



FACT SHEET

Volume 3: Worklessness Assessment

The third volume of the Local Economic Assessment, the worklessness assessment offers an analysis of the labour market, covering the perspective of both employers and those seeking work.

Demand for labour

The number of jobs within Tower Hamlets has doubled in the last 20 years and the borough is now, once again, one of the largest employment centres in London. Demand for labour within the borough is now significantly greater than the size of the local workforce, and Tower Hamlets is a net importer of labour: in-commuting is a major feature of the economy with labour coming from all over London and the wider South East.

Demand for labour within the borough appears to have rebounded since the recession, though clearly worse may still be to come. Jobcentre Plus currently records around 1,500 vacancies in the borough, indicating a total demand for labour of at least 4,500: the true figure is almost certainly higher.

Using national employment projections we estimate that there will be 94,000 vacancies within the borough for the period 2007-17. Over three-quarters will be for highly-qualified individuals who are professionals, 'associate professionals', or managers.

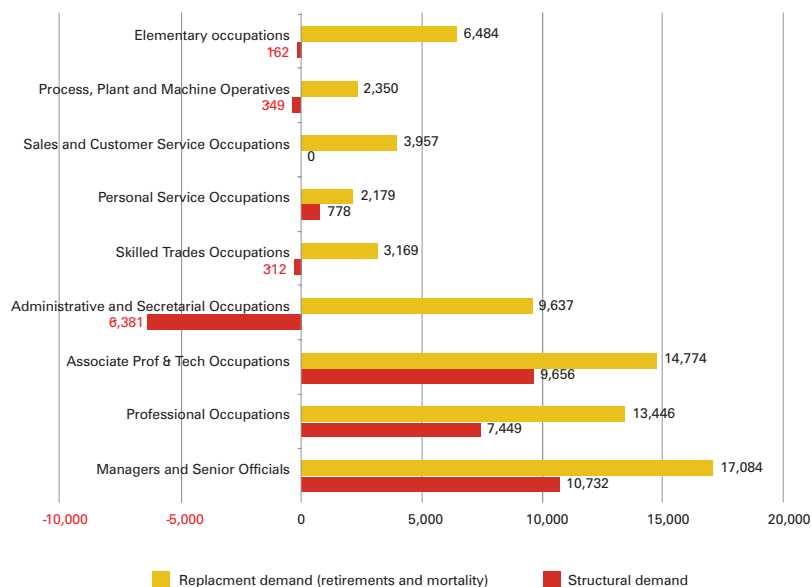


Figure 1: Expansion and replacement demand for employees within Tower Hamlets, 2007-2017

Source: UKCES Working Futures 2007-2017, (Mackinnon Partnership analysis)

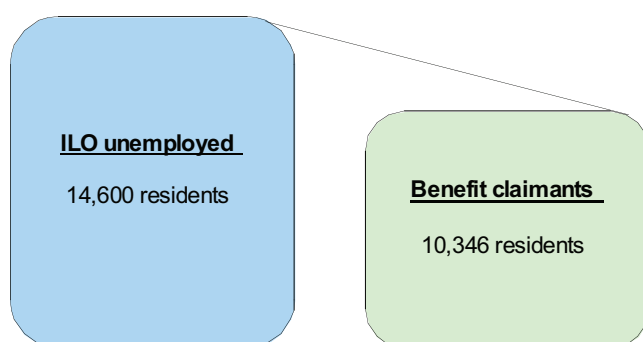
Although there will be replacement opportunities in low-level elementary occupations these opportunities are decreasing fast as the national economy continues its shift towards high-value services and high-value manufacturing, both of which require high-level skills.

The challenge for residents therefore - both those currently out of work and those who might become so - is to get the qualifications which employers want, and the other skills and qualities needed to get and keep jobs, so that they are able to keep up with the changing labour market and benefit from economic growth.

The workless population

The workless population is defined as working-age residents who both do not have a job, and want one.

Fig. 2: The unemployed within Tower Hamlets



Source: Annual Population Survey Sept 2009 and DWP claimant data May 2010

The workless population of Tower Hamlets is 21,000: 14,600 are currently unemployed (using the standard International Labour Organisation (ILO) measure: Job Seekers Allowance (JSA) claimants plus those looking for work but not claiming benefits). The remainder (6,400) are currently economically inactive but want a job.

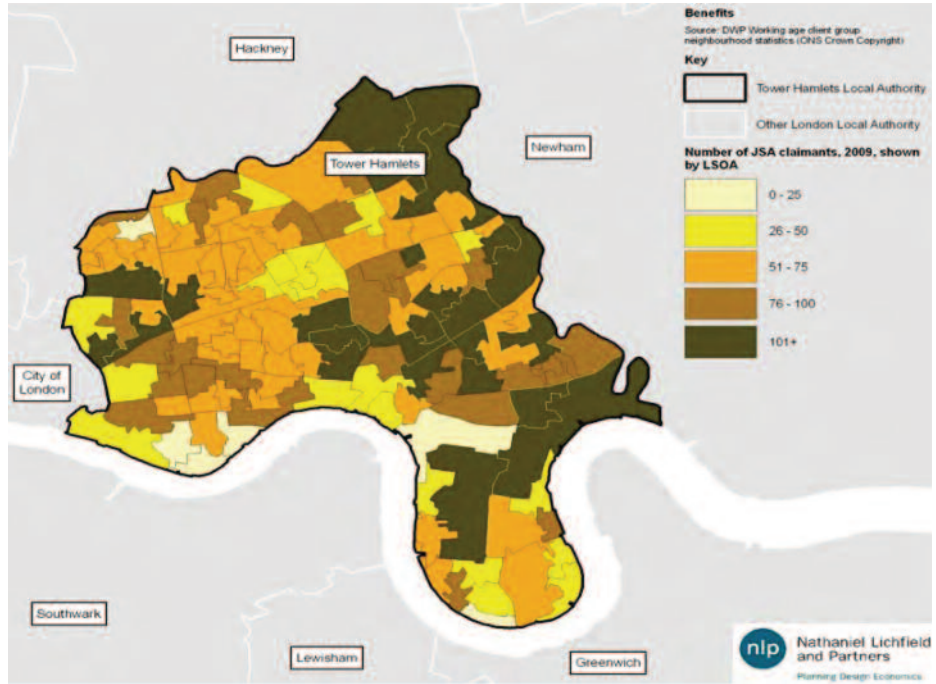
Most of the unemployed are claiming JSA and these individuals are primarily men under 29 years old. Receipt of JSA requires people to be actively looking for a job so JSA claimants are relatively close to the labour market. Despite this, 8% of claimants have been claiming for over two years, the highest proportion in London.

In November 2009 12,240 residents were claiming Incapacity Benefit (including Severe Disablement Allowance and the Employment and Support Allowance) and over half have claimed for more than five years. Almost four-fifths were men and almost a quarter were under 34 years old. IB claimants typically face multiple and complex barriers to finding work. However a study of 2,000 incapacity claimants by the National Centre for Social Research found that over half of IB claimants wanted to return to work.

If Tower Hamlets is to raise its employment rate to the London average around two thirds of its 21,000 working age population who are both out of work and interested in working need to find a job.

Figure 3: Concentration of JSA claimants

Source: Nathaniel Lichfield and Partners



Over a quarter of the working-age population (41,100 people) do not want a job. Two-thirds of them are women. Almost two-thirds of Bangladeshi women residents are economically inactive compared to a quarter of White women.

Drawing supply and demand together

The problem is not one of lack of demand for labour, or of scale: on the most conservative estimate, enough jobs may well be created in Tower Hamlets alone in the coming years to provide for all those who are out of work and want a job, to say nothing of additional opportunities in surrounding boroughs.

There are two central problems for Tower Hamlets: structural weaknesses on the supply side, exacerbated by the intense competition for lower-skilled jobs which comes with the high unemployment which is expected to be a feature of the London labour market for several years.

Too many of those who are unemployed and seeking work lack the skills which London’s employers want, both in terms of formal qualifications (academic and vocational) and, in many cases, the essential English language skills which underpin everything else.

Jobseekers with poor skills and poor qualification levels are seeking jobs where qualifications are not so important: almost a quarter of JSA claimants want to work in ‘elementary occupations’ and a fifth in ‘sales’ (which includes shop jobs).

There are jobs in London for low-skilled people, and in Tower Hamlets, and indeed in Canary Wharf (as the most demanding labour market in the borough), but demand for those jobs far exceeds supply, even where there is high turnover. The position will get worse as the supply of jobs for low-skilled people continues to decline, and though they will never disappear, most will go to those



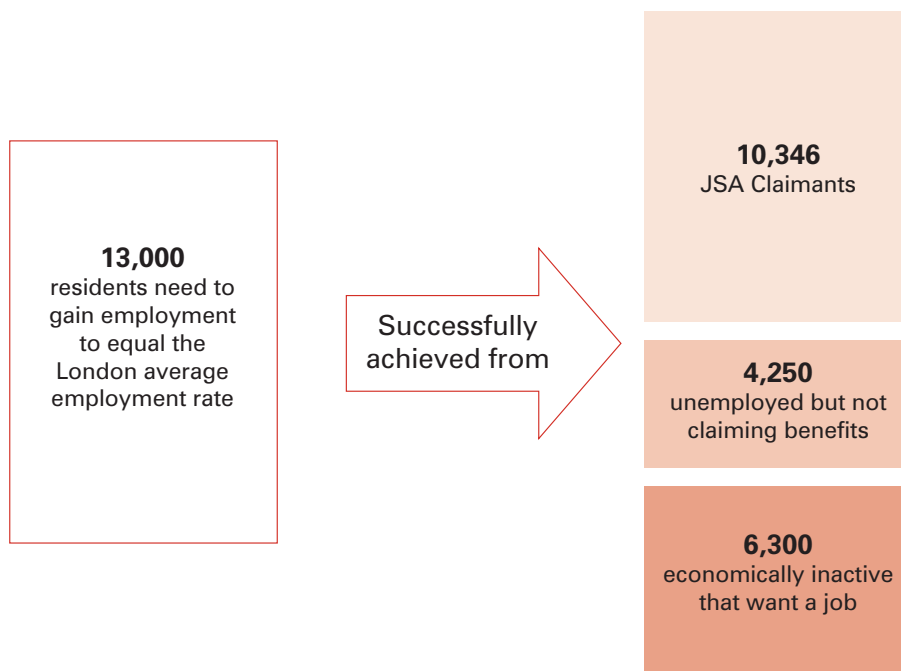


Figure 4: Scale of the employment rate challenge (to scale)

who can both demonstrate good inter-personal skills and who have the confidence to do so: demonstrating confidence commonly poses a problem for people who have been out-of-work for some time.

Moreover, too few of those looking for work are prepared to travel to work (even within Tower Hamlets): travel to work is the norm in the London labour market. In addition, large proportions of recipients of out of work benefits are caught in the 'benefits trap', facing real or imagined barriers to leaving the security of benefits to take a job.

If Tower Hamlets is to raise its employment rate to the London average around two thirds of its 21,000 working age population who are both out of work and interested in working need to find a job. See Figure 4 above.

Future challenges

The *short-term challenge* is to reduce levels of worklessness at a time when many local jobseekers are in a poor position to compete and yet competition for jobs both within and beyond the borough is very high.

The *longer-term challenge* is to address those low levels of skills and qualifications, so that all residents of Tower Hamlets can compete effectively for the many good jobs within the borough, and within easy reach of it.

Contact

For further information about Volume 3 'Worklessness Assessment' of the LEA contact the Information and Equalities Team Development & Renewal.

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