

Work it out

Creating Local Systems of Employability Support



Work it out

Creating Local Systems of Employability Support



The Association for Public Service Excellence (APSE) is a not-for-profit local government body working with over 300 councils throughout the UK promoting excellence in public services. APSE is the foremost specialist in local authority frontline service providers in areas such as waste and refuse collection, parks and environmental services, leisure, school meals, cleaning, housing and building maintenance.



New Local Government Network (NLGN) is an independent think tank and collaborative network of leading edge local authorities and dynamic private sector thinkers. We connect members of the network to each other through our high level events programme and creative research work.

Acknowledgements

I would like to thank the many organisations and individuals that have given their time and insight to this research, particularly those who organised and participated in interviews in the case study areas. I would also like to thank Sam Windett and Graeme Cooke for their comments and feedback.

My colleagues at NLGN have contributed greatly to this work and I would like to thank Claire Mansfield, Simon Parker, Jessica Studdert, Emma Burnell, Abby Gilbert, Kathinka Lyche, Rebecca Creamer, Shahnaz Yasmin, Vivek Bhardwaj and Jane Swindley for their support. Particular thanks go to Elena Cora Magrini for providing research support to this report. Thanks to Paul O'Brien of APSE for his input into this research.

Finally, I would like to thank APSE for making this report possible.

Any mistakes or omissions are, of course, my own.

Sarah Stopforth, Researcher, NLGN

Published by APSE

October 2016

ISBN: 978-1-907388-38-5

Contents

Foreword	5
Introduction	6
1. Towards local provision	9
2. Matching supply and demand	13
3. Youth unemployment	18
4. Long-term unemployment	21
5. Conclusions and recommendations	25
Appendix 1: Case study summaries	29
Appendix 2: About the survey	35



Foreword

As devolutionary measures take place across the UK attention has been focused on the big strategic issues; transport infrastructure; economic regeneration and housing to name a few. However, at a very local level councils interact on a daily basis with local residents who lack employability either through long-term unemployment, a shortfall in skills or a lack of opportunity within their local areas.

For local councils being able to reach out and have a positive impact on employability brings the obvious benefit of getting local people into work but there are also other hidden benefits. Being employed enhances the life chances of our citizens; it improves life chances in education and mitigates against health inequalities. Children of working families will do better in terms of long term education and employment chances. Work provides a gateway out of poverty, provides self-esteem and makes a positive contribution to mental health. In short employability helps councils with the demands placed on its' services because employability helps local people.

We are now at a cross-roads in the UK in how we take forward the role of the public sector in developing effective responses to employability. It is no longer enough to have a fragmented approach to supporting people into work. Local councils are uniquely placed to understand their local areas, the demographics, the opportunities and the barriers to employability and employment. Councils already do fantastic work in attracting local businesses and doing 'soft' interventions to help local people find work. Nevertheless they can do much more with the right framework and funding.

By taking a strategic oversight on delivering employability support councils can use their capacity and leadership of place to push an employment agenda, they can also provide capacity and flexibility to ensure no one is left behind. In doing so the opportunities for financial savings and boosting local economies is economically sound. The centralisation of savings on benefits, which simply revert to the DWP, is both crude and inefficient as measure of success. Councils will and should take a much longer term view of how employment will provide real savings to the public purse in the local area.

This research paper is packed with ideas about how local councils can lead on the employability agenda. In commending this report to you I have only one ask, please do not read it, find it interesting and then do nothing! The employability agenda is there for the taking – only local councils can deliver what our communities need.

Paul O'Brien

APSE Chief Executive

Introduction

Local authorities take a great interest in getting their residents into work. Employment brings with it a wide range of benefits for citizens and the public purse, ranging from better health outcomes to reduced social care and benefit spending. Since 2011, employability has been dominated by the Work Programme, but recent policy changes have created a far more complex landscape. The Work Programme has been radically scaled back and will be replaced by a new Work and Health Programme. In a few areas it will be co-commissioned by combined authorities, and in most parts of the country it will operate in tandem with a range of local government services aimed at the most complex cases.

The truth is that British employability services are already partly devolved, but this has happened more by accident than design. As Britain adjusts to the economic fall-out from Brexit, it is critical that we produce a clearer and more effective approach to getting people off benefits and into good work. This report shows how councils are already occupying the space left by national employability programmes, and sets out a new deal between DWP, combined authorities and councils to re-engineer an effective system. This will involve a better division of risk between local and central government, and stronger incentives for councils to scale up their successful experiments with employability services.

Long-term unemployment has fallen significantly at the national level, but this does not mean the problem has gone away. Pockets of substantial unemployment remain in the North East, London and Scotland which require locally tailored solutions. Almost every council area will have a small number of complex, highly expensive cases, which justify substantial short-term investment to deliver long-term financial and social pay-offs. Locally-developed services and on-the-ground knowledge will be critical to addressing both of these problems, and will need to be fully integrated into the new and much scaled-back Work and Health Programme which goes live next year.

Councils have already started to develop their own innovative responses to the challenge of employability. This is despite the fact that local government receives only 7p in every £1 saved for getting someone back into work.¹ As the Work and Health Programme comes into operation there is a danger of missed opportunities: councils could offer much more if given the tools and incentives to do so. In fact, with the right support, local authorities could start to form the new frontline for employability support in a way that is far more efficient and locally-sensitive than national programmes.

Elements of employment and skills are being devolved to combined authorities, such as adult skills and apprenticeship budgets, which are featured in many deals. But in practice, these are small pots of money or for small groups of people. Bold promises to co-commission the Work Programme seem to have delivered little more than strategic discussions with a handful of combined authorities. These are steps in the right direction, but they do not go far enough or fast enough.

The case for change becomes more urgent with the insecurity surrounding negotiations for Britain leaving the European Union. Many innovative employability services rely upon match-funding from European Social Funds (ESF) and would not be possible on the same scale and impact without these external funds. The post-Brexit economic shocks will also impact heavily on the jobs available and the people able to fill them. The system needs to change urgently to both to mitigate the risk of withdrawal of these funds, and ensure the local level has levers in place to create a sustainable employment and skills system which makes sense for local labour markets and local demographics.

This report demonstrates that successful employability programmes are those which join up employment support and skills provision at a local level across multiple local authority boundaries. The key to all of this is stronger partnerships. Partnerships between different local authorities; between local authorities, Jobcentre Plus (JCP) and DWP; and between local authorities and the voluntary and private sector providers within their areas. This report explores these partnerships and the important role that local authorities are already developing.

The report is divided into four sections. Chapter One looks at the challenges and opportunities around local provision of employability services; Chapter Two shows how local authorities are matching supply and demand in their areas; Chapter Three looks at how local authorities can better tackle youth

¹ JRF (2014), *The Benefits of Tackling Worklessness and Low Pay*.

unemployment at the local level; and Chapter Four looks at how local authorities are addressing long-term unemployment.

National level recommendations

1. Devolution needs to go further and faster. We recommend that there is cohesive devolution to tackle youth unemployment, and accelerated devolution to tackle long-term unemployment, with an appropriate share of risk and reward between combined authorities and DWP.
 - **Phased devolution of 16-18 further education budgets.** The devolution of 16-18 further education budgets should mirror that of 19+ adult skills budgets, creating all-age skills budgets to be held at the combined authority level and distributed utilising local knowledge.
 - **Devolution of the apprenticeship levy.** As the Apprenticeship Grant for Employers is devolved, it makes sense to also devolve the apprenticeship levy for local authorities to coordinate both administration and distribution of funds.
 - **Co-commissioning of Work and Health Programme for all devolved areas and open to all future devolution deals.** Devolving more budgetary powers around supporting long-term unemployed back into work, with provisions to help those who will not hit the eligibility criteria for national support, are critical to prevent people slipping through the net, and embedding fuller service integration at the local level.
 - **Co-commissioning of mainstream employment support.** Combined authorities should be able to co-commission where they are currently co-designing with DWP, and this offer should be available to all devolved areas.
2. **Integrate Jobcentre Plus with local authority services.** There needs to be closer coordination between local authorities and JCP to join up benefits administration and employment advice services, minimising duplication between the two statutory bodies and ensuring smooth transitions for people.
3. **Create a National Learning Network.** The dissemination of what works and what doesn't is not as widespread as it could be. A national body, such as the LGA, should form a network to share best practice.
4. **New data sharing legislation.** Data sharing between councils and JCP is limited, as is that between housing providers, health services and other public sector organisations who will often deal with the same people. New data sharing legislation can enable closer partnerships in all aspects of public service.

Local level recommendations

5. **Local authorities need to form partnerships with neighbouring local authorities, JCP and the wider public sector.** Local authorities should take steps towards shaping their places regardless of whether they are part of devolution deals or not. They can do so in the following ways:
 - **Co-locate JCP with other public services.** The end of the One Public Estate contracts in 2018 provides a great opportunity for renegotiating co-location of councils, private and voluntary sector providers, JCP, housing associations, health services and many more.
 - **Partnerships with neighbouring local authorities.** Employability support works best at sub-regional scale, working across business districts and commuter towns to create employability systems within a place. Local authorities need to work with neighbouring local authorities, integrate support as far as possible, and co-commission services across local authority boundaries.
 - **Develop Local Integration Boards.** Across local authorities, governance structures need to be in place to coordinate decision-making and accountability. Creating Local Integration Boards to join-up elements of the public sector are a useful tool to getting the right people around the table to align objectives and move towards greater integrated working, particularly including JCP.

- **Map supply and demand in the area.** Local authorities know their local labour market and the demographic of their area and can join up the two. They can do this by mapping local labour market trends; utilising local intelligence; and through brokering local relationships and networks. Local authorities then need to create appropriate avenues to disseminate this information to local employers and their residents.

Not every area will have a devolution deal or a combined authority to bid for more devolved powers to their areas but we argue throughout that local authorities need to seize opportunities to forge strong partnerships and take all the powers on offer to shape their places.

1: Towards local provision

As the Work Programme is replaced by a much-reduced Work and Health Programme, local authorities will need to be prepared to fill in the gaps if and when they emerge. Councils will need to be able to shape their local systems, not just paper over the cracks.

Employment support and skills provision are treated as two separate entities at the national level. But in order to gain employment, it is likely that a person will need some sort of upskilling. This might be 'light touch' employment support around writing a CV or interview technique, or boosting literacy and numeracy skills, or intensive job-specific training and qualifications. Employment and skills must be joined up to reflect this. Local authorities are well-placed to join the system up, and in many cases are already doing it.

Councils have local knowledge of their labour markets and residents, capacity to be flexible around delivery of services, and the ability to establish partnerships with key stakeholders in the provision of employment and skills support. They also have the ability to join the system up at the local level, to provide strategic oversight, place leadership, and implementation of a successful employment and skills system.

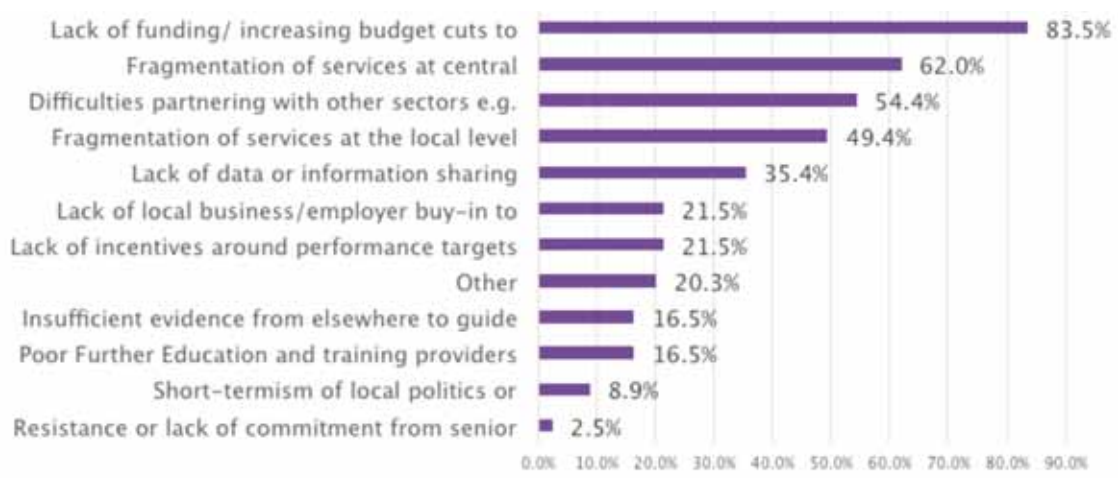
However, at present there are relatively few incentives to make this happen at scale, particularly with increasing cuts to their budgets. There are many advantages for local authorities as they will benefit from improved health and wellbeing outcomes, productivity gains and local economic growth; however, it is DWP that will continue to be the main beneficiary in cash savings. In order to properly join up the system at a local level, local authorities need the responsibility and budgetary freedoms to be able to play a more central role on a larger scale than at present.

Barriers to change

There are a number of challenges associated with the local provision of employment and skills support which stymies local authorities reaching their full potential. According to our survey respondents,² the greatest barrier to local provision of employment and skills are increasing budget cuts to local authorities (83.5 per cent), which means there is less resource and capacity to dedicate to local provision (see Figure 1).

Budget cuts are exacerbating the adaptability of the local response. The extent to which councils can continue to support employability with dwindling funding and resources is a critical issue. Local authorities can only continue to fill the gaps created by national programmes with a redirection of responsibility *and* funding over the design and delivery of employability support.

Figure 1. Which of the following are the greatest barriers in the local provision of employment and skills? (n = 79)



² We surveyed 140 senior officers and politicians from local authorities across the UK. More details can be found in Appendix 2.

Secondly, the fragmentation of services at central government level (62 per cent) makes employability provision even more difficult to implement locally. Table 1 demonstrates the fragmentation at a national level. Approximately £13 billion is being spent on 28 different employment and skills programmes at a national level.³ This risks duplication of support, weakened impact of existing programmes due to cut-off points between eligibility and different parts of the system, and a risk of lack of coordination of support across different employment and skills services. This fragmentation makes it all the more likely that people will fall through the cracks.

Table 1: Division of responsibilities at national level

Employability Support	Responsible Department as of July 2016
14-19 education and training	Department for Education
19+ adult skills and further education	Department for Education (formerly Department of Business, Innovation and Skills)
Apprenticeships	Department for Education (formerly Department of Business, Innovation and Skills)
Employment support for jobseekers and long-term unemployed	Department for Work and Pensions
Careers information, advice and guidance	Department for Education and Department for Work and Pensions
Adult Community Learning	Department for Communities and Local Government

Our survey respondents also cited local barriers: difficulties partnering with other sectors (54.4 per cent) and lack of data or information sharing opportunities (35.4 per cent). Local areas are already developing partnership arrangements around people with multiple or complex needs within the public service reform agenda⁴ and are therefore well-placed to introduce employability support as part of a holistic assessment of a person's needs. More open and transparent dialogue is needed amongst workers in local authorities, health and housing sectors in order to drive the agenda further forward.

Encouragingly, few respondents identified a lack of commitment of senior leadership or political will. This is important as it suggests that it is not about making the case for local provision to the people who can make it happen on the ground. People in the localities understand this agenda, but they need to have control of the available money in order to enact real change.

Opportunities for local provision

From our research, there is a sense that local authorities can go so far, but overarching structures and policy needs to shift for them to go further. At the moment, local authorities are filling in gaps of national provision, when they need to be shaping their employability systems across spatial scale.

Many aspects of employment and skills are already being devolved, but in practice this is not enough. Of the devolution deals already announced, every deal has some degree of control over employment or skills.⁵ Yet less than a handful of powers involve transfer of budgets (see Box 2). Almost all devolution deals announced include Area Based Reviews⁶ or redesign of further education provision; phased devolution of 19 plus adult skills budgets or local commissioning of the budget; and about half have responsibility of the Apprenticeship Grant for Employers. When it comes to employment support, some areas are invited to co-design and sometimes co-commission the Work and Health Programme as well as other support programmes for harder-to-reach claimants. However, most of the deals detail conversations with DWP around new pilots or programme design, rather than a concrete transfer of power. This suggests that DWP is becoming more open to dialogue with combined authorities, but it remains to be seen if conversation turns into action.

³ Centre for Economic and Social Inclusion and Local Government Association (2014), *Realising Talent: Employment and Skills for the Future*.

⁴ For more details, see NLGN and Collaborate (2016), *Get Well Soon: Reimagining Place-Based Health*.

⁵ See <http://www.local.gov.uk/devolution-deals> for more details [accessed July 2016].

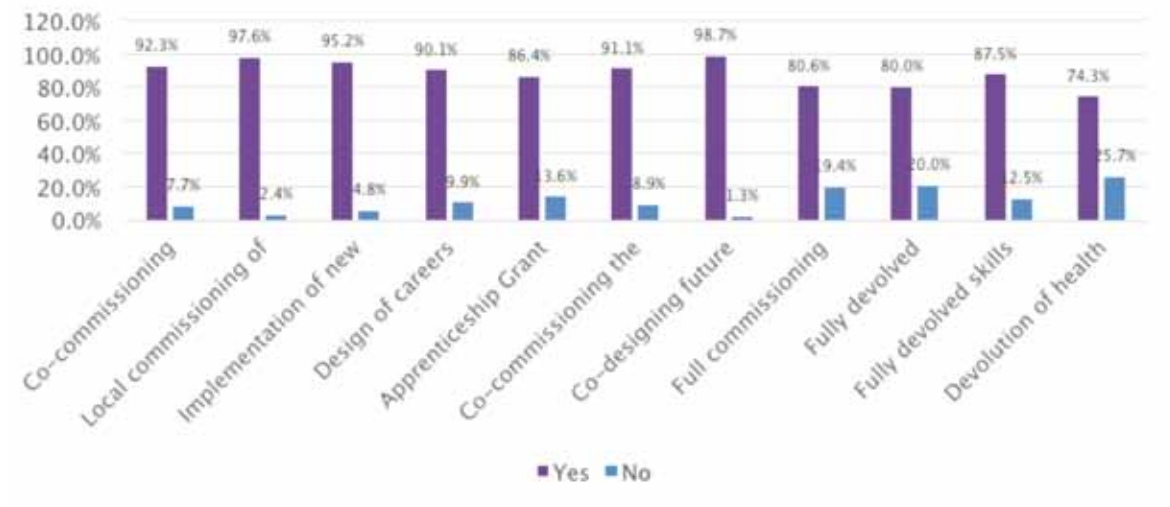
⁶ Area Based Reviews look at the range of further education and training provision in an area.

Table 2: Devolved powers

	Cornwall	East Anglia	Greater Lincolnshire	Greater Manchester	Liverpool City Region	London	North East Combined Authority	Sheffield City Region	Tees Valley	West of England	West Midlands Combined Authority
Co-designing and/or co-commissioning of Work and Health Programme		X	X	X		X		X		X	
Co-commissioning of extra employment support programme				X	X	X		X			
Co-designing future employment support for hardest-to-reach claimants			X		X		X	X	X		X
Phased devolution of 19+ adult skills budgets/ local commissioning of budget		X	X	X	X		X	X	X	X	X
Devolution of Apprenticeship Grant to Employers		X	X	X	X			X		X	
Redesigning careers advice and guidance for all ages	X	X	X		X			X		X	X
Area Based Reviews and/or redesign of further education provision	X	X	X	X	X		X	X			X

There is a clear appetite for more devolution at the local level. The majority of our survey respondents stated that all of the powers currently on offer to be devolved from central government should be held at the local level: either the council already had these powers, or they would like the powers that are already on the table for devolution (see Figure 2). This suggests that if new freedoms and flexibilities are on offer to one combined authority area, then it should become the new normal for all areas.

Figure 2: Do you think that the following elements of employment and skills should be devolved to the local level? (n =88)



The majority of respondents also expressed interest over powers not currently being offered by central government, including full commissioning powers over the Work Programme; fully devolved responsibility for Jobcentre Plus at local authority level; fully devolved skills budgets for all age groups (16-18 and 19+); and devolution of health budgets.

But there is a significant minority of respondents who think that some powers should still be held centrally. One interviewee suggested that a mix between national and local was sensible, as it would be “hideously expensive” to administer all these on a local level and that realistically DWP would not relinquish all control.

DWP will not relinquish all control for good reason: appropriate scale and risk sharing agreements need to be in place. We need to design a system that is flexible and adaptable to local circumstances, with local authorities in the driving seat, but one which is less dependent on DWP. To do so requires open dialogue between local authorities, JCP, DWP and voluntary or private sector providers. This is not about having blanket calls for devolution of employability support, but a considered approach about where is best-placed to provide support. Overall, this should allow local authorities to shape the system, rather than fill in its gaps.

We make the case throughout this report that local authorities are best-placed to create their local employability systems and need to be given the opportunities to do so. The following chapters will explore the ways in which local authorities are already shaping their local systems around matching supply and demand, tackling youth unemployment and addressing long-term unemployment.

2: Matching supply and demand

Across the UK there are significant gaps between the skills possessed by the potential labour force (supply) and those required by employers (demand). The state of the labour market in an area is a local issue, and it will require local solutions. For example, demand for skills in advanced manufacturing in Sheffield or digital and creative industries in Cambridge will need to be matched with supply of qualifications and training for these specific sectors and job opportunities.

Local authorities are best-placed to address the gap between supply and demand at the local level. As one of our survey respondents stated: “locally designed and steered programmes are much more effective than nationally designed programmes because of the freedom to create services bespoke to local circumstances and seek relevant and realistic outcomes”. Local authorities have the knowledge, flexibility of delivery and ability to integrate services which will ensure that supply and demand are matched. This can be done through mapping local labour market trends; utilising local intelligence; and through brokering local relationships and networks. Councils will need to forge partnerships with neighbouring local authorities and JCP district offices at a scale which takes into account business districts and commuter towns.

This does not necessarily require devolution: local authorities can do this without further powers or responsibilities. However, with the phasing out of Revenue Support Grant towards a system of full retention of business rates, there is a need for local authorities to more ably shape their places, to best attract businesses to relocate and to retain a skilled workforce to live, as their finances become more dependent on this.

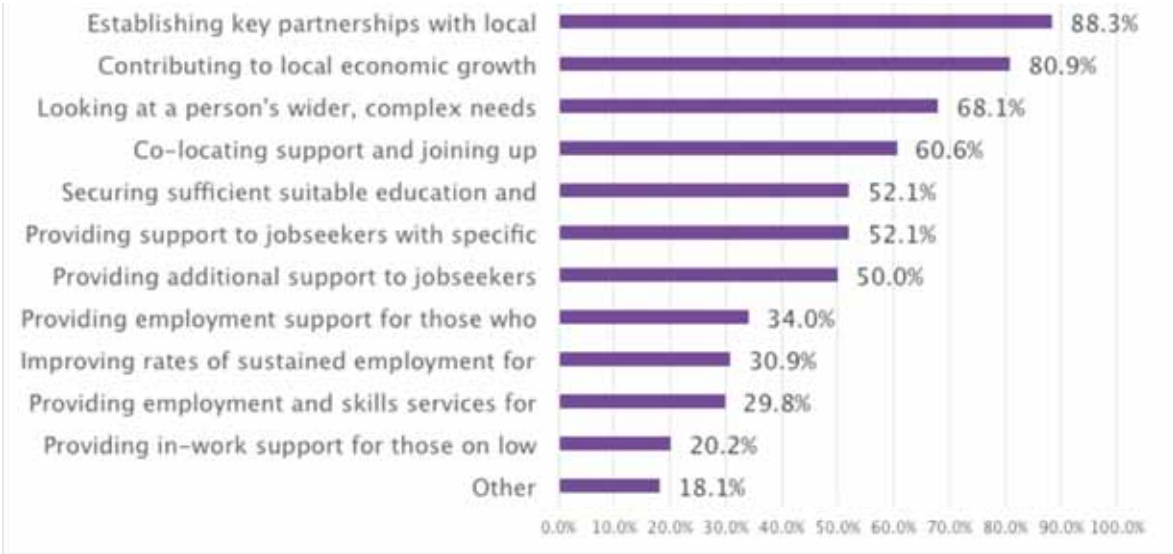
Our research showed that local authorities are already matching supply and demand in two key ways: through linking employers, training providers and future workforce; and stimulating demand in their areas.

Linking employers, training providers and future workforce

Employment and skills must be joined up to more closely match supply and demand within a local area. Our survey respondents noted that they are ‘adding value’ to national programmes in their local areas (see Figure 3) through “establishing key partnerships with local businesses and employers” (88.3 per cent) and “contributing to local economic growth through providing skills training relevant to the local labour market” (80.9 per cent). These are closely related: both engage the business community in employing and upskilling existing and future workforces. Our survey respondents noted how “there is disconnect between skills providers and business needs” and that “employers lack coordinated support on recruitment and skills”. There is a clear gap in the system which needs to be joined up.

Throughout our research we have seen the role of the local authority play out in two ways: economic development teams playing a brokering role matching businesses with unemployed persons who are job ready; and councils offering financial incentives to businesses to train their existing and future workforces.

Figure 3: How is your local authority providing employment and skills support above and beyond what is supplied at national level? (n = 94)



Brokering role

Knowing both supply and demand markets well can enable local authorities to match businesses and employers together. The benefit of local authorities playing this brokering role between businesses, training providers and people is that the advice and training they offer will be impartial. Councils also have the ability to target support towards those who need it most: whether they are young NEETs (people not in education, employment or training) or people who have been long-term unemployed and require extra support to become job ready.

In Generation North East (see Appendix 1a), the council employs business advisers and acts as an impartial, free recruitment service for local employers, matching young people who do not meet the eligibility criteria for the Work Programme to local jobs. Likewise, the SEEDS initiative in Southwark (see Appendix 1b) provides employers with full support in recruiting apprenticeships and job roles, with ongoing mentoring and in-work support for young people who might otherwise struggle to gain meaningful employment. As a neutral voice, local authorities have no incentive in promoting one training provider above another, but are motivated to get their residents into sustained work.

Likewise, local authorities can work together across city centres and residential areas, working across larger geographies for the benefit of businesses and people. Where this is happening, services operate under a single brand for businesses across the larger geographies to buy into, for example Generation North East operates across the North East Combined Authority which includes seven local authority areas. This can make it much easier to foster employer buy-in much at scale.

Generation North East

Generation North East is a devolved employment programme and a partnership of seven local authorities in the North East (Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland) and the North East LEP to make the connection between young people who are unemployed and the business community. It is aimed at people aged 16-24 who have not yet been referred to the DWP Work Programme. Business advisers within the councils of the combined authority impartially broker relationships between businesses, training providers and young people to facilitate apprenticeships and training, as well as boost youth employment. The project covers the full combined authority area and is working with 4500 people with the objective of moving 2000 into employment. The metrics used mirror the Work Programme to enable the programmes to be as comparable as possible.

Southwark Employment and Enterprise Development Scheme

SEEDS helps SMEs take on a 16-24-year-old apprentice or employee, through the creation of a quality job opportunity which pays the London Living Wage. SEEDS pays a wage subsidy of up to 75 per cent; identifies skills needs and drafts a job description; provides full support in recruiting for apprenticeship and job roles; and provides on-going mentoring and business support. SEEDS aims to stimulate local business growth while generating sustainable apprenticeships and jobs for young people who might otherwise struggle to gain meaningful employment. The council match-funds the young person's salary for one year if the employer commits to paying the living wage, or up to 50 per cent for SMEs and up to 75 per cent for voluntary and community sector organisations.

Financial incentives

Local authorities can offer financial incentives to buttress the link between businesses, training providers and residents. One survey respondent noted the difficulties for small and medium-sized enterprises (SMEs), and stated that “the central, most difficult issue is delivering training which meets the needs of smaller, more local employers”. This is especially pertinent as over 99 per cent of businesses are classified as SMEs,⁷ and they are more likely to lack the working capital to be able to provide these opportunities for local people. This is problematic as SMEs usually have entry-level jobs and are open to upskilling, training and taking people on. If local authorities can offer financial incentives, they can be more inclusive of businesses of all sizes within the locality. Particularly in the case of SMEs, local authorities can remove barriers to them taking on apprentices or new starts by taking away some of the risk associated with HR functions and associated administration.

Councils are already offering such incentives. For Skills Made Easy in Sheffield, the local authority provides employers with a financial incentive to upskill existing and future workforces through creating apprenticeships. The council directly pays for skills training, but allows businesses the freedom to choose their training provider (see Appendix 1c). In North Ayrshire, the council have adopted a local take on the Scottish-wide Employer Recruitment Incentive (SERI) which financially incentivises employers to recruit local people through directly contributing to half of the cost of hiring that person at the National Minimum Wage for the first six months (see Appendix 1d). North Ayrshire extends this to all ages, including an over 30s Employer Recruitment Incentive. This develops an even playing field across all age groups.

Skills Made Easy, Sheffield City Region

Skills Made Easy is a brokerage system developed by Sheffield City Council on behalf of Sheffield City Region that connects employers to the training providers that best meet their needs in creating apprenticeships and opportunities for workforce development. Skills Made Easy aims to create 4000 apprenticeships and 2000 training opportunities to upskill those already in work. Premised on choice, the programme offers employers several training providers to buy services from. The programme is employer-led in that training funds are held by the city region but it is the businesses engaged who decide how it will be spent. Skills Made Easy was designed to expose unmet demand or apprenticeships and other training within the current skills system, by engaging employers who had either never hired an apprentice, or had not had one in the past year and were therefore not engaged in national programmes.

North Ayrshire Employer Recruitment Incentive

The Scotland Employer Recruitment Incentive (SERI) is funded by Skills Development Scotland and is delivered nationwide by local councils. Skills Development Scotland allocates SERI places to local authorities based on need using measures like employment deprivation. This is a grant-funded allocation to employers of £4500 per job, which equates to paying individuals 50 per cent of the National Minimum Wage for the first six months of employment. SERI, on a national level, is currently aimed at employers recruiting young people between the ages of 16 and 29. The North Ayrshire Employer Recruitment Incentive (ERI) extends the offer for people over the age of 30, creating a seamless offer

⁷ House of Commons Library (2015), *Business Statistics*, Briefing Paper Number 06152, available at <http://researchbriefings.files.parliament.uk/documents/SN06152/SN06152.pdf> [accessed June 2016].

of the ERI for all-ages for employers in the area. Using match-funds from North Ayrshire Council and European funding, the ERI works in the same way as SERI in the way it pays, and incentivises, employers. It will run for three years from October 2015.

Stimulating demand

Through taking a strategic approach in linking together the different parts of the system, local authorities are well-placed to stimulate demand in their areas. This can be through in-house services, through the contracts that they hold, or through greater place-shaping.

Local authorities have a unique knowledge-base of what services are being commissioned, what regeneration projects are taking place in the area, and what new sectors or businesses are re-locating. They can use this knowledge to match job and training opportunities with their residents, using their position as strategist, broker and provider of services for local communities.

We found that councils are stimulating demand in their areas through gaining informal and formal commitments from local employers.

Informal commitments from developers

Regeneration and redevelopment create a multitude of different job opportunities which councils can capitalise on in order to present individuals with employment and upskilling opportunities. For example, in Birmingham, the city council utilised the Gateway Project regeneration of New Street Station and Grand Central shopping centre to offer jobs and training opportunities to local people through informal commitments from employers (see Appendix 1e). The nature of work covered many sectors: demolition and construction, as well as the longer term employment prospects in the retail and hospitality industries. Under these circumstances, partnerships with local training providers and further education colleges are instrumental, as was securing commitment from employers. The local authority can use its influence to ensure that those from the poorest, most deprived wards were given an equal chance at accessing the opportunities on offer.

The Gateway Project, Birmingham City Council

The Gateway Project in Birmingham City Council had two main components: the redevelopment of New Street Station and the creation of Grand Central shopping centre. Birmingham City Council secured commitments from project partners to provide apprenticeships, and jobs opportunities for local people through a 'Jobs and Skills Charter' which was signed by Birmingham City Council, Network Rail and John Lewis as the major partners in the Gateway Project development. This was a commitment to improve access for local people into the 1000 jobs which were created by the developments.⁸

Contracted commitments

Opportunities can also be mandated through formalised commitments from employers. Clauses in procured contracts can specify that winning bidders must demonstrate added social value. Councils hold multiple contracts at any one time and can impose a heightened commitment to the Social Value Act 2012 through ensuring that the winning bidder can demonstrate additional social, economic and environmental benefits to local people. The City and County of Swansea Council have implemented a Beyond Bricks and Mortar element to all council procurement contracts which asks providers to offer targeted recruitment and training opportunities to local people. This will be matched by a council team in a move to improve skill levels and reduce economic inactivity in the area (see Appendix 1f). At a strategic level around regeneration, councils have a huge role to play in stimulating demand through the projects they contract.

Beyond Bricks and Mortar, City and County Council of Swansea

The City and County of Swansea Council introduced Beyond Bricks and Mortar as part of its economic regeneration strategy, 'Swansea 2020', to capitalise on the employment and training opportunities arising from redevelopment projects in the area. Beyond Bricks and Mortar is an approach to

⁸ For more details, see <http://birminghamnewsroom.com/jobs-and-skills-charter-for-grand-central-birmingham/> [accessed June 2016].

procurement contracts which sets out social benefit clauses, including employability benefits such as targeted recruitment and training for young people or long-term unemployed, and contributions to education. The main drivers of these clauses are to allow local people to develop new skills and to reduce economic inactivity in the area.⁹

Next steps

Matching supply and demand makes more sense at a local level, particularly if it is done in a coordinated approach across different local authorities. The local level has the capacity to be more adaptable and flexible than standardised national models of delivery, responding to specific changes within the local labour market and demographic needs. As one of our survey respondents noted: “local level knowledge is needed and can be more flexible if, for example, there is a sudden downturn in a specific sector or circumstance for clients and businesses”.

Local authorities have proven their strategic and operational role. This chapter has shown how local authorities are matching supply and demand by brokering relationships between employers, training providers and residents; providing financial incentives to local businesses and SMEs to take on and upskill local people; and stimulating demand in their areas through informal and formalised commitments from employers.

As local authority finances become more dependent on business rates and Revenue Support Grant is phased out by the end of the current Parliament, matching supply and demand in their areas – for reasons of attracting businesses, boosting productivity and upskilling workforces – will take on even greater importance.

⁹ For more details, see <http://www.swansea.gov.uk/article/4725/Beyond-bricks-and-mortar> [accessed June 2016].

3: Youth unemployment

If youth unemployment is not tackled early, cycles of 'low pay, no pay' may occur which can have negative outcomes well into adulthood. Local authorities need to intervene early to ensure young people do not become unemployed over the long-term, which will contribute to better health and wellbeing outcomes and reduced demand on public services.

The ways in which young people are educated and the skills they learn at school and colleges are pivotal to the job and career paths they will venture on for the rest of their lives. Having a fragmented system with misaligned responsibilities, funding, and policy initiatives is not conducive to a smooth transition into work.

Youth unemployment varies across the country. For example, in the North East 16.1 per cent of 16-24 year olds are NEET (not in education, employment or training) compared to just above half as many (only 9.4 per cent) in the South East.¹⁰ Yet addressing youth unemployment has a centralised response. Apprenticeships are a flagship national policy which are centrally-coordinated through the National Apprenticeship Service. Further education and training budgets for people aged 16-18 are held with the centralised Education Funding Agency. In addition to this, schools are increasingly being separated from local authorities through the academisation process.

Central government has already started to devolve elements of the employability system to combined authorities. It is logical to extend devolution to the further education budgets for 16-18 year olds to create a smoother transition to devolved 19+ adult skills budgets. Likewise, it would also be beneficial to devolve the apprenticeship levy to the local level as the Apprenticeship Grant for Employers has been devolved in some areas, and this would give local authorities more control of shaping apprenticeships.

School-to-work transitions

The previous chapter demonstrated how local authorities can tie together supply and demand at the local level. This has specific implications for young people as local authorities can join up the system and create smooth school-to-work transitions. This is particularly important as young people do not always present at the benefits office but may still need some employability support. In tackling youth unemployment, local authorities are identifying people who may be 'hidden NEETs' as well as reducing the stigma around employability support.

Identifying interest

A key challenge when tackling youth unemployment is identifying people who need support once they leave an institution such as their school or post-16 colleges. Young people must be in education, employment or training up until the age of 18, but once they leave an institution at 18 it is easier for them to go off the radar. We found that a large proportion of young people that are targeted in employment programmes do not present themselves at the Jobcentre. There are many 'hidden NEETs' who may not make their way into national statistics, but would still benefit from employment and skills support.

Some local authority programmes are overcoming this issue using outreach teams and digital platforms. Generation North East is a devolved employment programme for young unemployed people in the North East Combined Authority area (see Appendix 1a). Newcastle Futures is a provider of Generation North East services to young people and general employability support to those who do not qualify for Generation North East (those clients not claiming benefits) in the Newcastle area. Newcastle Futures use social media strategies to identify and retain contact with hidden NEETs. Utilising social media, the team use targeted marketing, and information is cascaded by word of mouth or sharing on social media platforms. Newcastle Futures' advisers will position themselves in public spaces like libraries, coffee shops and sometimes schools to reach out to young people in familiar settings with high footfall.

In Greater Ipswich, the MyGo programme for reducing youth unemployment has outreach teams who attend community events likely to attract young people (see Appendix 1g). For example, they might

¹⁰ Source: <http://researchbriefings.files.parliament.uk/documents/SN06705/SN06705.pdf>.

have a stall at Ipswich Music Day or reach out to people on particular estates where multi-generational worklessness is entrenched and talk to people about MyGo in the local fish and chip shop. This demonstrates how well local authorities know their residents and how best to reach out to them.

MyGo, Greater Ipswich

The MyGo service was borne out of and funded by the Greater Ipswich City Deal. It is an employment service for young people aged 16 to 24 commissioned by Suffolk County Council, which is fully integrated and co-located with Jobcentre Plus and People Plus, a private sector provider. The support offer has two levels: universal support and intensive support. Universal support is open to anyone aged between 16 and 24, even those in education or in work, and allows access to use ICT facilities, an employer relations manager and all the advice and opportunities offered within the MyGo centre. The more intensive support is divided into three levels: low, medium and high, with a coach as a trusted advisor to give one-to-one support. All support is underpinned by creating a Work and Career Plan in conjunction with the young person, along with realistic steps of how to reach their aspirations.

MyGo operates concurrently in three phases: Phase 1 covers Ipswich and is funded via the Greater Ipswich City Deal; Phase 2 covers the whole of Greater Ipswich, including more rural areas and is funded by European money; and Phase 3 covers Lowestoft to test how to deliver the model more sustainably in the future. All three geographies share the same marketing and branding.

Reducing stigma

Identifying and engaging with young people needs to be done in a non-stigmatising way. The approaches above work because the Generation North East and MyGo programmes are not visually associated with statutory bodies. Instead, the brands are neutral yet recognisable as employability support programmes which are voluntary, opt-in rather than opt-out, and aimed at young people in a particular area no matter what their background.

Many programmes use alternative premises to the council or JCP to de-stigmatise employment support by removing the association with statutory bodies. These are neutral spaces located in areas with high footfall. For example, Blackpool Council (one of the Government's new Mental Health and Employment Trailblazers) is developing a Health, Wellbeing and Employment Hub that will be located in Blackpool town centre as a base to run the pilot (see Appendix 1h). They will invite organisations and providers delivering services around health, wellbeing and employment to co-locate and present wider opportunities for partnership working. The MyGo centre in Ipswich also co-locates council-commissioned private delivery and JCP staff on a fully integrated basis. All staff working at the centre wear the same MyGo branded t-shirts, regardless of their host organisation, which means that for the young people using the space, they do not immediately know the difference between a JCP member of staff who can help them with benefit conditionality from a MyGo coach giving them intensive employment support.

Blackpool Health, Wellbeing and Employment Hub

Blackpool is piloting one of central government's Mental Health and Employment trials aiming to improve both health and employment outcomes of unemployed residents experiencing common behavioural disorders such as depression and anxiety. The Blackpool pilot will begin later in 2016 and run for two years. It is a partnership between Blackpool Council, which employs the employment support workers, and Blackpool Teaching Hospitals NHS Foundation Trust, which employs the health staff.

The delivery team will be co-located within a repurposed vacant council-owned building which is being transformed into a Health, Wellbeing and Employment Hub; the refurbishment funded jointly from the council's economic development and public health budgets. This not only provides a base from which to run the pilot, but a hub to house a number of different parts of the system co-locating, including council-run delivery of the Work Programme, the redesigned Wellness Service, the Weight Management Service and more.

Next steps

There needs to be a more coherent approach to how education, employment and training joins up within the UK system to address school-to-work transitions. Greater partnerships need to be forged between schools, further education colleges and businesses to create a cohesive system which smoothly transitions young people from the classroom to the workplace. In conjunction, the advice and guidance provided to young people needs to be realistic and grounded in the local labour market.

This disconnect is exacerbated, as much of the budgeting and responsibility for youth unemployment is centrally-held. As devolution moves forward, we argue that local authorities should have greater powers to shape their local employability systems as well as being able to tackle youth unemployment much more sustainably. To do this, we argue that 16-18 further education and training budgets and the apprenticeship levy should be devolved to local authorities.

4: Long-term unemployment

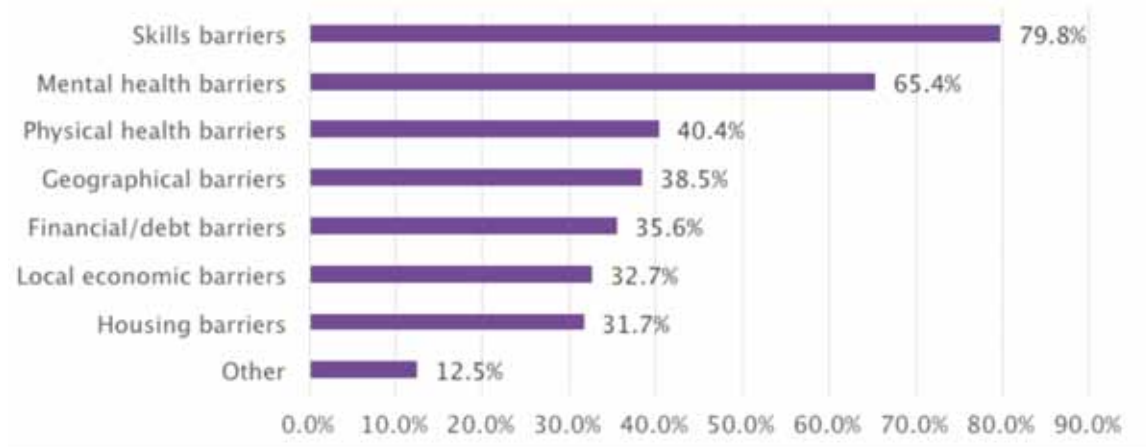
Long-term unemployment is a 'wicked' problem which is neither the cause nor consequence of a single social policy response. Barriers to unemployment can be mutually reinforcing; for example, low skill levels could lead to greater job rejection which in turn could lead to uncertain income streams or mental health issues. Currently, the key services of the public sector are not integrated enough to support the long-term unemployed back into sustained employment through coordination and sequencing of services.

National employment programmes have been less successful for people on Employment Support Allowance than for those closer to the labour market claiming Jobseekers' Allowance.¹¹ The new Work and Health Programme recognises the links between health, wellbeing and employment for those who require extra support. Co-designing and co-commissioning the programme has been offered to some combined authorities. Providing holistic support is the bread and butter of what councils do for their residents. The case studies in this section demonstrate that local authorities are doing this through service integration and providing personalised support for residents who are long-term unemployed.

Service integration

Service integration is pivotal to coordinate and sequence support. Our survey respondents noted (see Figure 4) that the most prevalent barriers to employment in their locality were skills barriers (almost 80 per cent), followed by mental health (65.4 per cent) and physical health barriers (40.4 per cent). Roughly a third of respondents also cited geographical, debt, local economic and housing barriers to employment for their residents. The response needs to be addressed in the right way at the right time, with joined up services to address barriers holistically, at a sensible spatial scale reflecting the functional economic areas and demographic needs.

Figure 4: Which of the following are particular barriers to employment in your locality? (n = 104)



However, the integration agenda is not as advanced as it should be. Where partnerships are happening between organisations, these seem to be mostly on a tacit, common vision level, rather than putting money on the table or sharing risk and governance. The vast majority of organisations are partnering with local authorities through having shared objectives and outcomes. It is unsurprising that the majority of organisations share objectives around increasing employment because of its positive impact on local economic growth, productivity and health and wellbeing. Co-location seems to be happening the most with JCP, housing associations and CCGs, and coordination at case level with schools and housing associations, which represents a step in the right direction. However, the most basic elements of integration – shared back offices, pooled financial resources, and shared workforce – are not common practice across any local authorities and their external, engaged partners. There are

¹¹ House of Commons Committee of Public Accounts (2014), *The Work Programme* Twenty-First Report of Session 2014-15, available at (<http://www.publications.parliament.uk/pa/cm201415/cmselect/cmpubacc/457/457.pdf> [accessed July 2016]).

clear gaps and room for improvement in full service integration to generate the best, holistic support networks for cohorts of the long-term unemployed.

Integrating health

The interrelatedness of health and employment has been rightly recognised by central government at a policy level with the introduction of the Work and Health Programme, to replace the more mainstream offer of the Work Programme; DWP initiatives like the Mental Health and Employment Trailblazers;¹² and the Joint Health and Work Unit's Innovation Fund pilots.¹³ But greater integration on a local level needs to follow.

The NHS has introduced Sustainability and Transformation Plans which demonstrate openness to health and social care integration, and the devolution of health budgets to Greater Manchester and Cornwall gives the chance to shape their local health offers. However, these are, as yet, piecemeal initiatives. Our survey respondents state that CCGs or local GPs were the least engaged of all the organisations in both employment and skills provision. This is a particular concern when mental health and physical health barriers to employment were considered two of the greatest barriers to employment. Local authorities and the health sector must work harder to integrate and develop shared outcomes beyond the clinical.¹⁴

Most areas are attempting to foster closer partnership working, as the links are well-recognised; however, the success of this is varied. Some local employment programmes are working around this by commissioning health services themselves. For example, in Greater Manchester the Working Well programme provides tailored support for long-term benefit claimants (see Appendix 1i). There are three prime providers of Working Well in Greater Manchester, covering different local authority areas over the pilot and expansion phases. On the pilot, one prime provider commissions, and is co-located with, a health provider; and another prime provider has internal psychological and physical therapists. The expansion phase works similarly, with the addition that providers can also refer to the Talking Therapies and IAPT (Improving Access to Psychological Therapies) services which have been commissioned by Greater Manchester to support Working Well clients with mild to moderate mental health needs. Fostering a more systematic inclusion of health in employability support is paramount as although workarounds are useful in the short-term, they should not be necessary in the long-term.

Working Well, Greater Manchester

Working Well is a holistic support programme designed to help long-term benefit claimants get into work across Greater Manchester. Utilising the Troubled Families approach, Working Well is based on a key worker model, with caseloads kept deliberately low to offer intensive, personalised services for the individual and, where appropriate, their family using a sequencing approach. Services are integrated at the local level, overseen by Local Integration Boards in each of the ten local authorities in Greater Manchester. Working Well is part of the broader Greater Manchester Strategy and public service reform happening across the combined authority.

Working Well has two phases: the pilot and the expansion. The pilot began in April 2014 and was aimed at getting 5000 Employment Support Allowance, long-term benefit claimants into work who not found employment after two years on the Work Programme. The expansion began in March 2016 and is aimed at a further 15,000 people, the vast majority of whom are out-of-work benefit claimants with multiple or complex barriers to employment.

Strategic commitments

Service integration can be furthered through strategic commitments across different local authorities and stakeholders, for example with Working Well. In Greater Manchester, each of the ten local

¹² For more details, see <https://www.gov.uk/government/publications/helping-people-with-mental-health-problems-find-work> [accessed July 2016].

¹³ Announced in the Spending Review 2015. See <https://www.gov.uk/government/publications/spending-review-and-autumn-statement-2015-documents/spending-review-and-autumn-statement-2015> [accessed July 2016].

¹⁴ For more details on how local authorities and the health sector should work together, see NLGN and Collaborate (2016), *Get Well Soon: Reimagining Place-Based Health*.

authorities created their own Local Integration Boards with a role to coordinate cases and referral pathways, which feeds into a Local Leads meeting with the Greater Manchester programme office. A representative from the local leads also attends Operational Steering Groups – termed Ecosystem meetings – along with representatives from JCP, providers of personalised support provision, Talking Therapies and Skills for Employment to ensure good communication and flow between partners.

Similarly, Pathways to Employment operates across three local authority boundaries in central London with strategic and operational meetings to drive the agenda forward (see Appendix 1j). The governance of the Pathways programme consists of a Joint Committee across all three boroughs, underpinned by a Programme Board of three Directors from Lambeth, Lewisham and Southwark as well as the South London District Manager from the Department of Work and Pensions. This is underpinned by a Management Group which involves the manager of Jobcentre Plus across Lambeth, Lewisham and Southwark. Getting the right people around the table can set partnership working off, moving towards further integration as trust is built.

Pathways to Employment, Lambeth, Lewisham and Southwark

Pathways to Employment is a triage support service aimed at cohorts of people with complex needs. Using the key worker model, the individual has a single point of contact with early triage and a holistic support network to address a person's barriers to work and set them on a pathway to employment. Pathways is a partnership approach between Lambeth, Lewisham and Southwark councils who came together to demonstrate the value of locally designed and delivered employment support. Participation on the programme is entirely voluntary. The programme has two phases: phase one was a pilot phase which ran from October 2014 to October 2015; and phase two is an expansion which began in December 2015 and will run for two years. The pilot was part of a Whole Place Community Budget for Lambeth, Lewisham and Southwark with main objectives around joining up and integrating employment and welfare services and creating a more individualised and client centred experience based on need rather than process.

Personalised support

Strong professional relationships

For the long-term unemployed, the journey into work is likely to take much time and intensive support. Our research uncovered that where integration was most advanced, people and professional relationships were at the heart of it. The key worker model, or key team model, sits in the middle of a fragmented system, helping to navigate it and provide a support network for a length of time while a client is both out and in-work. This model has been successful in the Troubled Families programme, and the learning is being taken forward in many places, such as Greater Manchester and the London Boroughs of Lambeth, Lewisham and Southwark. Many local authorities are implementing much more person-centred support because problems are complex and services need to be integrated, joined up and more holistic.¹⁵ The relationships forged between key workers, work coaches and the individuals themselves are important to having a sustained impact on navigating the system.

Co-location is useful to build strong, informal and professional relationships between staff dealing with the same caseloads from JCP, the council, public sector employees and providers of support services. Several interviewees told us that it is possible to lose people between buildings if they have to travel the physical distance between offices providing benefits services and employment support, even if the physical distance is just a two-minute walk. In some cases, the individuals are even chaperoned. Co-location offers warm handovers between key members of staff and greater chances for informal conversations about what is best for a customer. The evaluation of the pilot for Pathways to Employment in Lambeth, Lewisham and Southwark highlighted the importance of key workers co-locating with JCP for a number of reasons: to encourage warm handovers between work coach and key worker, which gives a better rate of attachment; to ensure that the key workers and work coaches

¹⁵ For further details, see NLGN (2016), *All Together Now: Whole Systems Commissioning for Councils and the Voluntary Sector*.

can keep each other informed about clients progress; and to contribute to better service integration.¹⁶ With the renewal of One Public Estate contracts in 2018, there are opportunities for councils to begin to co-locate with JCP offices.

Flexibility at the point of delivery

A flexible response at the point of delivery is important to address this. As one interviewee put it: “it is very hard to be flexible at the point of delivery with a standardised model”. In Greater Manchester, each of the ten local authorities take different approaches to the Working Well programme, having local flexibility at the point of delivery but shared principles supported by the combined authority. Similarly, Pathways to Employment have three prime providers working in the three boroughs with the same outcomes measures and targets, but local flexibility.

Further to flexible delivery, local authorities need to use the information they collect on a regular basis to inform providing and commissioning decisions and allow for an evolutionary approach. In Greater Manchester, the Working Well pilot collected rich data about the people they were supporting and discovered a skills deficit. For the Working Well expansion, they commissioned skills support (centrally, from the Skills Funding Agency) through a Skills for Employment programme to offer routes to qualifications, help with CVs and interview training. The facilities to collect and analyse data to inform the evolution of programmes is well within the local authority remit and should be deployed as standard.

Next steps

Service integration is not as advanced as it either could, or should be. It is important to accelerate integration in the case of long-term unemployment where people may have multiple reinforcing barriers and service needs. Much more needs to be done at the local and national level to incentivise closer partnership working between key stakeholders, beyond ‘sharing outcomes and objectives’. In particular, the partnerships between the health sector and employability support need to be much more embedded; not requiring workarounds but operating as second nature. Further devolution can accelerate greater service integration through granting local authorities greater control and powers to shape their places.

Elements of the employment and skills system are being devolved in this area, like the co-designing and co-commissioning of the Work and Health Programme and co-designing of programmes for the hardest-to-reach, but these are not on offer to all combined authorities. Yet councils are already providing holistic services to people requiring extra employment support. It would make sense for the Work and Health Programme to be devolved to combined authorities, and we argue that should be offered to more areas.

¹⁶ Centre for Economic and Social Inclusion (2015), *Evaluation of the Pathways to Employment Pilot Final Evaluation of Phase I Delivery and Recommendations for Phase II*.

5. Conclusions and recommendations

There needs to be a greater recognition from central government of the key role councils can play in employability support, with a new partnership between local authorities and DWP which has an appropriate share of risks and rewards.

The Work Programme is coming to an end, and being replaced by a much scaled back Work and Health Programme from 2017.¹⁷ This support will be for those with the highest needs and furthest from the labour market. Local authorities will have an even more critical role to play to fill in the gaps for those no longer eligible for national support.

Local authorities are already pioneering employability support outside of the logic of the current system. However, fragmentation of responsibilities at the national level and increasing budget cuts are limiting their response. At present, councils are more likely to be filling the void created by the national level rather than shaping their employability systems.

Employability systems will differ from place to place. Based on our research, we have identified some common threads which make for successful employability programmes.

The employability system needs to operate at a suitable spatial scale, which will be dependent on local geographies. The important point is that the scale takes into consideration commuting areas and business districts. Local authorities need to integrate with other agencies at a suitable scale, such as with CCGs and LEPs, with appropriate governance structures in place to support this at a strategic level.

Integration between local authorities, JCP, the health sector and private or voluntary sector providers is important for employability support to be best joined up at the local level and to ensure that people do not fall through the net. This can be catalysed through co-location of offices and secondments of staff. Local authorities should use the end of the One Public Estate contracts (due to be renewed in 2018) as launch-pads to negotiate co-location, particularly with JCP.

From senior strategists to frontline staff, co-location offers opportunities for stronger personal and professional relationships between staff of different organisations. This is particularly important to create closer relationships between work coaches and key workers to ensure 'warm handovers' and better tailored support for individuals. These key individuals can foster a network approach to flourish through bringing together the different parts of the system.

Recommendations

We recommend a series of measures which need to happen at both the national and local levels for local authorities to shape their local employment and skills systems.

National level and devolution asks

Local authorities need to shape their local employability systems and we have seen that local authorities are doing this without devolution. However, devolution drives innovation further and faster to achieve greater outcomes for greater numbers through the ability to scale-up and replicate pilots in different parts of the combined authority.

We argue that, to date, devolution has not gone far or fast enough. We recommend that there is cohesive devolution to tackle youth unemployment, and accelerated devolution to tackle long-term unemployment, with an appropriate share of risk and reward between combined authorities and DWP.

- 1. Cohesive devolution for youth unemployment:** some elements of employment and skills have already been devolved. This should now be extended to create a more cohesive set of devolved responsibilities and budgets to tackle youth unemployment on a holistic and sustainable basis.

¹⁷ The new Work and Health Programme was announced in the Spending Review Autumn Statement 2015, to provide specialist support for claimants with health conditions or disabilities and those unemployed for over 2 years. For more details, see https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479749/52229_Blue_Book_PU1865_Web_Accessible.pdf [accessed July 2016].

- **Phased devolution of 16-18 further education budgets.** The devolution of 16-18 further education budgets should mirror that of 19+ adult skills budgets, creating all-age skills budgets to be held at the combined authority level and distributed utilising local knowledge.
 - **Devolution of the apprenticeship levy.** As the Apprenticeship Grant for Employers is devolved, it makes sense to also devolve the apprenticeship levy for local authorities to coordinate both administration and distribution of funds. Local authorities know their businesses better than the national level, and devolving the levy will allow local authorities to match supply and demand in their areas more effectively.
2. **Accelerated devolution for long-term unemployment:** elements of support for the long-term unemployed are in the process of being devolved, but they do not go far enough or to enough local authorities.
 - **Co-commissioning of Work and Health Programme for all devolved areas and open to all future devolution deals.** Devolving more budgetary powers around supporting long-term unemployed back into work, with provisions to help those who will not hit the eligibility criteria for national support, are critical to prevent people slipping through the net, and embedding fuller service integration at the local level.
 - **Co-commissioning of mainstream employment support.** Combined authorities should be able to co-commission where they are currently co-designing with DWP, and this offer should be available to all devolved areas. This takes on even greater significance as the Work Programme is not renewed and local authorities are more likely to need to step up to support people no longer nationally supported. They need the funding and flexibility of devolved commissioning powers to make this happen sustainably.
 3. **Integrate Jobcentre Plus with local authority services:** there needs to be closer coordination between local authorities and JCP to join up benefits administration and employment advice services, minimising duplication between the two statutory bodies and ensuring smooth transitions for people. In order to accelerate integration, combined authorities should negotiate coterminosity of boundaries with JCP, single accountability frameworks across sectors, and co-location of services.

The national level can play an important role in holding a mirror up to local authorities. The national can hold data and disseminate best practice, and enact key data sharing legislation to accelerate public service integration.

4. **Create a National Learning Network:** the nature of local variation means that local areas will trial different approaches and learn the lessons of what works well and what doesn't. However, the dissemination of this information is not as widespread as it could be, to influence other areas and give practical guidance. A national body, such as the LGA, should form a network to share best practice.
5. **New data sharing legislation:** data sharing between councils and JCP is limited, as is that between housing providers, health services and other public sector organisations who will often deal with the same people. Joining up the system in all aspects of public service requires closer data sharing. In the case of supporting employability, the sharing of data between statutory and non-statutory agencies on an informed consent basis would vastly improve the quality of support offered, particularly in keeping people engaged in voluntary programmes. In many cases, this will require data sharing legislation; but service level agreements and informed consent should also be used as widely as possible.

Local level

Local authorities should take steps towards shaping their places regardless of whether they are part of devolution deals or not. For the most part, local authorities need to establish meaningful partnerships with neighbouring local authorities, with JCP and other public sector organisations to better integrate employability support. They can do so in the following ways:

6. **Co-locate JCP with other public services:** the end of the One Public Estate contracts in 2018 provides a great opportunity for renegotiating co-location of councils, private and voluntary sector providers, JCP, housing associations, health services and many more. It is important to

keep connections close to foster better personal relationships between key members of staff, greater partnership working and integration, and physical buildings with co-location space are to be encouraged.

- 7. Partnerships with neighbouring local authorities:** employability support works best at sub-regional scale, working across business districts and commuter towns to create employability systems within a place. Local authorities need to work with neighbouring local authorities, integrate support as far as possible, and co-commission services across local authority boundaries. Key contacts need to meet regularly and have open conversations about how best to support their residents who live and work in their boroughs.
- 8. Develop Local Integration Boards:** across local authorities, governance structures need to be in place to coordinate decision-making and accountability. Creating Local Integration Boards to join-up elements of the public sector are a useful tool to getting the right people around the table to align objectives and move towards greater integrated working, particularly including JCP.
- 9. Map supply and demand in the area:** local authorities know their local labour market and the demographic of their area and therefore need to play a much more active role in joining the two up, acting as both the broker and data analyst to provide up-to-date information on supply and demand, and better understand the underlying barriers to employment in an area and how to tackle them. They can do this by mapping local labour market trends; utilising local intelligence; and through brokering local relationships and networks. Local authorities then need to create appropriate avenues to disseminate this information to local employers and their residents.



Appendix 1: Case study summaries

The case studies outlined below are from the areas that we examined and interviewed as part of this project. They were chosen for their innovative approaches to employment support and skills provision at the local level and the effectiveness of their methods. These examples can be used as a reference tool as they are cited throughout this report and have informed our analysis of what works and how.

Generation North East

Generation North East is a devolved employment programme and a partnership of seven local authorities in the North East (Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland) and the North East LEP to make the connection between young people who are unemployed and the business community. It is aimed at people aged 16-24 who have not yet been referred to the DWP Work Programme. Business advisers within the councils of the combined authority impartially broker relationships between businesses, training providers and young people to facilitate apprenticeships and training, as well as boost youth employment. The project covers the full combined authority area and is working with 4500 people with the objective of moving 2000 into employment. The metrics used mirror the Work Programme to enable the programmes to be as comparable as possible.

Newcastle City Council is the lead accountable body for Generation North East and they have service level agreements with the other local authorities in the combined authority as well as a Steering Group across the local authorities and Jobcentre Plus for strategic direction. Frontline staff are employed by each local authority directly; each local authority plays its own delivery role and provides employment support for young people and leverages their own position with local businesses to create opportunities for young residents. The programme is delivered under a single and consistent brand which is recognisable for employers and Jobcentre Plus. Funding, which is a devolved grant from the Cabinet Office's Youth Contract underspend, is managed centrally though each authority is funded to deliver their element of the programme under the Generation North East brand umbrella. Across the combined authority, Generation North East has a single brand and marketing; a single performance framework; a single CRM system; a single quality assurance framework and the same core KPIs; with flexibility retained in delivery of the service locally in order to leverage council assets fully.

The programme is grant-funded by the Cabinet Office's Youth Contract underspend, which Newcastle City Council bid for on behalf of the combined authority. The payment mechanism is therefore not outcomes-based, but there are three core KPIs which are shared across the combined authority geography around job starts, job outcomes, and sustained employment of 26 weeks. The nature of the grant gives flexibility in the management of the service and to put in place appropriate capacity according to demand, and provides good value for money because there are few costs absorbed in contracting. There are mechanisms in place across the combined authority to ensure that all parts of the programme contribute to its success, so that if a business adviser in one local authority gets someone into work in another local authority, it is recognised as the success of the adviser.

Newcastle Futures is an arms-length body to Newcastle City Council, created ten years ago as a Special Purpose Vehicle to provide flexibility for the council and JCP with the ability to test new approaches. The organisation has a key role in trialling new approaches and feeding learning back to the local authority and JCP. The organisation works to the aligned objectives of the councils and JCP, involving secondments from both, and has a hybrid model of delivery. Newcastle Futures is a provider of Generation North East services to young people and general employability support to those who do not qualify for Generation North East (those clients not claiming benefits) in the Newcastle area. Generation North East business advisers who service Newcastle employers are situated within the council and ensures that links are made with the city's key developments supported by the Economic Development Team in Newcastle Council.

Southwark Employment and Enterprise Development Scheme

SEEDS helps SMEs take on a 16-24-year-old apprentice or employee, through the creation a quality job opportunity which pays the London Living Wage. SEEDS pays a wage subsidy of up to 75 per cent; identifies skills needs and drafts a job description; provides full support in recruiting for apprenticeship and job roles; and provides on-going mentoring and business support.

SEEDS aims to stimulate local business growth while generating sustainable apprenticeships and jobs for young people who might otherwise struggle to gain meaningful employment. The council match-funds the young person's salary for one year if the employer commits to paying the living wage, or up to 50 per cent for SMEs and up to 75 per cent for voluntary and community sector organisations.

Young people interested in applying for SEEDS apprenticeships and jobs can access free CV and interview preparation and other employability support. Each young person has a dedicated mentor throughout their employment journey who provides advice and support to help them overcome challenges around getting and keeping work. After a year, the employer is expected to either employ the young person or work with the SEEDS team to help them find another job.

Skills Made Easy, Sheffield City Region

Skills Made Easy is a brokerage system developed by Sheffield City Council on behalf of Sheffield City Region that connects employers to the training providers that best meet their needs in creating apprenticeships and opportunities for workforce development. Skills Made Easy aims to create 4000 apprenticeships and 2000 training opportunities to upskill those already in work. Premised on choice, the programme offers employers several training providers to buy services from. The programme is employer-led in that training funds are held by the city region but it is the businesses engaged who decide how it will be spent. Skills Made Easy was designed to expose unmet demand or apprenticeships and other training within the current skills system, by engaging employers who had either never hired an apprentice, or had not had one in the past year and were therefore not engaged in national programmes.

The programme was a tripartite investment between the Department of Business, Innovation and Skills, local authorities and employers. Brokers are centrally located and a small team, the Talent Pool, also work across Sheffield City Region and target those not in education, employment or training to connect young people with new apprenticeships.

Sheffield City Council also administers Grants for Apprenticeships (GAP) on behalf of the city region. GAP is a locally devolved version of the national Apprentice Grant for Employers (AGE), tailored locally to encourage employers in South Yorkshire to take on apprentices. Sheffield City Council works closely with the Skills Funding Agency to ensure the validity of claims, whilst applying local rules to ensure flexibility in responding to local economic need. The grant is available to SMEs in South Yorkshire with a maximum of 100 employees that employ an apprentice aged from 16 to 24 years old. Any one employer can claim for up to 4 grants.

North Ayrshire Employer Recruitment Incentive

The Scotland Employer Recruitment Incentive (SERI) is funded by Skills Development Scotland and is delivered nationwide by local councils. Skills Development Scotland allocates SERI places to local authorities based on need using measures like employment deprivation. This is a grant-funded allocation to employers of £4500 per job, which equates to paying individuals 50 per cent of the National Minimum Wage for the first six months of employment. SERI, on a national level, is currently aimed at employers recruiting young people between the ages of 16 and 29.

The North Ayrshire Employer Recruitment Incentive (ERI) extends the offer for people over the age of 30, creating a seamless offer of the ERI for all-ages for employers in the area. Using match-funds from North Ayrshire Council and European funding, the ERI works in the same way as SERI in the way it pays, and incentivises, employers. It will run for three years from October 2015.

All people who use the programme can be referred either through Jobcentre Plus, Skills Development Scotland, or through self-referral. Individuals all participate in a pre-employment training course which

may use local colleges for job-specific skills training, use JCP services, or go directly to businesses themselves if they have preferred training providers.

The Gateway Project, Birmingham City Council

The Gateway Project in Birmingham City Council had two main components: the redevelopment of New Street Station and the creation of Grand Central shopping centre. Birmingham City Council secured commitments from project partners to provide apprenticeships, and jobs opportunities for local people through a 'Jobs and Skills Charter' which was signed by Birmingham City Council, Network Rail and John Lewis as the major partners in the Gateway Project development. This was a commitment to improve access for local people into the 1000 jobs which were created by the developments.

The New Street Station regeneration offered job creation and skills development in two phases: in demolition and construction. Partnerships between the principal contractor, Mace, local subcontractors, further education colleges, the council and Jobcentre Plus enabled the creation of apprenticeships and the taking on of 120 apprentices. Jobcentre Plus and local colleges partnered to deliver construction courses and the council played a brokering role in matching young people to apprenticeship opportunities, which were spread across the prime and subcontractors.

Grand Central shopping centre created 40 new shops and 20 new restaurants with opportunities for job creation in customer service, retail, hospitality and related sectors. In partnership with further education colleges, the council offered bespoke training courses around these skills requirements in order to upskill local people to take advantage of the new vacancies created. Those who participated in the workshop were predominantly referred by Jobcentre Plus, particularly targeted at people in super output areas in the six most disadvantaged wards. The workshop was funded by further education colleges who could claim back the savings the courses accrued to Jobcentre Plus.

The following targets were achieved working with the contractor supply chain and end use retailers: 208 unemployed priority residents (those of the most deprived wards) received pre-employment support; 1,442 local residents (people with a Birmingham address) were directly employed on site; 217 unemployed people were supported into employment; 116 on-site apprentice opportunities were created; 289 people completed in work/on-site training; and 548 sustainable retail jobs were created in the Grand Central retail complex which included 90 jobs at John Lewis.

Beyond Bricks and Mortar, City and County Council of Swansea

The City and County of Swansea Council introduced Beyond Bricks and Mortar as part of its economic regeneration strategy, 'Swansea 2020', to capitalise on the employment and training opportunities arising from redevelopment projects in the area. Beyond Bricks and Mortar is an approach to procurement contracts which sets out social benefit clauses, including employability benefits such as targeted recruitment and training for young people or long-term unemployed, and contributions to education. The main drivers of these clauses are to allow local people to develop new skills and to reduce economic inactivity in the area.¹⁸

The social benefits may be measured through the provision of training in the form of 'person weeks', which are calculated based on the value, nature and length of the contract; the provision of a number of work experience weeks; a requirement to give prior notification to the Beyond Bricks and Mortar team of job vacancies and to work with them to recruit trainees who are either not in education employment or training, long term unemployed or economically inactive requiring support to enter the labour market; and use of local sub-contractors wherever possible and advertising sub-contracting opportunities on Sell2Wales to allow local small or medium enterprises an opportunity to bid for them.¹⁹

MyGo, Greater Ipswich

The MyGo service was borne out of and funded by the Greater Ipswich City Deal. It is an employment service for young people aged 16 to 24 commissioned by Suffolk County Council, which is fully

¹⁸ For more details, see <http://www.swansea.gov.uk/article/4725/Beyond-bricks-and-mortar> [accessed June 2016].

¹⁹ APSE (2013), *Tackling Youth Unemployment: Local Authorities Leading the Response*.

integrated and co-located with Jobcentre Plus and People Plus, a private sector provider. The support offer has two levels: universal support and intensive support. Universal support is open to anyone aged between 16 and 24, even those in education or in work, and allows access to use ICT facilities, an employer relations manager and all the advice and opportunities offered within the MyGo centre. The more intensive support is divided into three levels: low, medium and high, with a coach as a trusted advisor to give one-to-one support. Those with low needs will be relatively close to the labour market and need some support with, for example confidence, writing CVs and interview techniques. Those with higher needs are unlikely to find employment in the near future and will receive individually tailored support to address multiple barriers to employment. All support is underpinned by creating a Work and Career Plan in conjunction with the young person, along with realistic steps of how to reach their aspirations.

MyGo operates concurrently in three phases: Phase 1 covers Ipswich and is funded via the Greater Ipswich City Deal; Phase 2 covers the whole of Greater Ipswich, including more rural areas and is funded by European money; and Phase 3 covers Lowestoft to test how to deliver the model more sustainably in the future. Ipswich and Lowestoft are two areas in Suffolk with the highest youth unemployment rates. All three geographies share the same marketing and branding.

The payment mechanism for the provider of Phase 1 and 2 is mostly payment by results alongside a smaller fee to enable the providers to offer the universal services. The Provider is paid at three stages: attachment; positive progression; and sustained progression. In-built is the recognition that a progression is not just entry into a job, but could be any step in the right direction according to a person's Work and Career Plan: this may be work experience or volunteering as a positive progression for a person in the high intensity cohort; or from a traineeship to an apprenticeship as a sustained progression measure. Outcomes are measured in terms of off-flows from JCP, and the NEET rate across the area. Overall job outcomes are 35 per cent for job progressions for those who are receiving coaching, of which 45 per cent have reached a sustained progression of being in work for 6 months or more.

Blackpool Health, Wellbeing and Employment Hub

Blackpool is piloting one of central government's Mental Health and Employment trials aiming to improve both health and employment outcomes of unemployed residents experiencing common behavioural disorders such as depression and anxiety. The Blackpool pilot will undertake a randomised control trial to see whether specialist employment advice in the form of the IPS model (Individual Placement Support) integrated with mainstream IAPT (Improving Access to Psychological Therapies) provision will deliver improved outcomes. IAPT services are generally for people suffering from depression or anxiety and is offered by the NHS across England. IPS with IAPT has been recommended as a trial following DWP commissioned research into better ways of linking therapy with employment advice, but has hitherto been tested on people with more severe mental health issues. The Blackpool pilot will begin in October 2016 and run for two years with the capacity to assist some 1,000 jobseekers. It is a partnership between Blackpool Council, which employs the employment support workers, and Blackpool Teaching Hospitals NHS Foundation Trust, which employs the health staff. The £2.1 million pilot has been funded from £1.1 million from DCLG's Transformation Challenge Award, alongside £1 million from the European Social Fund.

The delivery team will be co-located within a repurposed vacant council-owned building which is being transformed into a Health, Wellbeing and Employment Hub; the refurbishment funded jointly from the council's economic development and public health budgets. This not only provides a base from which to run the pilot, but a hub to house a number of different parts of the system co-locating, including council-run delivery of the Work Programme, the redesigned Wellness Service, the Weight Management Service and more.

Mental Health and Employment Trailblazers are being delivered in two other areas across England, the North East and West London. Although different in scope, Greater Manchester is also delivering a new approach as part of their Working Well programme. Each pilot has their own challenges. The relative advantage of Blackpool is that it needs to coordinate the activity of a single council, co-delivery partner in the hospital trust, Clinical Commissioning Group and Jobcentre Plus, as opposed

to multiple partners in larger areas. The relative disadvantage as a result of the limited geographical spread is whether or not it will have enough eligible people to progress through the pilot, although early indications are that the recently redesigned IAPT service (called Supporting Minds) is seeing an uplift in referrals and self-referrals many of whom would be eligible for the pilot.

Working Well, Greater Manchester

Working Well is a holistic support programme designed to help long-term benefit claimants get into work across Greater Manchester. Utilising the Troubled Families approach, Working Well is based on a key worker model, with caseloads kept deliberately low to offer intensive, personalised services for the individual and, where appropriate, their family using a sequencing approach. Services are integrated at the local level, overseen by Local Integration Boards in each of the ten local authorities in Greater Manchester. Working Well is based on the following principles: integrated services; key worker model; public service reform; and transformational delivery. Working Well is part of the broader Greater Manchester Strategy and public service reform happening across the combined authority.

Working Well has two phases: the pilot and the expansion. The pilot began in April 2014 and was aimed at getting 5000 Employment Support Allowance, long-term benefit claimants into work who not found employment after two years on the Work Programme. The expansion began in March 2016 and is aimed at a further 15,000 people, the vast majority of whom are out-of-work benefit claimants with multiple or complex barriers to employment. The majority of claimants are referred by Jobcentre Plus, with four local authorities piloting GP referrals as well.

In the pilot phase, programme was contracted to two main providers: Big Life covered Manchester, Salford and Trafford; and Ingeus covered Bolton, Bury, Oldham, Rochdale, Stockport, Tameside and Wigan. The providers have different approaches to Working Well. Big Life is a group of social enterprises which uses motivational interviewing and behavioural change techniques to build independence, self-reliance and confidence within clients. Ingeus is a national provider of employability services and uses a Caseload Management Framework with a six stage process revolving around an action plan and a 'menu' of interventions for the key worker to utilise. Both providers have changed and adapted throughout the pilot, learning from each other's' approaches. In the expansion phase, Ingeus continues to be the prime contractor and deliverer for the seven boroughs, and the prime contractor for Manchester, Salford and Trafford is the Manchester Growth Company, which also subcontracts Big Life to cover delivery in Trafford, and Pathways CIC to deliver specialist health services.

The Greater Manchester Combined Authority is the overall accountable body, and operational steering groups, termed Ecosystem Meetings, happen between providers, Jobcentre Plus and local leads to discuss caseloads and share practice. Local leads (representing the ten local authorities) play an important role in engaging with each other and with providers, and coordinating the programme across the conurbation. The programme is funded jointly by the Department for Work and Pensions and the ten local authorities.

The target is for 20 per cent of clients to start a job and 15 per cent to achieve a sustained job outcome (equivalent to 50 out of 54 weeks), alongside an improvement in work readiness across the whole client base.

Pathways to Employment, Lambeth, Lewisham and Southwark

Pathways to Employment offers person centred employment support to Lambeth, Lewisham and Southwark residents to ensure that those with complex needs do not end up 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, who came together to demonstrate the value of locally designed and delivered employment support. The programme is delivered in partnership with Jobcentre Plus and runs out of one Jobcentre in each of the three boroughs. Together with Jobcentre Plus, the three boroughs have designed a triage tool which recognises that those with complex needs require support for a broad range of issues if they are to get back into work. Using the key worker model, the individual has a single point of contact and a holistic support network to address their barriers to work, including skills, housing, debt, family and childcare as well as more

specific barriers to work, and set them on a pathway to employment. Participation on the programme is entirely voluntary.

To date, Pathways has been delivered in two phases: phase one was a pilot phase which ran from October 2014 to October 2015; phase two is an expansion that includes the significant amount of learning from phase one, which began in May 2016 and will run for two years. Phase one of Pathways was a pilot delivered as part of a Whole Place Community Budget for Lambeth, Lewisham and Southwark, with key objectives around joining up and integrating employment and welfare services and creating a more individualised and client centred experience based on need rather than process. The programme was open to four main priority cohorts: young people aged between 18 and 24, lone parents, benefit claimants with mental health needs, and older people over the age of 50. The pilot was a commissioned service provided by Tomorrow's People, a national employment charity.

In its pilot phase, 24 per cent of the 456 people who started on the programme achieved a job outcome. Those who had claimed Jobseekers Allowance (JSA) were most likely to move into a job, and those with mental health problems were least likely. Furthermore, those who had been unemployed for less than a year – for example in the 'new JSA' claimant group – were much more likely to achieve a job outcome.

The expansion phase builds on the lessons learnt from the pilot phase. Keyworkers are now located in the Jobcentres, where Pathways runs, so they are able to keep Jobcentre work coaches better informed of client progress. After a claimant is triaged by the work coach they are able to ensure a warm handover, significantly improving client retention. The focus for triage has also changed, reflecting the need to integrate the approach with the benefit system and local intelligence about the points at which claimants are most at risk of becoming long-term unemployed: those who have been JSA or Universal Credit claimants for thirteen weeks; new Employment Support Allowance (ESA) claimants; those moving from income support benefits to JSA; and ESA claimants moving to JSA. These cohorts align with Jobcentre Plus claimant groups, and will require additional support to help them into employment with less of a risk of duplicating services provided by Jobcentre Plus. The aim for phase two is to get 625 people into work over the next two years.

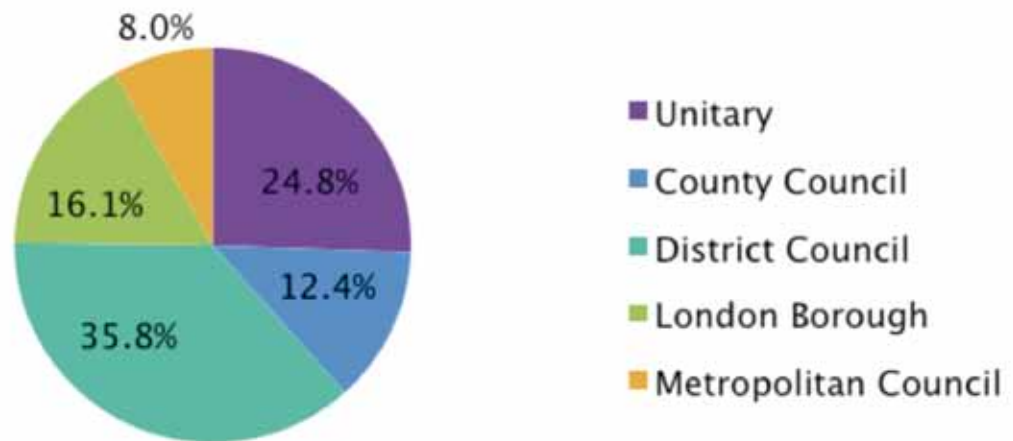
In terms of governance, Pathways sits under the Better Placed partnership. A Joint Committee has been established across all three boroughs, underpinned by a Programme Board of Directors from each of Lambeth, Lewisham and Southwark as well as the South London District Manager from the Department of Work and Pensions. The Programme Board is supported by a Management Group which involves key operational leads from the three boroughs and Jobcentre Plus. The second phase of Pathways is funded through European Social Fund and DCLG's Transformation Challenge Award.

Appendix 2: About the survey

The survey was sent out to senior officers and councillors in local authorities across the UK. The survey was in field from May 2016 for one month. In total there were 140 respondents. The following charts demonstrate the type of organisations respondents worked for and the kind of roles the respondents had.

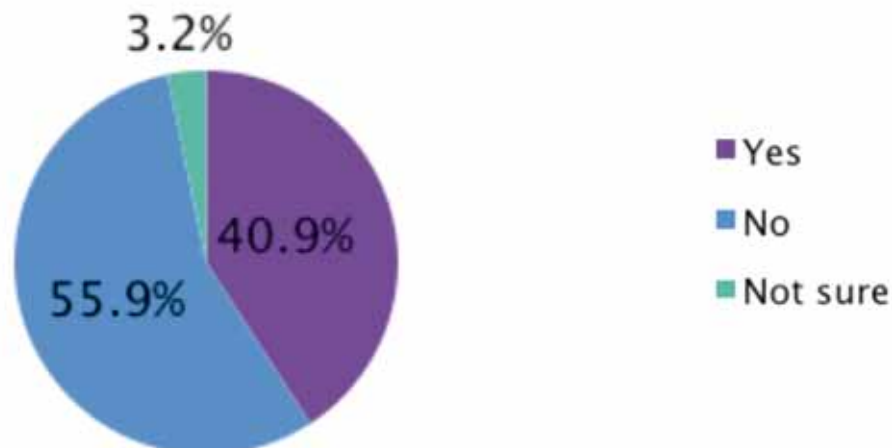
The majority of respondents were from District Councils (35.8 per cent), followed by respondents from Unitary authorities (24.8 per cent), from London Boroughs (16.1 per cent), from County Councils (12.4 per cent), and from Metropolitan Councils (8 per cent).

Figure 5: What type of local authority do you work for? (n = 137)



There was an even split of respondents from areas with devolution deals (40.9 per cent) and those who were not currently involved in devolution talks (55.9 per cent).

Figure 6: Is your local authority part of a combined authority with (current or planned) devolved responsibilities for employment and skills? (n = 93)



Many more officers responded than councillors: 87.9 per cent of respondents compared to 26.8 per cent. Almost 24 per cent of all respondents were Chief Executives and 22.5 per cent were Cabinet Members, including Leaders and Deputy Leaders meaning there was good representation of the most senior positions in local authorities.

Figure 7: What is your role in your local authority? (n = 138)



The regional distribution is reasonably well-spread, with the majority of respondents from the South East (19.1 per cent) and London (16.8 per cent), and a regional spread across the North West, Scotland and the East and West Midlands. Much fewer respondents came from Wales, South West, Yorkshire and Humberside, the North East or Northern Ireland.

Figure 8: Where is your local authority? (n = 131)



LOCAL SERVICES LOCAL SOLUTIONS

PRICE	
APSE Members	£20.00
APSE Non-members	£40.00

Association for Public Service Excellence
2nd floor Washbrook House
Talbot Road, Manchester M32 0FP

www.apse.org.uk
telephone: 0161 772 1810
fax: 0161 772 1811