

# Lambeth Equality Commission

## A Lambeth for all Residents

### Briefing Paper 3: Inequality in employment

#### Summary and Introduction

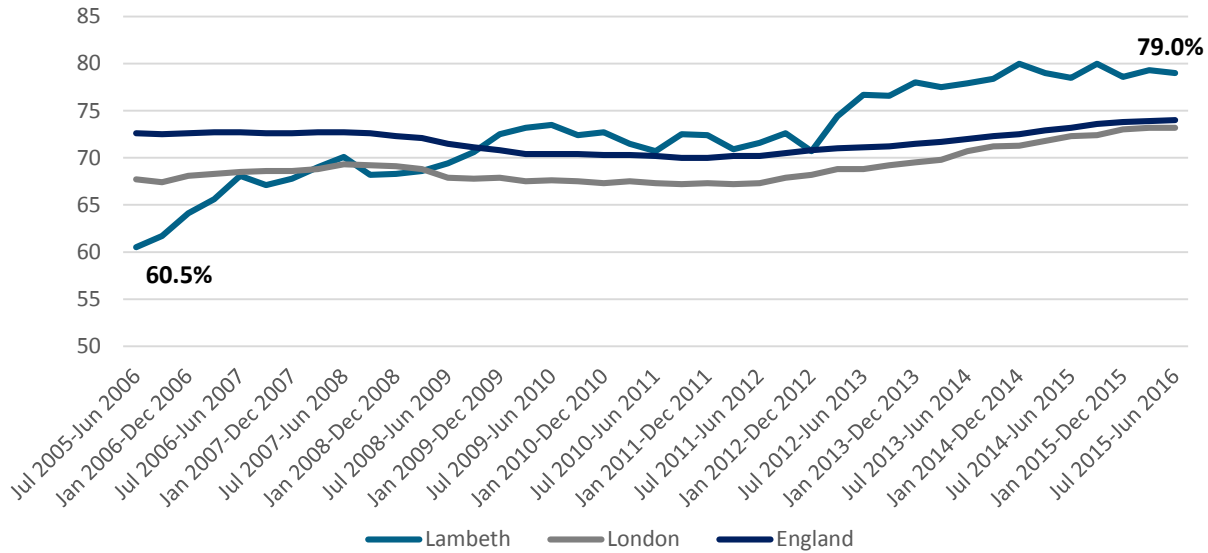
1. The Commission has identified four groups of residents of particular concern in relation to inequality overall. These are Black African and Caribbean, Somali, Portuguese and people with disabilities. The evidence we are able to collect on employment and income allows us limited scope to consider these different groups individually, but we have set out the key evidence we have relating to the interaction of ethnicity, health and disability and labour market performance.
2. This paper presents and analyses demographic and labour market data to pull out evidence about inequalities in the local labour market. It argues that there is a very strong connection between the level of qualifications people have and their employment status. As the London economy, and in particular financial services and scientific, technical and professional services have strengthened over recent years, highly qualified migrants have been attracted to Lambeth among other boroughs. This has led to increasing housing costs, as well as significant investment through development in the borough, and an increase in the overall employment rate. As families and people in private rented accommodation have moved out of Lambeth, and welfare reforms have impacted on benefit recipients, this has led to increasing disparities between young and highly qualified residents, and older, more established residents, who are more likely to be unemployed and living in social housing.
3. This report examines the evidence on the make-up of unemployment and low pay, and discusses the current changes in demand for labour, and likely implications for the borough's residents. National employment programmes are then summarised, and reviewed in relation to whether they support the priority groups identified. The report then looks at the priorities in the Council's Investment and Opportunity Strategy, and Financial Resilience Strategy, which have been developed in response to the changing economy and labour market. Council initiatives have been developed on the basis of the need to support people facing the most significant barriers to improving their income and employment status, by filling gaps in national programmes.
4. Finally a number of questions are suggested, that the Commission might wish to consider on further initiatives that the Council could and should take in response to the issues raised, and whether there are issues on which the council should lobby government and other agencies.

#### The Lambeth Context: Labour Market – Employment and Growth

5. Through a mix of natural population growth and an increase in net in-migration to the borough, the total number of Lambeth residents increased by 50,100 in the last decade, rising to 324,400 in 2015. Almost 80% of the working age population are employed, the third highest rate in in London. This means that Lambeth can be considered as almost having full

employment. This is a reflection of the dramatic change that has occurred in Lambeth over the past decade, as shown in the following chart.

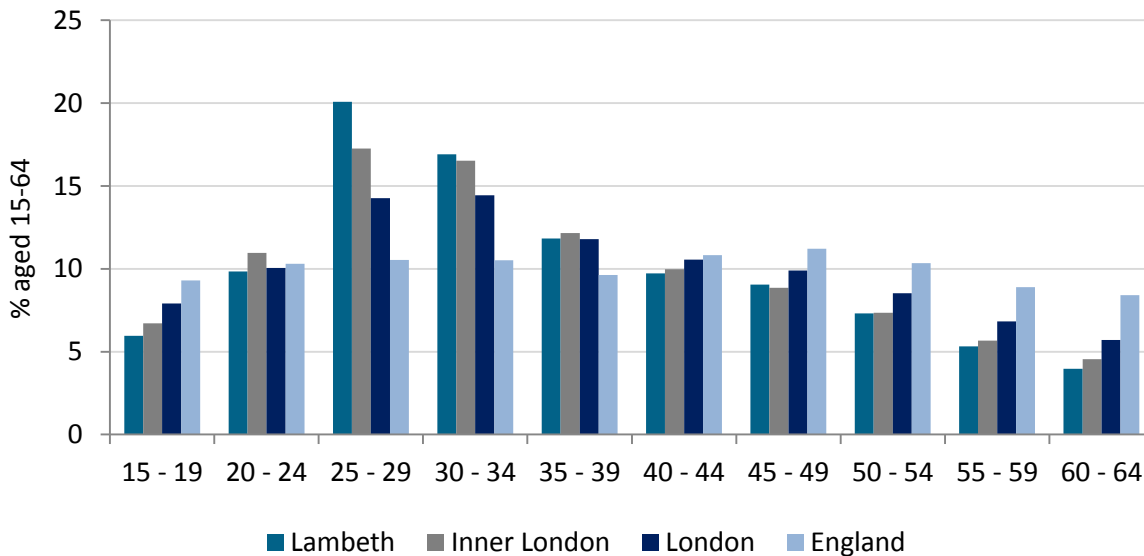
**Figure 1: Employment rate change over time (% aged 16-64)**



Source: ONS Annual Population Survey

- This remarkable increase in the employment rate reflects the migration of young and highly qualified people into the borough, and corresponding movement of older residents with children out of the borough. The chart below shows the large number of young working age residents in Lambeth today.

**Figure 2: Profile of working age population by broad age group (% aged 15-64)**



Source: ONS Mid-year Population Estimates

- There is a significant Black and Minority Ethnic (BME) population in the borough, with 41.7% of residents from BME groups in 2015. Although this is slightly below the London average (42.1%), it represents a slight growth in the proportion of the population from 2005 when BME groups accounted for 39.6% of the population. In addition, immigration to Lambeth from

Mediterranean EU countries has increased as evidenced by leading nationalities for National Insurance number registrations in the borough.

**Table 1: Leading nationalities for National Insurance Number Registrations (NINo) to overseas nationals in Lambeth (pre vs. post-recession)**

2003/04 - 2007/08			2008/09 - 2012/13		
Rank	Country	Number	Rank	Country	Number
1	Poland	7,750	1	Spain	5,520
2	Australia	4,730	2	Italy	4,790
3	France	2,630	3	Poland	4,550
4	Portugal	2,440	4	Australia	3,980
5	Italy	2,020	5	Portugal	3,810
6	New Zealand	1,590	6	France	3,690
7	Jamaica	1,590	7	Rep of Ireland	1,980
8	Nigeria	1,470	8	Nigeria	1,540
9	Spain	1,350	9	New Zealand	1,410
10	Ghana	1,270	10	Brazil	1,250

Source: Department for Work and Pensions

Many people also move into the borough from more expensive parts of London or cities with large universities; and leave to go to more affordable neighbouring boroughs – particularly Croydon.

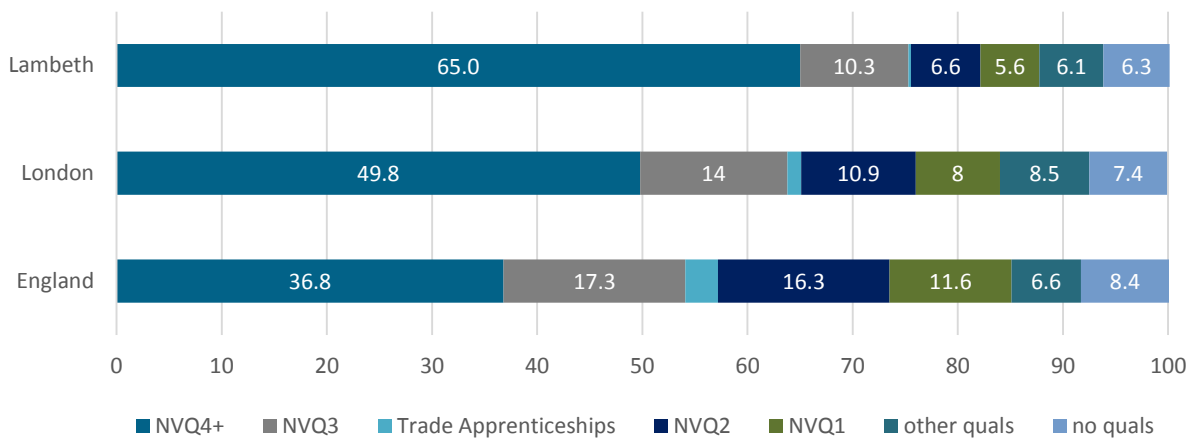
### Skills attainment

8. Many new residents have high levels of skills, and this is the most critical factor in determining their position in the employment market. **The high employment rate is closely associated with and driven by a rise in the qualification levels of the resident population.** As people have moved into the borough (including many recent graduates<sup>1</sup>), the number of residents holding higher-level qualifications has risen considerably. 154,200 or 65.0% of the borough's residents aged 16-64 were qualified at NVQ Level 4 or above in 2015, compared to just under half (49.8%) for London as a whole<sup>2</sup>. By comparison, only 40% of working age Lambeth residents were qualified at NVQ Level 4 or above in 2005.

<sup>1</sup> ONS (2014) Focus on London moves

<sup>2</sup> ONS APS

Figure 3: Highest qualification of working age population (% aged 16-64) (2015)

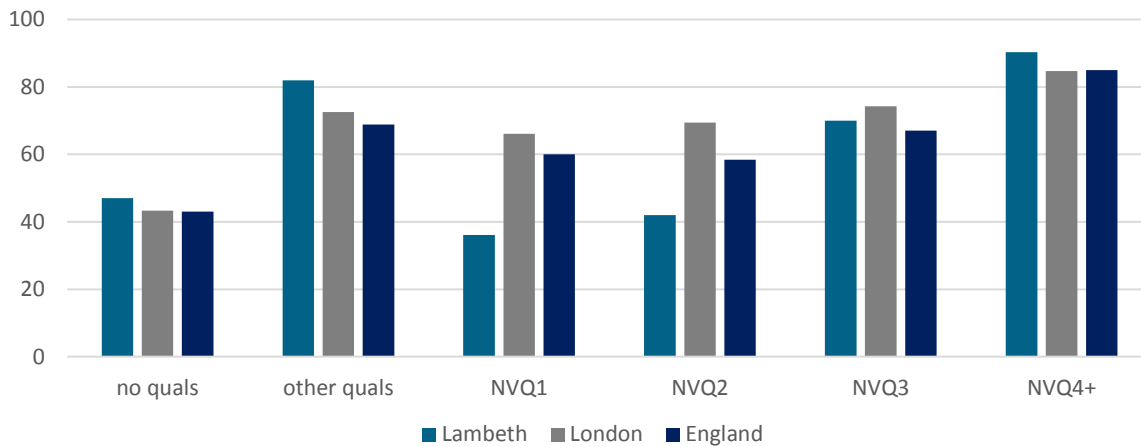


Source: ONS Annual Population Survey

9. Over two-thirds of working Lambeth residents commute to other parts of London to work, with the City and the rest of central London easily accessible.
10. London’s workforce is becoming increasingly highly skilled and demand for qualifications is set to increase. As a result there will be increasing competition for lower skilled work – only 0.5% of job openings in the future will be open those without any formal qualifications. Intense competition for low skilled jobs will hold down wages in these positions making them increasingly precarious<sup>3</sup>. **This suggests that inequality between those with and those without qualifications is set to increase further over the coming years, and that supporting residents to obtain skills and qualifications related to employer demand will be more and more critical.**
11. And in Lambeth there were still 36,200 working age residents qualified at NVQ1 or below in 2015 – equivalent to 15.2% of 16-64 year olds, broadly in line with the London (15.6%) average and below the national rate (20.6%). Just 41.9% of the Lambeth residents only qualified at NVQ1 or below were in employment in 2015, compared to 91.5% of those with qualifications at NVQ4 or above.

<sup>3</sup> Financial Resilience Strategy 2016

**Figure 4: Employment rate by qualification level (2015)**



Source: ONS Annual Population Survey

### Low pay and in-work poverty

12. As well as those out-of-work, large numbers of Lambeth residents are in work but on a low income, either because it is low paid, or part-time. Overall, median earnings for employees living in the borough are relatively high.<sup>4</sup> But 19% of employees living in Lambeth were paid below the recommended London Living Wage in 2015-2016, in-line with the inner London average.<sup>5</sup> This indicates that around 30,000 residents are likely to be in-work on 'low-pay'. However, a significant number of the borough's 38,500 self-employed residents will also be on lower incomes, with recent research suggesting that 67% of self-employed Londoners earn less than the equivalent of a full-time employee on the London Living Wage.<sup>6</sup>
13. For many residents, as shown in case studies from our residents survey in 2015, it is increasingly difficult to progress in the labour market towards well-paid jobs because the labour market is 'hollowing out' - that is, jobs growth is increasingly at the top end of the pay distribution, but with fewer opportunities in the middle. This is of course a greater issue for those without skills and formal qualifications.<sup>7</sup>
14. The chart below shows low pay across London by where people live and work. In Lambeth, there is a relatively low proportion of jobs that pay below the London Living Wage. In terms of residents, the proportion of residents paid below the London Living Wage is just under the average in London. Nationally, poverty rates tend to be higher for self-employed families and low paid work is increasingly made up of part-time employees<sup>8</sup>.

<sup>4</sup> Around £33,300 a year for full-time workers in 2014 compared to £33,200 for London and £27,900 for England as a whole source: ONS

(2015) Annual Survey of Hours and Earnings

<sup>5</sup> London Poverty Profile (2015) based on ONS ASHE data for 2013-2014

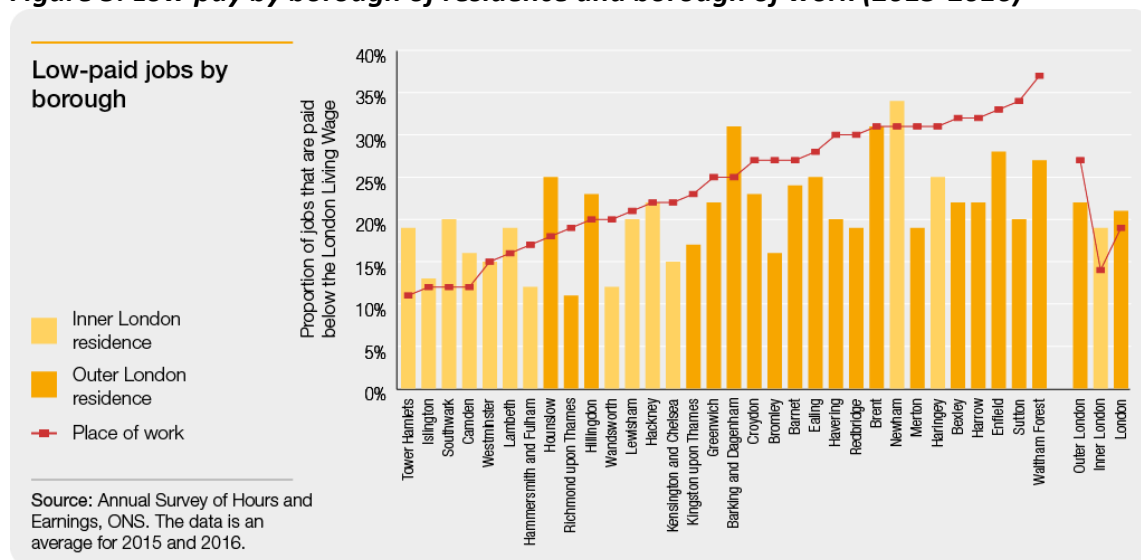
<sup>6</sup> Social Market Foundation (2016) Tough gig: Low paid self-employment in London and the UK

<sup>7</sup> For example, research suggests that individuals with no qualifications are 61% more likely to be at risk of cycling in and out of work than

the workforce as a whole – source: Inclusion (2013) Work in progress: Low pay and progression in London and the UK

<sup>8</sup> Financial Resilience Strategy 2016

Figure 5: Low pay by borough of residence and borough of work (2015-2016)



15. As people with fewer qualifications tend to travel shorter distances to work, the jobs that are in the borough are most important for these residents. This raises the question of the **changing composition of jobs in the borough and London as a whole**. While there is not room in this report to review in detail the make-up of the local economy, Lambeth has a very high concentration of health and social care, employment, which is one of the sectors, along with education and administrative and support services, where there could be more opportunities for lower qualified residents to enter and progress. **Developing access to careers in these sectors through apprenticeships, qualifications recognised and supported by employers, and clearer career progression pathways will be important to maximising the benefits to Lambeth residents.**

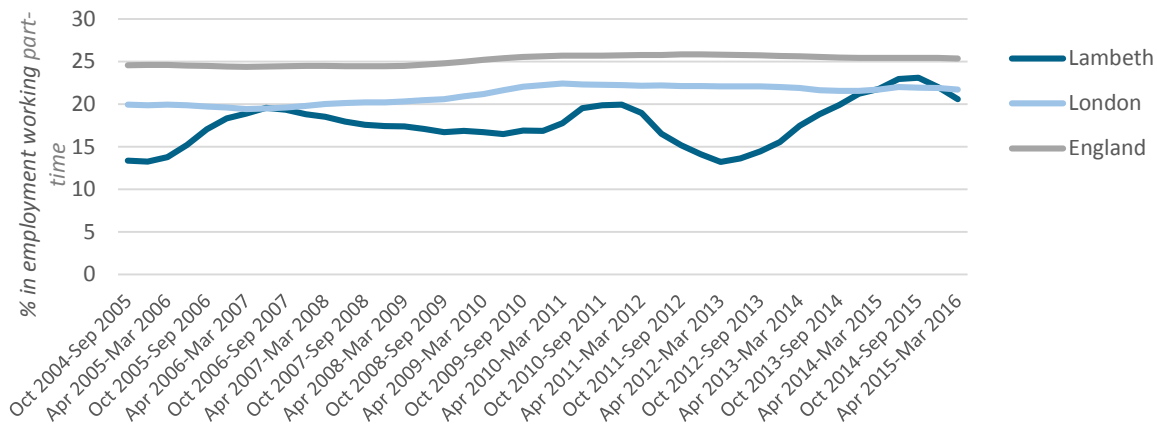
#### Part-time employment

16. According to the ONS Annual Population Survey, there were 190,300 Lambeth residents aged 16-64 in employment in the 12 months to March 2016. Of these, 157,100 were in full-time employment and 32,400 were in part-time work. This follows a significant rise in part-time employment in the last decade. Since the 12 months to March 2006, the number of working age Lambeth residents in part-time work has increased by 11,600 or 56% - a far higher rate of growth than for London (33%) or England (11%) over the same period (albeit from a lower base).

17. Part-time employment is particularly high among certain groups of Lambeth residents. For example:

- By gender, the rate of part-time employment is higher among working age women (30% of those in employment) than men (12%); and,
- By age group, part-time employment is more common among younger residents (42% of 16-24 year olds in employment) and older residents (33% aged 50+) than among 'prime working age' residents (15.5% aged 25-49).

**Figure 6: % in employment working part-time - aged 16-64 (4-period-moving average)**



Source: ONS Annual Population Survey

18. These differences can have important implications in terms of pay and progression. For example, almost half (48%) of London’s part-time employee jobs were paid below the London Living Wage in 2015<sup>9</sup>; while over a fifth (21%) of the part-time workers living in the capital say they are working part-time because they could not find a full-time job.<sup>10</sup> According to the Timewise Foundation: “77 per cent of people working part-time get stuck in their jobs”.<sup>11</sup>

**Unemployment and economic inactivity**

19. In-line with wider labour market improvements, **unemployment has fallen sharply**. In the year to June 2015, just 13,500 Lambeth residents aged 16 and over were out of work but seeking and available for work. At 6.6% of economically active residents, the unemployment rate is considerably below its pre-recession average (9.2% from 2004-2008) and in-line with the London average; while the gap with the unemployment rate for England (5.6%) has narrowed.

20. There are also 36,200 working age residents who are either not looking for work or not available for work (classed as ‘economically inactive’). There are various reasons for this, with a relatively high proportion of students in Lambeth (13,500). The number also includes people with caring responsibilities (7,500) and long-term sickness (6,600). As a total, the rate of economic inactivity is far below the London and England rates at 15.3% of 16-64 year olds, as against 22.6% in London and 22.3% nationally.

21. The following sections of the report look at those factors that feature most clearly associated with higher levels of unemployment.

**Health and disability**

22. 38,670 people in Lambeth have their day-to-day activities limited by a long-term illness or disability equal to 12.8% of all residents. Overall, on this measure, Lambeth has a relatively low rate of residents with limiting long-term health problems or disabilities across the population (14.2% for London and 17.6% for England across all age groups). However, among

<sup>9</sup> London Assembly (2016) The Hourglass Economy An analysis of London's labour market

<sup>10</sup> ONS (2016) Regional labour market statistics in the UK: Sep 2016

<sup>11</sup> London Assembly (2016) The Hourglass Economy An analysis of London's labour market

the 50-64 year olds group and 65 and over group, the rate is high in Lambeth. The majority (60%) of residents with a limiting long-term health problem or disability are aged 50 and over.

23. Lambeth has one of the highest rates of mental health conditions in London, with 36,000 residents experiencing a common mental health disorder. There are a range of issues associated with mental health conditions including, low income, unemployment, poor physical health, social isolation and difficulty with managing finances.
24. Employment and Support Allowance (ESA) is the benefit specifically aimed at those who are unable to work due to incapacity, along with the incapacity-related benefits (IB) which ESA superseded upon its introduction in October 2008, but which are still payable to people whose claims began before this date.
25. In February 2016 the DWP Claimant Count shows there were 12,720 people of working age in Lambeth claiming an incapacity-related benefit, accounting for over half (57.8%) of all key out-of-work benefit claimants in Lambeth. At 5.4% of the population aged 16-64, the rate of ESA/IB claimants in Lambeth was above the London average, at 5.1% (but below that for Great Britain as a whole (6.2%).
26. 48.9% of Lambeth ESA/IB claimants have mental/behavioural disorders as their primary condition (5,900 residents). This is above the rate nationally (48.5%). 10.9% of claimants suffer primarily from musculoskeletal or connective tissue disorders, lower than the rate nationally (12.6%).
27. Some residents who are claiming ESA/IB will be included in the estimates of unemployment, but others may be counted as “economically inactive” instead (in the category of long-term sick or disabled). Of the 36,300 people aged 16-64 who are economically inactive in Lambeth (including other groups such as retired, full-time students, looking after the home), around 33% want a job<sup>12</sup>. This means that some of our ESA/IB claimants are likely to want a job. Current government policy also means that many ESA/IB claimants are being forced to engage in “work-related activity”.
28. The employment rate for working age residents with a disability is 47.1%. This is lower than the employment rate for residents without a disability (85.3%) and lower than the comparable rate for London (50.0%). Men with a disability are more likely to be in employment than women with a disability (52.3% compared to 41.9%)<sup>13</sup>.

### **Ethnicity**

29. 41.7% of Lambeth residents are from Black and minority ethnic groups, mainly from Black African, Black Caribbean, Portuguese and Somali backgrounds. In Lambeth 25% of households do not have English as their first language<sup>14</sup>.
30. Unemployment in Lambeth now stands at just 6.5%, far lower than five years ago when the unemployment rate was over 10%, and similar to the London average of 6.1%. But

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<sup>12</sup> ONS Annual Population Survey July 2015 to June 2016

<sup>13</sup> *ibid*

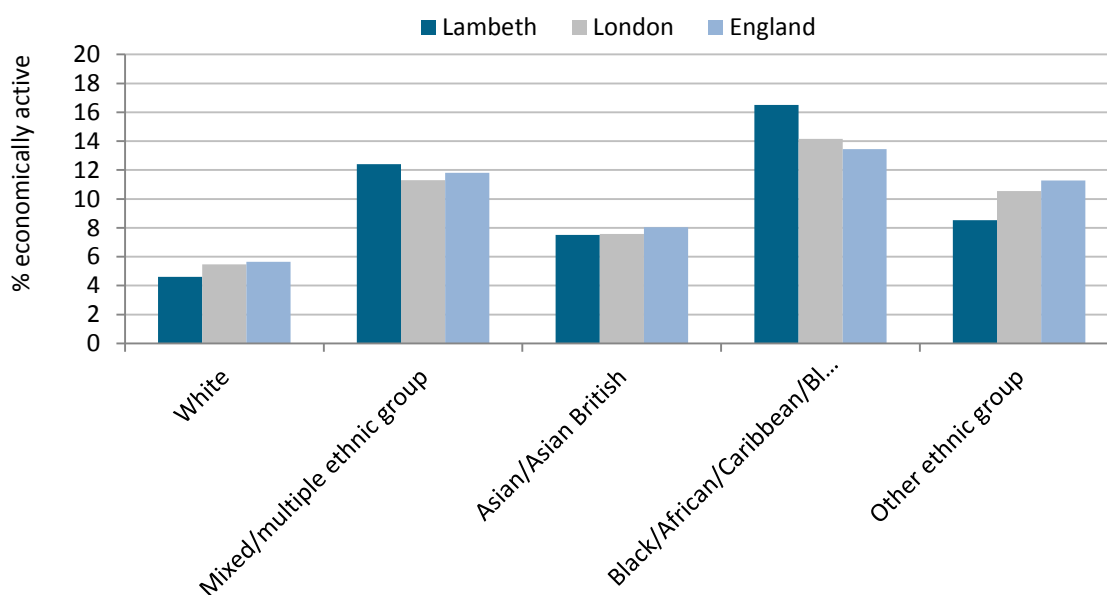
<sup>14</sup> Financial Resilience Strategy 2014-16



unemployment is notably higher for people from Black and minority ethnic (BME) groups. There are 9,500 people from BME groups that are unemployed in Lambeth. At 17.9% of economically active BME residents, the rate of unemployment was significantly higher than the Lambeth (6.5%) average for this period, as it has been over the last decade. The BME unemployment rate in Lambeth is also higher than the London (9.2%) or national (9.3%) averages. Due to the sample sizes it is not possible to get a more detailed analysis of unemployment by more specific ethnic groups<sup>15</sup>.

31. Some more detailed analysis is available using the 2011 Census, although this data will now be five years out of date. As the chart below shows, unemployment varies significantly among Lambeth residents from different ethnic backgrounds. The unemployment rate is particularly high among Lambeth residents from a Black background. Excluding full-time students, 16.5% of economically active Black residents were unemployed in 2011, above the London (14.2%) and England (13.5%) averages for this group and almost four times higher than the unemployment rate for white residents in Lambeth (4.6% in 2011). Unemployment among residents from mixed ethnic backgrounds was also relatively high, while unemployment was lower than the London and England averages for white residents, as well as residents from an Asian background or other ethnic groups.

**Figure 7: Unemployment by ethnic background (% economically active aged 16+) (excluding FT students)<sup>16</sup>**



Source: ONS Census 2011

32. We know from clearly documented studies that there is **discrimination on ethnic grounds** that is not explainable on the basis of other factors such as differences in qualifications. The DWP published a paper that conducted a test for racial discrimination in recruitment in cities,

<sup>15</sup> ONS Annual Population Survey July 2015 to June 2016

<sup>16</sup> Census, 2011

demonstrating name-based discrimination across ethnic groups.<sup>17</sup> This related to the early stages of recruitment processes, and applied equally across all ethnic minority groups.

33. The Lambeth Residents' Survey suggests that Black Caribbean and mixed ethnicity residents are more likely to feel their financial circumstances have got worse over the last 12 months compared to other ethnic groups (35% and 32% respectively, compared to 20% for all residents). This suggests that these residents are not currently feeling the benefits of economic growth.
34. Low pay is also concentrated by ethnicity: 41% of employees of Black African origin in London were on low pay between 2011 and 2013, more than double the rate for White British employees (17%).

## **Age**

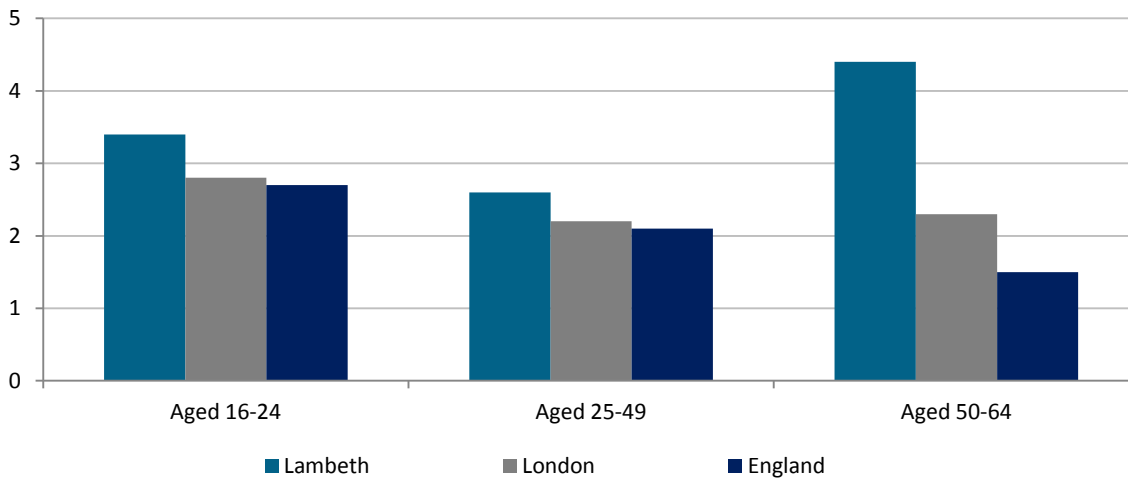
35. The employment rate for 25-49 year olds is very high in Lambeth at 88.1%, and higher than the London average of 81.8%. The employment rate for 50-64 year olds is 71.2%, again higher than the London average of 68.6%, but significantly lower than the previous age group. However, just 37.0% of 16-24 year olds in Lambeth are in employment, lower than the London average of 46.8%. This lower employment rate for 16-24 year olds might be expected because many will be in education or training (although there is considerable uncertainty in this data due to smaller sample sizes).<sup>18</sup>
36. Lambeth has the highest rate of long-term unemployment in London, and those aged 50-64 are disproportionately represented in this group (2.2% of all those aged 50-64 have been on JSA for more than 12 months, compared to 0.9% in London and 0.6% nationally).
37. The youth unemployment rate may not be well represented by the JSA count in the chart below, because many young people do not claim benefits, and it is hard to determine a clear picture of the unemployment rate for young people. It is also the case that gaining the first entry point on the career ladder is hard for all young people and in many cases once in employment they are able to progress. However, the routes through education and into work are more straightforward for those more academically able pupils who progress through A-levels to university, and are then able to access entry-level jobs more easily. For those pupils who leave school without A-levels, the journey is far more complex to navigate, and the transition from school to college to employment more uncertain.
38. **In an increasingly competitive market for entry-level jobs, young people, particularly those without good qualifications, find it very difficult to navigate their way through education and training options and find a good career.** In this context the development of good quality careers guidance, and clearer routes through vocational education into employment is crucial. It will become increasingly important if, as is predicted, demand from employers continues to move towards an expectation of higher-level qualifications.

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<sup>17</sup> DWP Research report 607, A test for racial discrimination in recruitment practice in British cities, 2009

<sup>18</sup> For example, the relatively low employment rate reported for Lambeth for 16-24 year olds follows a significant decline in youth employment recently. It is unclear to what extent these trends reflects data issues alone.

**Figure 8: Claimant count rate by age group (% of age group) (2014)**



Source: JSA Claimant Count

## Conclusions from the evidence – which groups suffer inequality in employment?

39. The evidence clearly shows that there are some groups of residents in Lambeth who are less likely to be in employment and/or more likely to be struggling with low incomes. Lambeth residents who are out of work are more likely to have some of the following characteristics:

- Have lower levels of qualifications
- Living in social housing
- From BME backgrounds
- Have lived in the borough for more than 5 years, and in many cases more than 10 years
- Have a health condition or disability, with mental health issues particularly prevalent
- Have been out of work for at least 12 months, and in many cases for over 5 years
- Either under 24 years old or over 50 years old.

40. As we have seen from the evidence, being in work does not mean that Lambeth residents will avoid living in poverty. Around 1 in 5 Lambeth residents who are in employment are in a low paid job, whilst others are affected by the Government's welfare reforms and the rising cost of living in inner London.

41. The evidence gathered for the council's financial resilience strategy included a wide range of poverty-related analysis. It suggested that the most over-indebted people in Lambeth are "stretched families" who are in work, on low pay. These are people on modest incomes who are likely to be in rented, probably private rented accommodation, and supporting children. The typologies identified also included social housing tenants, who were more likely to be black and in receipt of out-of-work benefits.

42. In addition, ongoing welfare reforms, will continue to have a disproportionate impact on particular groups. For example, single parent households with children will be significantly affected by the introduction of the lower benefit cap from November 2016, while many low-income households moving on to Universal Credit over the coming years will also face a reduction in their incomes.<sup>19</sup>

### **Investment and Opportunity Strategy**

43. This evidence has been used in the development of plans and strategies by the Council and local partners, and is reflected in the analysis for and the content of the Council's recently published Borough Plan.
44. Lambeth's Investment and Opportunity Strategy confirms the Council's commitment to economic growth in the borough and describes the ways in which the Council will use the proceeds of growth to benefit local residents and businesses. This strategy was approved by Cabinet in June 2015.
45. The London economy will continue to grow over the coming decade, and the Council will take a proactive approach to encouraging and shaping development in the borough. The strategy sets out the practical benefits that economic growth will bring to local people and businesses. Five priorities are identified:
- Priority one: accelerate and shape growth to benefit local people;
  - Priority two: develop skills provision to meet employer needs;
  - Priority three: equip young people for the economy of the future;
  - Priority four: provide personalised employment support for people with complex needs; and,
  - Priority five: create a supportive local economy to enable small business growth.
46. The strategy states that to deliver these, the Council will use the assets and levers at its disposal, and work collaboratively with a broad range of partners, seeking to get the most benefit from the limited resources available. Priorities two, three and four have clear links to the work of the Commission.
47. **The largest numbers, by far, of out-of-work benefit claimants are now claiming health-related unemployment benefits, and these claimants can have a complex range of barriers to work.** As well as health-related barriers this can also include issues relating to housing, money/debt, childcare and criminal records. This is why the Investment and Opportunity Strategy prioritises **personalised employment support, recognising that each individuals' circumstances will be different** and that they are likely to require support to address issues that are broader than just those related to employability.
48. Given that these residents have been out-of-work for such a long period of time, they are likely to require a more gradual move to employment that familiarises them with workplace

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<sup>19</sup> Working households on Universal Credit are set to lose an average of £1,000 in 2020, rising to £1,300 for those with children – source: <http://www.resolutionfoundation.org/media/press-releases/low-income-working-families-on-universal-credit-set-to-lose-1300/>

expectations but provides them with support to improve their confidence and motivation to work. There are currently a limited number of supported employment opportunities in the borough. Intermediate labour market interventions can be successful, providing employment by financially incentivising employers to take people on who require greater levels of support in their first months in work – and thereby recompensing them for lower productivity.

49. The Investment and Opportunity Strategy also recognises that skills provision needs to be ensuring that residents are gaining the skills and qualifications that are relevant to what employers are seeking. Also highlighted is the need to encourage workforce development, both by employers and by employees. Linked to this, the priority relating to young people aims to increase the number of quality vocational career pathways available to young Lambeth residents. This involves increasing the number of apprenticeships, and increasing the number of young people taking up those opportunities. This involves getting more employers to engage with schools so that young people are inspired from an earlier age and understand the career opportunities available to them locally.
50. This issue is not expanded on in detail in this employment and income paper, but will be developed as a theme around youth and transition in the work under the Education strand.

### **Financial Resilience Strategy**

51. Lambeth's Financial Resilience Strategy was approved by Cabinet in April 2014 and updated in January 2016. Financial resilience is about ensuring residents have the skills and resources to be able to cope with difficult situations as well as making the most of opportunities to thrive in the long-term. It is important because the cost of a lack of financial resilience is high to both households affected, such as debt and the impact on a person's wellbeing, and to the council and other public services.
52. For example, the cost to the NHS by those driven to illness by financial worries or the cost to the Council when someone becomes homeless because they cannot pay their rent. Our approach is about providing personalised support for people who claim a benefit, who are in low paid work or looking for work, through:
  - *Interventions at crisis points* – people do get into difficult circumstances and need emergency support but alongside this they need advice and support to avoid a future crisis.
  - *Prevention and early intervention* – by providing the right support before people get into difficulty and pre-empting problems.
  - *Sustainability* – building the skills and confidence of our residents so they are able to support themselves, be resilient and make the most of opportunities.
53. The strategy was co-produced with residents, partners, councillors, community groups, providers and many others. It has identified increasing income and employment as some of its priorities, and supports the Investment and Opportunity Strategy priority of increasing access to personalised employment support, along with addressing low pay, and supporting people to access the benefits that they are entitled to.

### **Employment support programmes**

54. The support provided by the DWP through its jobcentres is, and will continue to be, the principal employment support received by the majority of Lambeth residents. However, we know that it does not meet the needs of those Lambeth residents with the complex range of barriers described above. The following paragraphs describe firstly the role of Jobcentre Plus, and then the initiatives developed by the Council and its partners to take forward the priorities identified in the Investment and Opportunity Strategy and Financial Resilience Strategy.

### **The role of Jobcentre Plus – and national employment support provision**

55. Jobcentre Plus (JCP) is the working-age benefits arm of the DWP and has two core roles in the welfare system: administering working-age benefits; and providing a public employment service for the unemployed through its network of Jobcentres. JCP has a good record of helping the large majority of claimants to come off unemployment benefits relatively quickly. Around 75% of JSA claimants come off benefit within six months.<sup>20</sup> The National Audit Office found that Jobcentres represented good value for money and were adept at responding both to policy change and fluctuating claimant numbers.<sup>21</sup>

56. However, JCP are not able to work holistically in response to the complex range of barriers to work experienced by some unemployed people, and there are substantial numbers of Lambeth residents who have been unemployed for many years, as demonstrated through the figures provided earlier in this report, and others who cycle in and out of employment.

57. Support for the long-term unemployed is contracted out to private and voluntary sector providers under the Work Programme and Work Choice. The vast majority of participants in DWP's contracted welfare-to-work provision are referred to the **Work Programme**. Over 1.7 million people took part between 2011 and June 2015<sup>22</sup>, with providers primarily paid for defined outcomes related to sustained employment. Participation has been mandatory for JSA claimants and ESA claimants in the Work-Related Activity Group; financial sanctions can be applied for failure to participate. **Work Choice** is a smaller voluntary programme intended for people with more substantial barriers to employment arising from disabilities or long-term health conditions. So far Work Choice has helped around 210,000 people.

58. After a poor start, the Work Programme's success at getting the long-term unemployed back into work has improved; it is now judged to be performing at least as well as predecessor programmes.<sup>23</sup> However, evidence suggests that it is **not as effective for individuals that require more intensive or specialised help**, with providers tending to focus support on more 'work-ready' participants.<sup>24</sup> Work Choice is a more specialist employment support programme, but is far more limited in scale.

59. As overall claimant numbers have fallen but ESA claimant numbers remain high, JCP have focussed increasing attention on the connections between work and health. In response, a

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<sup>20</sup> See [link](#).

<sup>21</sup> National Audit Office (2013) Responding to change in Jobcentres

<sup>22</sup> DWP (2015) Quarterly Work Programme National Statistics to Jun 2015

<sup>23</sup> National Audit Office, The Work Programme, HC 266 Session 2014–15, July 2014

<sup>24</sup> Official statistics show that of the most recent monthly cohort of ex-IB ESA claimants to have completed one year on the Work Programme, only 3.9% had achieved three months of employment.

single **Work and Health Programme** will replace the Work Programme when it ends in April 2017, providing specialist support for the long-term unemployed and claimants with health conditions and disabilities.<sup>25</sup> The new programme will receive funding of around £130 million – a cut of around 80% on current spending according to the Learning and Work Institute.

60. The government has recently issued a green paper, asking for comments on a number of issues around Work and Health. The DWP is developing a number of additional interventions to support people with health problems into work, including work experience and supported employment programme for people with learning difficulties and disabilities.
61. The coming years will also see **the continued rollout of Universal Credit (UC) - the DWP's key welfare reform**. UC will replace six current benefits<sup>26</sup> with a single monthly payment. It aims to tackle the problems of poor work incentives and the complexity of current benefit arrangements. Universal Credit is currently applied to all new claims from single jobseekers. It is being introduced for other claimants in stages, and full service is in place in Southwark, but not yet in any of the Lambeth Jobcentres. Last year's Autumn Statement saw the Government make cuts in Universal Credit payments in order to implement the cuts in tax credits. There are concerns that this could undermine the programme's aims to reduce poverty and "make work pay".<sup>27</sup>
62. To support people to progress in work, Jobcentre Plus Work Coaches are now providing support to those in work, but still claiming benefits, to help them increase their hours or progress. These measures will make benefit payments to claimants who are in work, but on low earnings, conditional on them taking certain steps to increase their pay or hours.
63. The House of Commons Work and Pensions Committee has recently explored the future of Jobcentre Plus support, and raised concerns around the need for Work Coaches to provide support to a broader and more challenging caseload of claimants. The new model will require staff with expertise in disability and health conditions, and JCP will need to work increasingly with the voluntary sector to access their knowledge and expertise in these areas.<sup>28</sup>

#### **Council Programmes and pilots**

64. In response to the needs and priorities identified through our strategies, and to fill some of the gaps in national provision, we have started to implement a number of new approaches and programmes, and are developing further projects. **For those groups that are the focus of the Equality Commission work, that is, black and minority ethnic groups and people with**

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<sup>25</sup> It is expected to have funding of around £130 million a year – thought to be around 20% of the current level of funding for the Work Programme and Work Choice.<sup>25</sup> Further details will be unveiled in a white paper in early 2016 ([link](#)).

<sup>26</sup> Income Support, income-related Jobseeker's Allowance and Employment and Support Allowance, Housing Benefit, Working Tax Credit and Child Tax Credit

<sup>27</sup> According to the Resolution Foundation think-tank, working households on UC are set to lose an average of £1,000 by 2020 from the changes, rising to £1,300 for those with children. Although transitional protections are in place for households being transferred onto UC, so as to avoid overnight cash losses (see [link](#)).

<sup>28</sup> <http://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/news-parliament-2015/future-of-jobcentre-plus-report-published-16-17/>

**disabilities, the key interventions are designed to integrate service provision to provide holistic, personalised support to overcome a range of complex needs.**

65. There are many other projects delivered by organisations across the borough; the Council's aim is to fill gaps in provision and not to duplicate other programmes. Some of the Council and direct partner projects are outlined in the paragraphs below, although there are many other organisations also delivering support across the borough for Lambeth residents which are not described here.
66. It should be noted that the Council has no core funding available to provide employment support, but is able to access funding from a number of other sources, including using planning powers to negotiate contributions for employment and skills activity designed to offset the impact of developments by increasing access to employment for local residents.
67. **Lambeth Working** is the Council's directly delivered and locally-focused employment support project offering end-to-end employment support to residents facing barriers to entering work. It is designed to complement wider activity by coordinating and facilitating access to employment and skills support structured along a five-stage pathway to work. It works to support residents who would not be able to benefit from the unprecedented levels of growth without a support intervention. It identifies opportunities through development sites, supply chain contracts, end use jobs and existing employer networks and relationships and works to implement interventions that will address inequality of opportunity for residents facing barriers to employment. This includes people with physical and mental health opportunities, unemployed and disadvantaged young people, people affected by the benefit cap and the long-term unemployed. As an example of the work, Lambeth Working worked closely with Sainsbury's at Nine Elms on a programme to support residents into end use opportunities created through the development. The successful candidates included one with a mental health condition, one with a learning disability, and one candidate who had not worked for 35 years. Overall, in the first 6 months of this financial year, 85 residents were supported into work, and 43 into apprenticeships. Over half of residents required intensive support – 159 out of 268 residents receiving support in this period.
68. **Pathways to Employment** offers person centred employment support for residents with complex needs in Lambeth, Lewisham and Southwark to ensure they do not end becoming, or staying, long-term unemployed and cycling in and out of different employment support programmes. *Pathways* is a partnership approach between the three councils and Jobcentre Plus (JCP). The programme is delivered out of a Jobcentre in each of the three boroughs and is commissioned until May 2018. Pathways is about trying to break through the silos that our most vulnerable residents get caught in all too often, and bringing together the work of multiple agencies and partners around the needs of an individual. Individuals are triaged by the Jobcentre on to the programme at the point at which they are most at risk of becoming long-term unemployed and referred to the programme for holistic person-centred support. This is designed to address multiple barriers to work, including skills, housing, debt, family, and childcare. Since December 2014 180 residents across the three boroughs have got into work. Pathways has been seen as a model of excellent practice, most recently in the Work and Pensions Select Committee's welfare-to-work report (published in October 2015), which



recommended its key principles be adopted on a national scale. The three councils are looking to roll out the programme across the boroughs in the context of Universal Credit.

69. **Working Capital** offers a similarly person-centred approach to employment support combined with a health assessment and health-related support, for those people who are long-term unemployed and on Employment Support Allowance. It is a 5-year pilot programme agreed with and funded through the DWP, but delivered by local authorities across the central London area. It has been operating in Lambeth for just over one year, through a small team based within the Lambeth Living Well hub in Streatham Jobcentre. This enables the support to be aligned with and supported through the Living Well hub. To date the job outcomes have been modest, but many of the residents on this programme have been out of work for many years (often over 20 years), and require a considerable amount of support before they are ready to access employment.
70. **Camden Society** Lambeth Council acts as Lead Accountable Body for a DWP funded Flexible Support fund programme delivered by The Camden Society, working to support residents with learning disabilities and learning difficulties into appropriate employment opportunities. The project employs a full time employment advisor, and a part time employer engagement worker who work on a peripatetic basis, including co-location with Jobcentre Plus and with Lambeth Working at Brixton Library. From project commencement in July 2016, the project has supported 11 individuals into employment, including 3 into opportunities secured through relationships with Lambeth Working – two from S106 end use opportunities and one within the Council supply chain.
71. **Lambeth Adult Education** - Lambeth Council's Adult Learning (LAL) service is funded by the Skills Funding Agency (SFA) to provide education and training across the borough to adults aged 19+ living and working in the borough. The service procures community based provision from providers on its framework contract. Seven providers have been subcontracted to deliver adult community learning in 2016-17: Morley College, MI ComputSolutions, Lambeth Family Learning, High Trees Community Development Trust, Independance, Spires and Tree Shepherd. The service aims to widen participation in lifelong learning and promote social inclusion in Lambeth; and, give Lambeth residents the skills and confidence to progress to further learning and/or employment and make progress in their lives. Its targets disadvantaged people within the community (including homeless; older people; people from black and minority ethnic backgrounds; people with low skills (below level 2); non English speakers; those who are isolated in the community); unemployed people or people wishing to improve their employment opportunities; and, parents and carers. Courses are run at entry level to level 2 (equivalent to GCSE level) and focus on a wide range of community learning topics, for e.g. active citizenship; arts and crafts; and, health and wellbeing. For those wishing to get into work, to volunteer or progress to more advanced further and higher education, courses help residents improve English, maths, IT, vocational, personal and social skills.
72. **Living Wage** – The Council is an accredited Living Wage employer. This recognises that the Council not only pays its staff at least the London Living Wage, but that we expect the same from our suppliers and contractors. The Council has made significant progress in embedding payment of the London Living Wage in our contracts, including in Social Care with the vast

majority of care workers now being paid the London Living Wage. The Council also seeks publicity opportunities to encourage local businesses to pay the London Living Wage, and supports the work of partners such as Lambeth Citizens in promoting the London Living Wage to businesses in the local community.

73. **Low pay pilots** – As well as working with employers, the Council has begun to explore how we can work with residents to support them progress from low paid jobs. The Council, Walcot Foundation and Hyde Housing have funded Timewise, an organisation that works with women in low paid jobs and supports them to access better paid, part-time jobs that more adequately reflect their skills and experience. The Walcot Foundation and Trust for London are also funding a further five projects that are supporting residents in low paid work to find better paid employment. They are piloting a range of methods to engage and support low paid workers including through encouraging employers to develop their workforce; supporting people with qualifications gained abroad to find employment appropriate to their qualifications, including support with English language skills where needed; improving people’s confidence and ambition; and improving the social networks of people in low paid work. In the first year of these projects 130 Lambeth residents have been supported.
74. **In addition, and in response to our understanding of the complex landscape young people face in transitioning from school and entering the labour market, we are also implementing the following programmes:**
75. **14 – 19 ESF Careers Cluster** – the Council has recently secured funding of £666,666 to deliver a programme of careers support through employers for pupils in Lambeth schools. This is being led by the Council’s education service, with Lambeth Working, Lambeth College, CLC Building Futures and London South Bank University, in partnership with the borough’s 16 secondary schools and employers. The main objectives of the programme are to ensure London’s young people make successful school to work/Higher Education (HE) transition by helping schools and colleges to deliver a high quality and comprehensive careers guidance offer that responds to the opportunities and developments in industry sectors. There is a particular focus within the project to support disadvantaged young people with a particular focus on under and over achievers from disadvantaged backgrounds improvements in Special Needs Delivery and for support children looked after/leaving care.
76. **Apprenticeships** – one mechanism for increasing opportunities for learning and employment for young people in particular, is through increasing the availability of apprenticeships. The Council has been promoting apprenticeships through Lambeth Apprenticeship Ambitions a 16- 19 year old awareness-raising programme run in partnership with Lambeth College and LSBU, targeting young people and their parents, in addition to working with employers to increase vacancies for young Lambeth residents. It is also supporting young people, particularly those further from the labour market, into apprenticeship positions within the Council, and is currently preparing for the forthcoming apprenticeship target for public sector organisations. This will significantly increase the numbers of opportunities the Council provides over the coming year. In addition, we have secured opportunities as part of agreements with developers on construction sites, and through the Council’s supply chain.

77. **Lambeth Early Help** – The new Early Help Service consolidates the Multi Agency Team (MAT) 1&2 and the Troubled Families (TF) Team (Aspirational Lambeth Families Programme). The Early Help teams include Early Intervention Social Workers and Early Help Practitioners, NEET advisers, Educational Welfare Team, Employment Advisers and Early Help Team Managers. The Early Help service supports children, young people and their families. The team works under the national Troubled Families programme to support families who meet two or more of the following:

- Parents and children involved in crime or anti-social behaviour;
- Children who have not been attending school regularly in the last 3 consecutive terms;
- Children who need help: children of all ages, who need help, are identified as in need or are subject to a Child Protection Plan;
- Adults out of work or at risk of financial exclusion or young people at risk of worklessness;
- Families affected by domestic violence and abuse; and
- Parents and children with a range of health problems.

## Gaps and initiatives under development

78. **Work and Health programme** – The Council is currently working with other Central London Boroughs on the details of the operation of the new Work and Health Programme which in London will be part of the devolution package currently being agreed between government and the GLA with London councils. It is a new DWP employment support commission which follows on from the previous Work Programme and will run for 4 years from 2017 - 2021. The value of the programme for Central London is anticipated to be one fifth smaller than the Work Programme at around £25m. London is negotiating with the GLA to secure ESF funds to match the programme value which would potentially bring the central London contract package to between £40-50million. The programme will be aimed at people who have been claiming JSA for longer than two years (25% of participants) and people with disabilities and health conditions (75% of participants). The health and disability element of the programme is not expected to be mandatory although it may have mandated elements (e.g. first appointment). DWP would intend the referrals for long-term unemployed people to be mandated.

79. The detailed design of the programme has been devolved to London and the sub-regions within London. It will be matched through the London allocation of European Social Fund, which should enable us to broaden out referrals from the Jobcentres to for example, health partners and other agencies, and to support those groups that we have identified as being most in need and able to benefit from it. We will also have a role in managing it, and be able to integrate it with services at the local level.

80. **Supported employment and supportive working environments** – The Council understands from the evidence discussed above, that some of the residents we now need to support to access employment will require a very supportive working environment when they first enter work, and that might mean a bespoke job opportunity, negotiated with an employer, and continuing in-work support. Formal supported employment is commissioned through the Integrated Mental Health Commissioning team, but we need to increase the volume of this type of opportunity for priority groups. We have a number of work streams in place aiming to achieve that. This includes identifying more opportunities for the council to commission

through sheltered contracts to supported employment providers. Lambeth Working is able to negotiate bespoke opportunities for residents referred to them.

81. **Improving Lives – the Work, Health and Disability Green Paper** – The government has issued a consultation paper covering the issues limiting employment for people with long-term health conditions, mental health problems and disabilities. The government wants equal access to employment opportunities and support to prevent unemployment; better access to the right employment and health services, and a more personalised and integrated approach. It covers the range of additional initiatives it is proposing, including the Work and Health programme, but also work with employers to encourage them to support health and wellbeing in the workplace; giving a bigger role to work coaches, improving the welfare system, giving people timely access to health and employment support, providing better occupational health support, reinforcing work as a health outcome in commissioning decisions and clinical practice and improving how fit notes work. Also covered in the document is amendments to the current approach to conducting assessments for benefits for people with health conditions – the Work Capability Assessments. These might include breaking the link between the benefit entitlement and employment support, which it suggests might lead to a better and more personalised support offer.
82. **Skills** – The government is currently conducting Area-Based Reviews of Further Education provision and Adult Community Learning, and the GLA is arguing for the devolution of skills funding to London. This means that there will be changes to the skills system, and potentially an increased role for local government, which will enable us to push for an increased emphasis on developing new strengths in those areas of employer demand. We will continue to push for the focus of Adult Community Learning to support people with basic skills and ESOL requirements.

## Conclusions and questions for the Commission

83. The Lambeth labour market data presented in the report paints a picture of a strong economy, with very high levels of employment, skills and labour market participation. At the same time, we know that the changes in the London economy have driven demographic change in Lambeth, and increased inequality. Those residents in low paid jobs or in precarious employment are also struggling with higher housing costs. Those residents who are on benefits are most likely to have health problems, often combined with other barriers to work, and are experiencing benefit reductions as the government's welfare reforms are introduced.
84. For those groups that are the focus of the Equality Commission's work, that is, black and minority ethnic groups and people with health problems and disabilities, the Council's interventions are designed to integrate service provision to provide holistic, personalised support to overcome a range of complex needs. We are also trialling a number of projects designed to help people increase their pay. And the Council also has a number of other levers it is using to address inequality in employment. These include commitment to the London Living Wage within the Council and through its supply chain. We are also increasing our work with Lambeth College and other Education providers and employers to improve career paths and progression routes.

85. Although the Council has a significant role to play in this area, we need support from all our partners to make any significant impact on inequality. We need the support of the voluntary and community sector, as well as health partners, in ensuring that the programmes we are running can signpost people into the wide range of support (including debt advice for example) that can meet their needs and enable them to enter and progress in work. The Council also needs support from other local employers in reducing precarious and low paid employment.

#### Questions for consideration/discussion:

We have identified a number of areas where we would welcome support from the Equality Commission and wider partners, as set out in the following questions:

- Does the Council's approach seem the right one? Are there things we could do to make sure we take advantage of other expertise in relation to supporting priority groups?
- Providing a holistic and personalised approach to supporting people into employment requires effective co-ordination of services – including health, council and voluntary sector providers. Are there opportunities to make referrals to support that we are currently not utilising?
- What do you think should be the interventions and outcomes we should push for from the Work and Health Programme currently in development?
- Does your organisation hold evidence on the impact of the government's welfare reforms that could help inform the Council's lobbying?
- Is there scope for wider collaboration across employers on London Living Wage and is there more we can do to reduce precarious employment practices?
- Are there other partners or agencies the Council should be seeking to influence that would help overall approaches to tackling inequality in employment or support people on low pay?