Develop a coordinated borough-wide approach to delivering the skills and employment agenda.

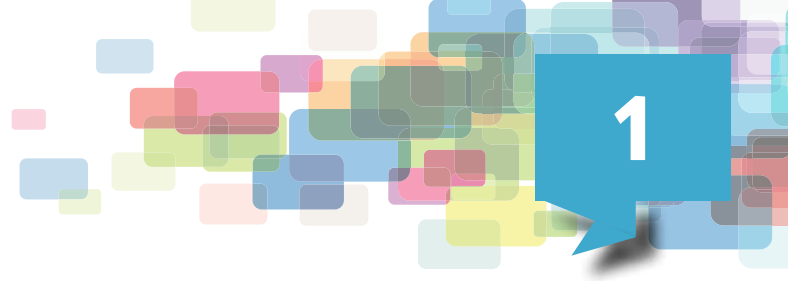
We will deliver this objective through the following:

- Establish a borough-wide lead body/forum.
- Develop and promote 'Geared up Croydon' (a commitment to engage in the delivery of this agenda).
- Be proactive and outward looking.
- Secure external resources.

This plan supports the skills and employment objectives within the existing Economic Development Plan and refresh covering the period to 2012. The Skills and Employment Plan will also be aligned, particularly through the annual action plans, with the emerging new Economic Development Plan covering the 5 year period 2013-18.

- Promoting, facilitating and delivering economic development.
- Providing career pathways and employment opportunities.
- Procuring services, boosting the local economy and promoting skills training and apprenticeship opportunities.
- Nurturing and supporting young people to realise their full potential within the current and forthcoming economic environment.





1.4 Expected delivery

The partners acknowledge the fact that this agenda cannot be delivered overnight and we will prioritise activities and actions to make sure that we increase the momentum, deliver tangible results from the start and build up on success to improve and top up the pool of projects in the future.

We will adopt a rigorous and focused approach to bidding for external funding according to our joint agreed priorities in this area. We will not pursue funding for its own sake and we will not be driven towards initiatives that might dilute our joint efforts. Delivery will be reviewed on an annual basis, but progress will be reported on quarterly basis to the Croydon skills and employment plan group.

Our delivery will be outcome driven. We have developed a set of outcomes which will allow us to monitor progress and make adjustments to our delivery if necessary. All outcomes will be listed in the annual Action Plans which will support the plan. The first annual Action Plan will cover 2013/14 financial year.

1.5 The role of the Council and its partners

This partnership's main priority is to pull together a coordinated approach to tackling the borough's unemployment and increase the skills levels of its residents. In designing this approach the partners have considered the latest statistics available, the trends which are emerging since the Coalition Government came into power and the expertise which different partners have brought to the table.

The overall working age **employment** rate for Croydon has consistently been at a relatively high level compared to other London boroughs, and currently stands at 68.8% (March 2012) which is 4.3% lower than in March 2011, but still remains 0.6% above the London average¹. However, comparisons at ward level show that the overall employment rate masks areas of the borough suffering high levels of unemployment and income deprivation, particularly the wards of Fieldway and New Addington in the south east area and the wards in the north of the borough. Over the last ten years these wards have traditionally included pockets of deprivation, mainly around social housing estates,

and despite the number of regeneration projects and other related initiatives the deprivation levels are persistent and continue to be acute. **It is time to reassess the interventions by the whole borough-wide partnership and to design solutions that will turn around this negative reality.**

Additional data shows a sharp drop in working age male employment rate in Croydon (81.4% in March 2011, compared to 73.1% in March 2012) whereas London's figure has remained constant (75.4% in March 2012 compared to 75.1 in March 2011). On the other hand working age female employment rate for the same period in Croydon stood at 64.0% – a rate higher than the London average² (60.7%). These trends need careful consideration before agreeing and offering employment related support; the fall in male employment is dramatic having stood at 81.6% in December 2010; in numerical terms there are now 7300 fewer male employees in the workforce over the two year period December 2010 to March 2012.

It is important for the partnership to understand the other end of the spectrum as well. The proportion of working age population who claimed out of work benefits in Croydon was 13.3% in February 2012, which translates into 30,330 people³. At the same time the number of economically inactive people of working age was 22.0% meaning that 52,700 people fall into this category⁴. **During the process of setting targets and agreeing numbers of people to benefit from interventions the above numbers must be taken into account.**

The picture of **skills** levels in Croydon is varied, but as a general assumption the borough performs below the capital's averages in terms of the numbers with level 4 qualifications, the figure for Croydon is 37.0 % compared to London's 45.9% in December 2011. But the proportion of working age population with no qualifications fell from 16.0% in January 2007 to 8.9% in December 2011, in comparison to London's 9.3% in December 2011⁵. Skills gaps in the current workforce as reported by employers in 2009 was 17.1% in Croydon, compared to 16.8% in London. This percentage has risen in Croydon over the four years of information availability from 12.6% in 2005⁶. **The above statistics will be used to influence the skills, learning and development provision in the borough.**

¹ Annual populations survey, ONS, Dec 2010

² Annual populations survey, ONS, Dec 2010

³ Department for Work and Pensions

⁴ Annual populations survey, ONS

⁵ Annual populations survey, ONS

⁶ National Employer Skills Survey, UKCES

2

Croydon skills and employment plan

Context

The skills and employment agenda has been a national priority for consecutive governments.



2. Context

2.1 National

The skills and employment agenda has been a national priority for consecutive governments. There has been a widespread recognition that the UK is lacking the skills to compete in an increasingly globalised market due to poor levels of literacy and numeracy in some sections of the workforce⁷. Linked to this is the mounting evidence which highlights that some sections of society are entirely excluded from the labour market and dependent on Welfare benefits. With the Coalition Government in power, three bills were presented to parliament to tackle these issues:

- Welfare Reform Bill 2011 – this bill is going through parliament and is expected to be in place by 2013. Its main aim is ‘to make work pay’ even for the poorest. The Universal Credit will finally make it easier for people to see they will be consistently and transparently better off for each hour they work and every pound they earn’. It will mitigate the current disincentives for work present in the system.
- Education Bill 2011 – makes provision for increasing the participation age to 17 in 2013 and 18 in 2015; changes to the delivery of careers guidance in schools, allowing for greater flexibilities and freedoms and increase in college freedoms and changes to skills entitlements.
- Youth Employment Bill 2011 – to establish a programme to provide training and employment opportunities for unemployed young people between the ages of 16 and 25; to establish

a comprehensive careers guidance service for young people seeking to enter the job market; to enable Apprenticeship Training Agencies to assist small businesses in employing apprentices; to provide small businesses with a National Insurance contributions holiday; to make provision for grants towards the wage costs of apprentices employed by small businesses; to make provision for a mechanism through which banks and other providers of financial services are required to allocate part of their bonus payment budget to support these measures; and for connected purposes.

Essentially the Coalition Government promotes the idea that work supports families out of poverty, improves people’s health and independence and supports the economy and local communities. ‘Making work pay’ is a fundamental concept in motivating people and families to embrace the forthcoming changes to how employment related programmes are delivered.

The UK Commission for employment and skills in the report ‘Ambition 2020’⁸ published in 2010 identified three areas that will have a major impact on the skills and employment agenda over the next ten years. These areas are:

- Mismatches between jobs and skills.
- Raising employer ambitions.
- Skills and employment policy.

In Croydon the response to these areas will be coordinated by the Skills and Employment Strategy Group through the strategic objectives and actions outlined in this plan.

⁷Leitch Review: Prosperity for all in the global economy – world class skills 2006

⁸‘Ambition 2020’ / UK Commission for employment and skills / The 2010 report / pages 8 & 9

The recent recession has emphasised the need to ensure that local employment and skills services are responsive to the needs of individuals and areas. All government support is likely to continue to be directed at improved integration of employment and skills activity, with a key priority of strengthening support to help young people by ensuring a guarantee of a job, training or work experience. Thus helping to mitigate the effects that the recession has had on this target group.

A policy report from the Economic Dependency Working Group of the Centre for Social Justice, *Dynamic Benefits*, discusses the concept, currently being considered by Government, that the biggest barrier to employment could be the benefit system itself, identifying that the financial margins of working as opposed to receiving benefits are often not enough to encourage people to consider employment. This has led to the suggestion of far reaching changes to the welfare system and three sets of announcements set out a picture of short term cuts and a long term ambition of the current Government for a more integrated plan to support people of working age, whether in work or not. These include:

- The emergency budget of 22 June 2010 introducing net cuts to the welfare system of £11bn a year by 2015.
- The Comprehensive Spending Review of 20 October 2010 adding another £7bn to the total cuts.
- The White Paper, *Universal Credit: welfare that works* published on 11 November 2010, which will replace the current mix of benefits for those of working age.

It is widely recognised that in order for the prime agency, Jobcentre Plus, to be able to continue to respond and offer a model of flexible, personalised support it will need to further develop local partnerships with local authorities, local employers, and private and voluntary sector providers. This builds on the identified need for local solutions to local challenges with further flexibility devolved to local Jobcentre Plus districts.

The need to further invest in family learning and

offer interventions at the earliest opportunity is also recognised along with the policy approach to continue to move towards better integration between employment and skills systems as well as the introduction of Community Budgets to help co-ordinate work with families tackling the problems around families with complex needs.

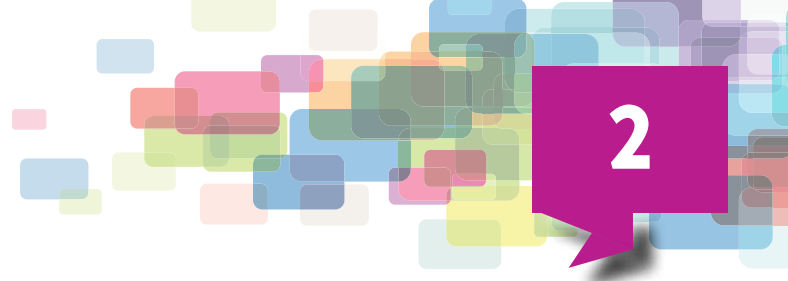
The introduction of the Work Programme is designed to offer intensive support to job seekers to support their entry to sustainable employment. The current Government approach to localism and the start of the Work Programme delivered in the main by the private sector asks for a robust private, public and voluntary sector partnership approach to ensure effective delivery.

There is a potential for local partnerships to have a greater influence over commissioning and plan setting powers and responsibilities, allowing for the development of interventions which are truly responsive to local needs and issues.

2.2. Regional

Many of the South London boroughs have had limited success in eligibility to access discretionary funding or opportunities to secure competitive funding for employment and skills activity. The context within which local partnerships are now working is changing rapidly in line with the need to consider an economy slowly emerging from recession and major reforms to the Government's 'direction of travel' within the skills and employment agenda and welfare benefits that will affect local communities.

The introduction of Local Enterprise Partnerships (LEPs) is beginning to provide strategic leadership to set out local economic priorities designed to help rebalance the economy towards the private sector by creating the right environment for business growth. Croydon is in a unique position as a partner in two LEPs – Coast to Capital and the one covering all London Boroughs. The Coast to Capital LEP covers an area from the West Sussex Coast, including Brighton and Hove, through the Gatwick Diamond to Croydon. Its key aims are to increase private sector employment by creating



more new businesses and supporting businesses to trade internationally. These two objectives will create the right conditions for businesses to grow as well as demand an increase in skills levels of local people within the area. The London LEP is yet to agree its strategic priorities, but it is likely that employment and skills will be a key component of its future activities as it inherits the remit of the London Skills and Employment Board.

The Work Programme has already started delivery. The prime contractors for London East (which includes Croydon) are A4E, Seetec and the Careers Development Group who are members of this partnership. The forthcoming challenge is to consider, at the earliest possibility, the outcomes delivered in the first months of the programme and make sure that any gaps in provision or of poor delivery are addressed by the partnership through for example, plugging gaps by securing additional funding from ESF.

2.3. Local

'We are Croydon – this is our vision' sets out the vision for Croydon, following a year long participatory 'Imagine Croydon' process with more than 20,000 residents taking part. This resulted in the agreed vision that Croydon will be London's most enterprising borough – a city that fosters ideas, innovation and learning, and provides skills, opportunity and a sense of belonging for all.

The Sustainable Community Strategy for Croydon provides the framework for all agencies involved in the Local Strategic Partnership which has now transformed itself into Croydon Congress. It has six priority themes including Promoting Economic Growth and Prosperity. This theme confirms the vision for Croydon to have a distinct and vibrant economy within Greater London, driven by higher levels of skills amongst residents, an excellent business environment, good local facilities and a strong spirit of enterprise.

The Economic Development Plan Refresh 2010 -2012 identified one of its key areas for action as jobs, employability and skills. This area of work is defined as addressing three priorities –

- Targeting jobs and employability support.
- Raising skills.
- Supporting young people.

This plan outlines the boroughs understanding and intentions to deliver improvements within these priorities. The key strategic objectives identified in Section 1.3 convert these priorities into updated new delivery work streams.

The constant demand for public funding cuts and efficiencies have had an impact on the level of interventions that can be delivered through the existing budgets of partnership agencies and organisations. This has made the demand for bringing in external funding even more urgent and critical for taking the skills and employment agenda forward. Croydon is actively seeking funding from a variety of sources including new funding streams being announced by UK Central Government departments and the European Union.

The Community Budget pilot is being used to identify innovative ways of pooling resources from different agencies and designing more robust holistic approaches to services being offered to Croydon's residents. This project is exploring ways of securing ESF money to support families with multiple needs through setting up a community grants project and supporting young people into employment.

There is great determination amongst the Council and its partners to offer all Croydon residents quality skills and employment opportunities, particularly those currently unemployed and those identified as potentially 'at risk' of becoming disaffected.

The Council will also ensure that new developments contribute to the skills and employment agenda maximising future resources through Section 106 and the introduction of community Infrastructure levy.

3

Croydon skills and employment plan **The Croydon Challenge**

Comparing the IMD 2010 to that of 2007 deprivation has in some ways deepened in some parts of the borough.



3. The Croydon Challenge

3.1. Index of Multiple Deprivation 2010

Deprivation has many aspects. The Index of Multiple Deprivation (IMD) is one way of analysing how deprivation is spread across England. This methodology allows data to be collated for very small areas, called Super Output Areas, each one of which covers smaller than a ward area with consistent population size across the whole country. This means that comparisons can be made much more easily than using local authority wards, which vary tremendously.

The IMD combines 38 indicators into seven domains:

- Income deprivation.
- Employment deprivation.
- Health deprivation and disability.
- Education, skills and training deprivation.
- Barriers to housing and services.
- Living environment deprivation.
- Crime.

The seven domains are then combined to produce a single score for each of the 32,482 SOAs in England, of which 4,765 are in London. The data is updated every four years. This allows trends and conclusions to be made and effectiveness of interventions established. The IMD 2010 was published in March 2011. How it compared to IMD 2007 for London can be seen on the maps overleaf.

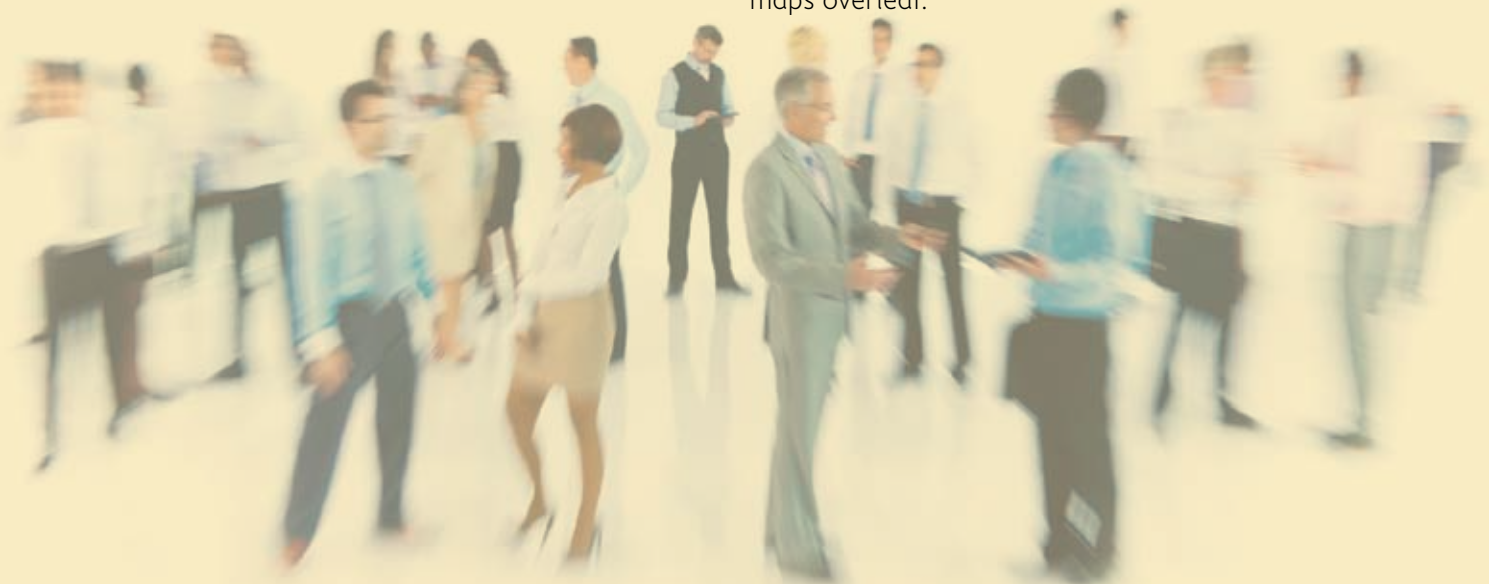
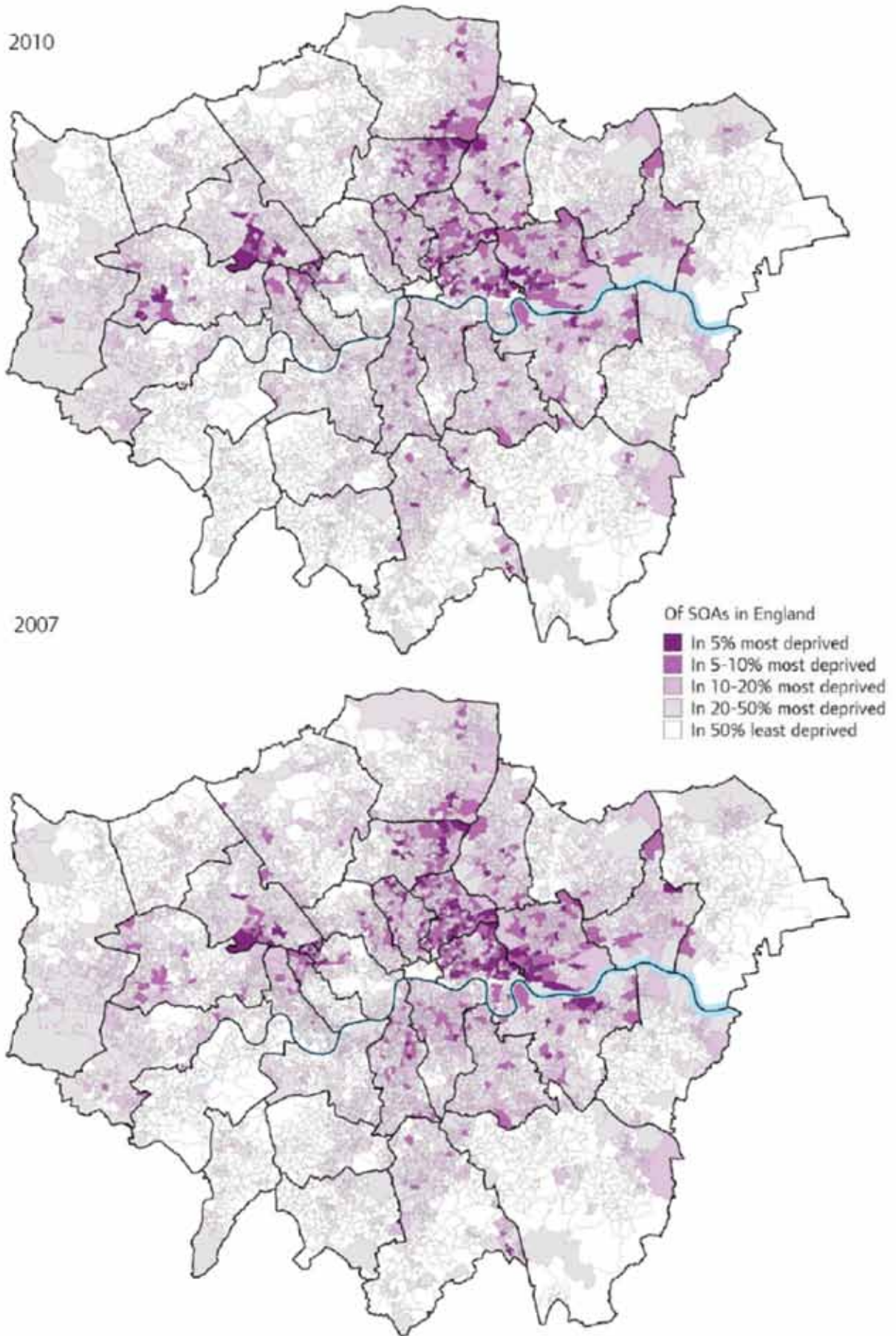


Figure 1 IMD for Super Output Areas in London in relation to England for 2010 and 2007



Sources: Indices of Deprivation 2010 and 2007, Department of Communities and Local Government ©Crown copyright
The maps are © Crown copyright. All rights reserved. (Greater London Authority) (LA100032379) (2010)



3.2. What IMD 2010 tells us about Croydon?

Comparing the IMD 2010 to that of 2007, deprivation has in some ways deepened in some parts of the borough. The most obvious change is the rise, from 1 to 2, of the number of SOAs in the 5% of most deprived SOAs in the country, and the number of SOAs in the 5% to 10% group has risen from 4 to 7. The 10% to 20% most deprived SOAs have also risen mainly in the north wards of the borough. These changes require further investigation to establish the causes and understand what other related factors have influenced these changes, e.g. people moving in and out of the areas caused by changes to social housing, loss of employment opportunities, levels of crime, etc.

The partnership will be pursuing the possibilities of this analysis being carried out either by one of the partners or commissioned out.

3.3 Employment and skills challenges

Although the number of Croydon residents in employment is relatively high, as measured by the employment rate of residents of working age, which currently shows Croydon at 68.6%⁹ (0.6% higher than the London average), this masks some areas of high economic inactivity rates and a higher rise in unemployment than experienced by neighbouring boroughs and Inner London boroughs during the recent economic downturn. The neighbourhoods of New Addington and Fieldway show the highest number of claimants followed by Selhurst, Broad Green and South Norwood.

Unsurprisingly these 5 wards also have high levels of income deprivation and social housing. The highest proportion of socially renting households is in Fieldway and New Addington and these 2 wards along with Fairfield, Selhurst and Broad Green have the least number of owner occupiers. It is well documented that there are links between worklessness and social housing (John Hills report published in February 2007; evidence from City Plan Partnerships). Whilst households in social housing may face multiple and complex needs, the consistent levels of low income and unemployment recorded in these areas may also be due to the churn of

⁹ Annual population survey, March 2012, ONS

¹⁰ Annual population survey, Dec 2010, ONS

¹¹ Source: DfE Statistics

households on low incomes who may be unemployed. Once securing support on to the employment ladder people may move out of socially rented homes to be replaced by families in similar circumstances.

While existing labour market policies and programmes have been broadly successful in overall terms in reducing worklessness they have been less effective in helping particular disadvantaged groups in deprived neighbourhoods. Addressing this broader agenda requires successful co-ordination of the work of a wider range of agencies including housing and health, that contribute to tackling the range of barriers that may prevent residents from securing employment.

Recent data shows encouraging signs when considering the skills agenda. The proportion of working age people in Croydon with no qualifications has been steadily dropping over the last several years and in December 2011 it stood at 8.9%, comparing favourably to London's average of 9.3%. For comparison Croydon's rate in December 2007 was 16%! But this still means that 20,300 people are in this category¹⁰.

At the same time the proportion of working age population with level 4 qualifications and above has risen from 30% in December 2007 to 40.4% in December 2010 – a rise of more than 10%! But this is still just below the London average of 41.9%.

The trend of school leavers with qualifications is showing a steady growth and the percentage of achievers of 5 or more A*- C grades at GCSE or equivalent including English and Maths was 54.4%, but remained lower than London's average of 58.0%¹¹.

3.4 What else has an impact on employment and skills in Croydon

In respect of income deprivation, which is measured by the proportion of households in an area claiming income benefit such as child tax credit, the latest statistical information for Croydon shows that 48 out of the 220 Local Super Output Areas are in the 20% most income deprived areas in England and 60 fall into the 20% most deprived areas in England for income deprivation affecting children.

Poverty impacts on a range of other socioeconomic factors and there is a correlation between low skills levels and low income levels. Helping people on low incomes increase their skills levels so they can access employment that will increase their income, is key to reducing the impact of other factors that affect neighbourhoods.

The impact of the recession, that began starting in 2008, has resulted in a high increase of residents claiming Jobseekers Allowance in Croydon. Between August 2008 and December 2011 a further 5,329 residents claimed Jobseekers allowance. This is a rise of 97%, a higher rise compared with Inner London boroughs that traditionally have seen high increases during periods of economic recession.

Whilst there could be a tendency to say this figure has peaked and will follow trends in gradually reducing, there is a concern that those who may have lost jobs in low paid or fragile sectors will have great difficulty in securing further employment and this will have a long lasting effect on family incomes. The latest figure (Dec 2011) in percentage terms shows Croydon having the 14th highest JSA figure out of the 33 London boroughs but in terms of actual numbers of JSA claimants Croydon is ranked as 6th highest.

If we consider the age range of those claiming Job Seekers Allowance over the last two and a half years there has been a steady increase in all age ranges. Numbers of claimants under 25 had risen from 1,660 in August 2008 to 2,460 in April 2010 and has remained fairly stable at 2455 in Nov 2010, but fallen to 2,225 in June 2011. For those aged between 25 and 49 the figure has risen from 3,000 to 5415 and then to 6,125 in June 2011. Claimants over 50 have almost doubled from 775 to 1430 and then to 1,610 in June 2011. These facts need further attention, but the support provided to the group of 25 year olds to 49 year olds is of particular concern and must be addressed¹².

Whilst overall, the employment rate is reasonably healthy compared to London and national figures the number of residents who are unemployed is still rising. The figure for adults aged 25 plus is potentially a cause for concern with the highest rise seen for those in the age range 25-29. Coupled with the rise in unemployment within the under 25 age group this shows a worrying pattern that young people are not making an effective transition to employment from education and are not able to secure sustainable employment with the resulting risk of long-term detachment from the labour market. This group will include lone parents and young parents as well as graduates. With regard to the graduate category, another major concern is

that 25% of Croydon's 'economically inactive' working age population are qualified at NVQ Level 4. This statistic warrants further investigation as this is the resident group that normally has the highest rates of employment and participation in the labour market.

There are over 80,000 children and young people living in Croydon, the largest population of children and young people in London. The borough has the largest population of under 19's and the 12th highest percentage in London.

There are fewer Croydon residents employed in managerial and professional positions proportionally than residents across London. The areas with the lowest proportion of people employed in these areas are within the wards with the highest unemployment and income deprivation and with high numbers of young people.

Croydon also has fewer residents working in knowledge intensive occupations compared to the South London average, 42% compared to 51%. Knowledge occupations are set to grow in London and it is important that Croydon residents are able to compete for these opportunities. In order to match the south London average Croydon will need to support 15,400 more residents into knowledge intensive jobs.

The sectoral strengths of the area are in insurance and financial services, retail and public service administration. Croydon is a primary retail, leisure and cultural destination for south London, with the town centre and Purley Way offering the largest retail area outside of central London generating over 16,000 jobs.

However, Croydon residents may be more vulnerable to job losses as a result of the economic downturn. Analysis by Local Futures Group indicates that 46% of Croydon's workforce is employed in vulnerable sectors¹³ compared with a national average of 41%. With 30% of employment within the public sector, restrictions on funding for future years within the public sector could have a significant impact. The over-reliance on the retail, public and financial/business service sectors places Croydon's labour market at disproportionate risk in comparison to comparator boroughs and the national average. It is probable therefore that there could be a continued increase in redundancies and a further contraction in the employment market in the borough, resulting in an increase in the proportion of Croydon residents claiming out of work benefits relative to the national average.

¹² NOMIS

¹³ Vulnerable sectors include: Financial services, Other business services, Construction, Transport, Manufacturing, Retail, hotels and restaurants, Post & telecommunications

4

Croydon skills and employment plan

Opportunities - Employment demand

The location of Croydon and the excellent transport links offer the opportunity for a wealth of employment within a variety of sectors and disciplines to be available for Croydon residents.

4. Opportunities – Employment Demand

4.1 The current situation

Around one third of London's jobs are located in the Central London business district, with employment density high in inner London boroughs and more widely distributed in outer boroughs. Croydon, along with Heathrow Airport, Bromley and Kingston are amongst the highest existing concentrations of employment in Outer London. (GLA Economics – Economic Evidence base 2009).

42% of London's total job stock is in the outer boroughs with health and education jobs accounting for 18 per cent of this total and 23 per cent of employment in retail and leisure, compared to 11 and 20 per cent respectively of jobs in Inner London.

The majority of employment in Croydon is split across three broad economic sectors. Financial and business services currently employ around 27,000 people, of which one third work in financial intermediation with the rest in business services. Public administration, education and health activities provide 25,000 jobs. With a further 21,000 in distribution, hotels and restaurants, three-quarters of these jobs are in retail and wholesale activities.

Employment growth in London is projected to be driven primarily by the business services sector. Other sectors projected to experience significant growth

include other services (such as media, recreation and leisure) and hotel and restaurants. More modest growth is forecast for financial services, retail and health and education. All other sectors are forecast to lose employment with particularly significant fall in manufacturing.

4.2 Employment projections

The employment projections for Croydon show a decrease between 2011 and 2021 of some 2,000 jobs leading to a total of 144,000 jobs in 2021. Over the following 10 years a growth of 11,000 jobs is projected¹⁴. Croydon is exploring a variety of initiatives to reverse the process of losing jobs in the borough. These include Croydon being part of the two Local Enterprise Partnerships (Coast to Capital and pan London) and the development of a package of business support measures and other interventions to address this decline.

The location of Croydon and its excellent transport links, offer the opportunity for a wealth of employment within a variety of sectors and disciplines to be available for Croydon residents. Public sector employment covers a huge range of professions and skills. The high level of public sector employment in Croydon and the potential to attract further investment offers a specific opportunity to use the public sector to develop effective pathways to

¹⁴ GLA Economics, Intelligence Unit, GLA

employment to drive up skills levels.

4.3 CCURV and other regeneration initiatives to boost employment opportunities

There is the opportunity to consider the Council's procurement process in order to encourage the use of local labour and offer apprenticeships.

Croydon Council Urban Regeneration Vehicle (CCURV) is a 20 year partnership between the Council and John Laing Plc to deliver large regeneration projects in the borough. The Council provides the land while John Laing provides the equity to make these regeneration projects viable. The first two of the projects are already underway and progress is being made towards enabling the sub-contractors to employ local labour and offer apprenticeships.

The Council will seek to extend its influence in awarding contracts to promote sustainable employment opportunities. Creating employment opportunities through support for training investment and in particular the use of apprenticeships will form part of any bid evaluation criteria. Of particular interest will be those areas where there has been a decline and therefore under representation of occupational skills.

5

Croydon skills and employment plan Specific barriers to employment

There are many complex reasons as to why certain members of the community are not able to secure sustainable employment.

5. Specific barriers to employment

There are many complex reasons as to why certain members of the community are not able to secure sustainable employment. Generally there is not just one issue that prevents people moving into employment but a range of linked and associated reasons. The following gives some information about some specific barriers that may need to be addressed.

5.1 Social housing

The most disadvantaged wards in Croydon are primarily areas of social housing. Data from the 2001 Census indicates that 49% of social housing tenants were in employment compared with 87% in the private sector. Among applicants for social housing in Croydon fewer than 40% are employed, and less than 20% of homeless households have anyone in employment. The areas of social housing in the borough are also areas with higher concentrations of households with children and young people.

Although greater security of tenure and relatively low rents in comparison with the private rented market mean that social housing is not in itself a cause of worklessness, the greater concentration of workless individuals in social housing estates can have a detrimental effect in terms of creating an environment of low aspirations and lack of effective networks. Fear of the loss of housing benefit can

be a significant barrier to moving to paid employment for some families although there is now more flexibility within the system recognising the importance of this issue.

Households in social housing may face multiple and complex needs with a range of difficulties and constraints in relation to skills, attitudes and motivation to work, household or family circumstances and problems with poor health. Families living in temporary accommodation face even more complex situations when they seek to return to employment, both practically, such as high temporary accommodation rents, and socially, such as more extreme levels of social exclusion. The closeness of social landlords to their tenants means that they are in a good position to identify need and respond with a range of actions. There are some good examples where joint work between local authorities and social landlords to link employability activity to the work of social landlords has shown effective results.

Croydon is a pilot for a Community Budget scheme, which is well underway of being set up with a dedicated Family Resilience Service team to provide a wrap-around service to the families identified to have multiple needs. Some ESF funding is being used to engage with the third sector to participate in this initiative.

5.2 Disincentives for work

It is fact that 35% of families remain in poverty when a parent enters work. Encouraging people in receipt of benefits to make the transition into paid employment is challenging due to the complexity of the benefits system. The loss of benefits and the loss of what are known as ‘passport’ benefits – in-kind benefits attached to other benefits such as the receipt of free school meals and free prescriptions attached to Income Support, can offer little financial incentive for gaining employment.

Whilst working tax credits and other incentives may initially help to support the transition there is an argument that the structure of the benefit system has contributed to the growth in the number of inactive benefit claimants, trapping people into a lifetime of dependency.

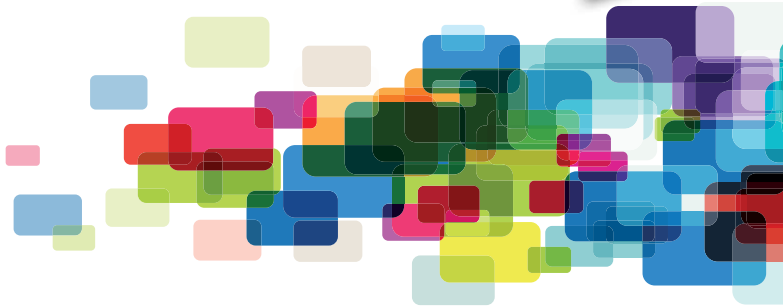
One of the key groups who can be trapped by the benefit system are those under 25’s without children, often low earners; this group are not entitled to working tax credits. In view of the need to encourage young people to move into paid employment the importance of ensuring that this cohort has the skills to secure sustainable employment and to move quickly from entry level positions is even more crucial.

The anticipated Universal Credit will aim to mitigate against these real and perceived disincentives for work. It is intended to make people better off in work and will consist of a single package of support which includes a

basic personal allowance and additional components for childcare, disability, housing and caring. It will replace working tax credit, child tax credit, housing benefit, income support, JSA and ESA. Some benefits are exempt such as DLA, child benefit, contributory JSA and ESA, Statutory sick pay, statutory maternity pay, maternity allowance etc. Universal credit will be linked to a PAYE tax system and will be calculated according to your monthly income and paid at the rate of 65p to a £1. This means for every pound earned, there will a reduction in support of about 65p. This will mean people are more likely to be better off in work than out of work.

5.3 ESOL and skills for life

The majority of provision locally is funded through the Skills Funding Agency. In common with other London boroughs CALAT reports that there is high demand for Entry Level and Level 1 provision. Current ESOL needs are largely being met but the issue is one of affordability and access as recent funding changes mean that learners on non active benefits may have to pay quite substantial fees for courses. Literacy and numeracy classes are free and there is a range of provision at all levels across the borough including embedded skills for life within some specifically training and employability programmes. Soft skills such as customer care, communication and presentation skills are all essential components of being competitive in recruitment processes.



5.4 Lack of work readiness and the need for improved employability skills

The lower skills levels are found in the wards where unemployment is high. Local information from Jobcentre plus indicates that there may be unemployment amongst graduates. Although there are no exact figures for this the high figure of the 25 plus age group who are claiming Jobseekers Allowance may include graduates. For all job seekers seeking to secure employment, it makes sense to concentrate on increasing the offer of pre-employment skills that will support residents from the target wards to be competitive in the labour market, entering entry level jobs where continued development and upgrading of skills can be offered.

Jobcentre plus evidence suggests that more good quality entry level jobs are essential to move their clients from benefits. Whilst level 2 and 3 skills are helpful in securing employment, there is much evidence to indicate that concentrating on the generic skills that employers seek, will be more effective in moving residents from unemployment to employment with the opportunity to continue learning and secure level 2, 3 and 4 skills whilst working. Jobcentre plus are keen to increase pre-employment skills training to meet the needs of local employers.

These skills include: Information Technology, Communication, Customer Care as well as Skills for Life. All can be offered in short training programmes and effectively linked to employment opportunities.

There is a need to offer continued learning and improve, to higher levels, the skills of local residents and employees to meet the demands of potential future investment. Improved employer engagement and providing a tailored response to job opportunities such as that outlined in the Investor Response initiative can also improve skills. Within the construction sector, modular programmes of skills training are successful in providing enough skills for job seekers to become 'site ready'. Once securing employment, they can return to further modular training to progress within the industry.

5.5 Apprenticeships

5.5.1 The concept and the importance of delivery

What are Apprenticeships?

Apprentices are employed by a company, earn a wage and work alongside experienced staff to gain job-specific skills. On a day-release basis, apprentices receive training to work towards nationally recognised qualifications.

Apprenticeships can take between one and four years to complete depending on the level of Apprenticeship, the apprentices' ability and the industry sector. The minimum salary is £2.60 per hour; however, many apprentices earn significantly more. Apprenticeships are open to all age groups above 16 years-old whether people are just leaving school, have been working for years or are seeking to start a new career.



There are different entry requirements depending on the Apprenticeship and the industry sector.

The training element

Apprenticeships are designed with the help of the employers in the industry, so they offer a structured programme that takes the apprentice through the skills they need to do a job well. There are targets and checks to make sure that the employer is supporting the apprentice and they are making progress. As an employee, the apprentice is in employment for most of the time as most training takes place on the job. The remaining training usually takes place at a local college or a specialist training organisation.

Levels

There are three levels of Apprenticeship available:

1 - Intermediate Level Apprenticeships – Apprentices work towards work-based learning qualifications such as a Level 2 Competence Qualification, Functional Skills and, in most cases, a relevant knowledge-based qualification.

2 - Advanced Level Apprenticeships – Apprentices work towards work-based learning such as a Level 3 Competence Qualification, Functional Skills and, in most cases, a relevant knowledge-based qualification.

3 - Higher Apprenticeships – Apprentices work towards work-based learning qualifications such as a Level 4 Competence Qualification, Functional Skills and, in some cases, a knowledge-based qualification such as a Foundation Degree.

All Apprenticeships must include the following elements:

- A competencies qualification which must be achieved by the apprentice to qualify for an Apprenticeship certificate, and which is the qualification required to demonstrate competence

in performing the skill, trade or occupation to which the framework relates.

- A technical knowledge qualification which is the qualification required to demonstrate achievement of the technical skills, knowledge and understanding of theoretical concepts and knowledge and understanding of the industry and its market relevant to the skill, trade or occupation to which the framework relates. Sometimes an Apprenticeship framework may have an integrated qualification which combines competence and technical knowledge elements in which each element is separately assessed.
- Either Key Skills (e.g. working in teams, problem-solving, communication and using new technology) or Functional Skills (e.g. Maths and English) qualifications or a GCSE with enhanced content (e.g. Maths and English).

5.5.2 The model for Croydon

Croydon as a borough, has achieved more than 2,800 Apprenticeships since 2005 and the trend is showing rising number year on year. There is a need, as a partnership, to investigate and understand better the reality and current picture in order to influence the delivery in the forthcoming years.

CCURV is piloting a model in partnership with REDS 10, an apprenticeship training agency, but there are other models which should be investigated by the partnership.

5.5.3 Employer engagement including inward investment, retention and BID

Offering or facilitating a job brokerage model, would provide more opportunity to engage effectively with employers and to develop innovative recruitment models, to encourage the use of local labour as well as encouraging ongoing personal development and up-skilling once employment is secured.



Links between planning and economic development teams within the Council will be strengthened, to offer ongoing updated information regarding potential developments and ensuring appropriate clauses to encourage local labour and local procurement at the earliest stage in s106 agreements and the introduction of the Community Infrastructure levy.

An inward investment strategy is in place with the following objectives:

- Attract businesses to relocate to Croydon.
- Create pipeline of developers & investors.
- Retain & grow existing business base.

Early day engagement with developers and inward investors ensures that the intelligence regarding the skills levels required by employers are identified during the construction phase; for the benefit of the 'end user' of the facility. These skill requirements can be passed on to intermediaries at the earliest stage as linking companies to local recruitment services will increase opportunities for local unemployed residents.

The Business Improvement District Company (BID) was formed in 2007. It is one of the largest in the

country, covering virtually the whole town centre. BID represents 580 organisations which include many well-known brands and businesses in retail, office, leisure, hospitality and public sectors. In November 2011, following a ballot of all eligible organisations, the Croydon BID won a second 5 year term through until 2017.

The current BID priorities are:

- Ensure those using the town centre feel safe and secure.
- Make the town centre cleaner and more attractive.
- Improve the image of the town centre.
- Increase visitor numbers through festivals and events.
- Improve way finding and make accessibility easier.
- Ensure businesses have a strong representative voice on key issues.

We are engaging with BID to explore opportunities for employer engagement, job creation and workforce development.



6

Croydon skills and employment plan

Improving Job opportunities for young people



*Improving job opportunities for young people is a priority
for the partnership.*

6. Improving job opportunities for young people

In seeking to secure a long term change in some of the underlying issues it is important to consider enhancing opportunities for young people. Whilst the unemployment rate is proportionally not out of step with London and national figures it has grown considerably. Increasing skills levels and creating pathways to employment for young people must be a consideration alongside family interventions.

The high increase in 25 plus residents claiming JSA must also indicate that young people are not securing sustainable employment. Whilst the new Diplomas will offer the opportunity to secure routes into employment, there appears an identified need for more early prevention work with young people in schools, potentially reducing those who go on to become NEET and who may then become unemployed. Earlier intervention and ensuring access to up to date labour market information and projections will help to identify young people at risk of exclusion from the labour market.

There is currently no provision for young people who could be considered as 'high flyers', i.e. those who successfully complete their secondary education but want to work rather than continue in further or higher education; this cohort, in addition to graduates seeking to enter the labour market are a group for which there appears no specific service provision. Experience and employer feedback indicates that these young people also need assistance with soft skills to help them understand and be competitive in the labour market.

The following issues will have an impact on young people and the skills and employment agenda over the next few years:

1. Raising the Participation Age (RPA) - This means we need to be building towards full participation for all 16-17 year olds in relevant and appropriate learning by 2013 and full participation for all 16-18 year olds by 2015.

2. Withdrawal of Education Maintenance (EMA) allowance for post-16 students – The EMA is being replaced by a bursary scheme, which will be targeted

at pupils in care, care leavers and the severely disabled. The overall amount of support provided to post-16 students will, however be lower, and this is likely to have a negative impact on the number of 16-19 year olds from poorer backgrounds continuing in learning. This may increase the level of NEET young people in our borough.

3. The heavy emphasis that is being given to traditional, academic education (through the introduction of the EBacc for example) – The EBacc is not a new qualification in itself, but will recognise students' achievements in English, mathematics, sciences, a language and a humanities subject. The introduction of English Baccalaureate (EBacc) incentivises schools to place students on courses that will enhance their EBacc achievements, and is likely to diminish the value of non-EBacc academic subjects, as well as courses with a higher vocational component. It may result in schools encouraging pupils to follow a 'narrower,' more traditionally academic curriculum from earlier on, which may in turn lead to greater numbers of pupils disengaging from learning.

These issues will be addressed by creating genuine collaboration and partnership working between providers to ensure an integrated approach across the borough.

A new Economic Wellbeing sub-group of the Children's Trust has been set up. This group is focusing on:

- Employment and Skills.
- Raising Participation.
- Vulnerable Groups.
- Partnership Working.
- Careers Guidance (The role of Schools and the new All Age Service).

The new group is working alongside the partnership and is represented on it.

7

Croydon skills and employment plan **Action Plan**

The first annual action plan will cover 2013/14 financial year.



7. Action Plan

Equalities considerations

The Skills and Employment Plan is about supporting people from protected groups and other disadvantaged people and families to get into employment and break the cycle of worklessness and being state-dependant. 'Making work pay' is the fundamental principle adopted by the coalition government and all new legislation is aimed at encourage and incentivising people to become

economically active. The Plan brings this principle to local level and provides the overarching principles and strategic objectives to support those who find it hard to get employment for a variety of reasons. Protected groups in most cases fall into this category.

The SE Plan focuses on support for the most disadvantaged to help them develop their skills set and be competitive on the labour market.



Action Plan

An action plan for each financial year will support the plan. It will cover key activities linked to the objectives agreed within the current 'live' refresh of the Economic Development Plan and the new plan that will be implemented for 2013-18.

The annual plans will seek to identify the proposed actions alongside the strategic fit of the refresh and new Economic Development Plan which will supercede the refresh during 2013. Complementary action plans from the partners' relevant strategic documents will help shape and guide the action plan, identifying which activities may be adopted and what a suitable timeframe may be.

The annual action plans will reflect the proposed changes to welfare provision, the development of the new Work Programme, collaboration with prime contractors and any new skills and employment interventions and funding sources identified including area based grants. As such these plans will form the guide to what generic activities can be put in place quickly that will make a difference, leaving more scope to shape a response to new opportunities as they arise.

The first annual action plan will cover 2013/14 financial year. The plan is available as a separate document.

The delivery of The Skills and Employment Plan 2013-18 is a responsibility of the Council's Economic Development Team. If you would like to request any further information please contact the team: economy@croydon.gov.uk

