



# Effectiveness of Employment Strategies



A report from Overview & Scrutiny







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# Preface

By Cllr Tahir Ali, Lead Member



When we started this Scrutiny Review at the end of 2007 the economic climate was very different. At that time, our concern was the worklessness rates in some of most deprived areas which, despite a period of sustained economic growth accompanied by relatively high employment rates, were over 30%.

Over the last few years of being a Member of the Regeneration O&S Committee, I had received reports from a number of centrally-driven programmes introduced to tackle worklessness in deprived areas. There was also the work being done by JobCentre Plus, the Learning and Skills Council and Birmingham City Council. My colleagues wanted to understand why all this activity seemed to be having little overall impact on worklessness rates – or were they actually helping to prevent a bad situation becoming worse?

The aim of our investigation was therefore to explore what impact these strategies and programmes have had, and what we could learn from these experiences. However, we were not able to conduct the evaluation we envisaged as the tracking of individuals going through these programmes is only just commencing. There is therefore no meaningful longitudinal data to assess the impact of the schemes overall, particularly in terms of the sustainability of the employment gained.

What we have learnt is the value of locally run schemes, the necessity of individual tailored support and the importance of tackling the barriers that make it difficult or impossible for people to accept work.

These are also important as we work to combat the effects of the current recession, but also essential to maintaining our focus on tackling worklessness. The commitment of partners to tackling worklessness has increased over the last few years and this should continue. Most importantly, we should not lose focus on those more deprived areas which need our help and those individuals who have been without work for many years.

I would like to thank members of the working group and officers for all their support, hard work and commitment.



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# Glossary

<b>AWM</b>	Advantage West Midlands – the Regional Development Agency
<b>BCC</b>	Birmingham City Council (also referred to as the City Council)
<b>BCT</b>	Birmingham Chamber Training Ltd
<b>BEDP</b>	Birmingham Economic Development Partnership (chaired by the Chief Executive of the City Council and oversees the LAA activity for worklessness)
<b>BERR</b>	Department for Business, Enterprise and Regulatory Reform
<b>BVSC</b>	Birmingham Voluntary Service Council
<b>CBI</b>	Confederation of British Industry
<b>CESP</b>	Constituency Employment and Skills Plans
<b>DAF</b>	Deprived Area Fund: a flexible pot of money that is allocated to deprived wards across the UK that fall within the City Strategy
<b>DCLG</b>	Department for Communities and Local Government
<b>DHP</b>	Discretionary Housing Payments
<b>DIUS</b>	Department for Industry, Universities and Skills
<b>DWP</b>	Department for Work and Pensions
<b>EAT</b>	Employment Access Team, Birmingham City Council
<b>EBNSRZ</b>	East Birmingham and North Solihull Regeneration Zone
<b>EFTAP</b>	Employment Floor Target Action Plan: the action plan drawn up in 2005 to answer concerns about the contribution NRF was making to tackling worklessness
<b>ERAD</b>	Employment Retention and Advancement Demonstration
<b>ERDF</b>	European Regional Development Fund
<b>ESA</b>	Employment and Support Allowance
<b>ESF</b>	European Social Fund
<b>ESG</b>	Employment Strategy Group: Responsible for planning and delivery of the City Strategy and co-ordinates the partnership (BCC, JCP and LSC) response for the LAA activity for worklessness
<b>ESOL</b>	English for Speakers of Other Languages
<b>FND</b>	Flexible New Deal
<b>IB</b>	Incapacity Benefit, now replaced by Employment Support Allowance (ESA)
<b>IES</b>	Integrated Employment and Skills System
<b>IS</b>	Income Support
<b>JCP</b>	JobCentre Plus
<b>JIP</b>	Joint Investment Plans
<b>JRF</b>	Joseph Rowntree Foundation
<b>JSA</b>	Job Seeker Allowance
<b>LAA</b>	Local Area Agreement: sets out the priorities for a local area agreed between government and a local area (the Local Authority and Local Strategic Partnership, and other key partners at the local level).
<b>LEP</b>	Local Employment Partnership: a commitment between an employer and the government to match up job opportunities with those people most disadvantaged in the labour market
<b>LGA</b>	Local Government Association



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<b>LGIU</b>	Local Government Information Unit
<b>LPSA</b>	Local Public Service Agreement
<b>LSC</b>	Learning and Skills Council
<b>LSP</b>	Local Strategic Partnership
<b>MAA</b>	Multi Area Agreement
<b>NAIS</b>	Neighbourhood Advice and Information Service, Birmingham City Council
<b>NDC</b>	New Deal for Communities: 2 areas in Birmingham – Aston Pride & Kings Norton
<b>NDLP</b>	New Deal for Lone Parents
<b>NEET</b>	Not in Education, Employment or Training
<b>NESP</b>	Neighbourhood Employment and Skills Plans: action plans for tackling worklessness in Neighbourhoods
<b>NI</b>	National Indicator
<b>NRF</b>	Neighbourhood Renewal Fund
<b>O&amp;S</b>	Overview and Scrutiny
<b>ONS</b>	Office for National Statistics
<b>PCT</b>	Primary Care Trust
<b>PTA</b>	Passenger Transport Authority
<b>RDA</b>	Regional Development Agencies
<b>SME</b>	Small and Medium Enterprises
<b>SOA</b>	Super Output Areas: a geographic hierarchy designed to improve the reporting of small area statistics. There are 641 SOAs in Birmingham, including 187 priority SOAs (these have a worklessness rate of 25% and above)
<b>SRB (SRB6)</b>	Single Regeneration Budget
<b>UHB</b>	University Hospital Birmingham
<b>WACG</b>	Working Age Client Group: those claiming JSA, IB, lone parents on Income Support and those on other income related benefits
<b>WMLGA</b>	West Midlands Local Government Association
<b>WNF</b>	Working Neighbourhood Fund: the WNF replaced NRF and incorporates Deprived Areas Fund to create a single fund to tackle worklessness and other elements of deprivation



# Summary

## The Context

Starting this Scrutiny Review in the autumn of 2007, our concerns were of the persistent high unemployment and high numbers of people on benefits concentrated in parts of our city – and this despite a period of sustained economic growth.

This report has been written in very different economic circumstances: unemployment is rising as the economy contracts and, at the time of writing, the country was in recession.<sup>1</sup>

This changed situation has left its impression on our conclusions and recommendations, but does not make our original concerns any less pertinent. One of the Council's key aims is that our city and its citizens "succeed economically" and that opportunity should be open to all. Tackling worklessness in some of our most deprived areas therefore remains a priority.

## Our Aims

Our main aim was to consider: how effective are strategies to increase employment in priority wards in narrowing the gap in worklessness rates with the city average?

The Scrutiny Review report was not intended to be an exhaustive account of all employment strategies at work in the city, nor did we set out to repeat in-depth evaluations of individual programmes. Rather the aim was to review the evidence and consider worklessness rates alongside strategy outcomes, to provide an analysis of their impact.

In examining the question of the effectiveness of employment strategies, we have taken a wide view of the term "employment strategies" to mean those strategies or programmes which aim to help people who need such assistance into work, or to raise employment rates, or to reduce worklessness rates in an area.

We therefore looked back at the programmes that have been deployed in some of our most deprived wards, including Enterprising Communities, Aston Pride and the East Birmingham North Solihull Regeneration Zone.

We also considered the work of the three main agencies – JobCentre Plus, Learning and Skills Council and Birmingham City Council – and how the partnership arrangements are working.

## "Closing the Gap"

Looking back over the past five years worklessness was declining, until the effects of the current recession were felt. Some of the biggest decreases in the proportion of the workless population were to be found in the priority wards. However, key targets on worklessness – which focused on "closing the gap" between priority wards and the rest of the city – were missed and the priority wards still have the highest rates of worklessness – some over 30%. We could not therefore conclude that any employment strategies have

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<sup>1</sup> On 22 January 2009, the second consecutive quarter showing a reduction in Gross Domestic Product – the official definition of recession – was announced.



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been successful in fully “closing the gap” in worklessness rates between the priority wards and the city average.

However, some of the biggest decreases in worklessness were found in some of the priority wards and so we went on to consider how much of that decrease was attributable to the employment strategies deployed and how much a reflection of the prevailing economic conditions.

## **Performance and Impact**

The organisations and programmes involved in delivering activity to reduce worklessness report that their performance targets have largely been met. So what impact have they had? Would the situation in these wards have been worse had these strategies and programmes not been in operation?

We had hoped to be able to provide some clear answers to these questions. However, the information provided was not sufficient to do so. For example, most of the area-based regeneration strategies operating in the city report on numbers of people securing employment whilst on the books of the relevant organisations. At face value, this is a good indicator of activity. However, further investigation reveals that no tracking of these individuals has taken place, so we cannot be sure whether the individuals counted are only being counted once – in other words, have some people participated in more than one programme and were therefore counted twice or more – or whether the individuals helped into work are still in work in 3, 6 or 12 months time.

It is also not clear whether those individuals helped into work were the longer term unemployed – i.e. those less “job ready” – or whether some individuals would have gained employment even without participation in these programmes.

We therefore concluded that better tracking of individuals was needed and have recommended that all employment strategies which the City Council funds should have robust mechanism in place. We were informed that one of the barriers to undertaking tracking is data protection so have also recommended that this issue is tackled at both the local and national level.

## **Governance and Delivery**

Recognising the need for interventions to assist the long-term unemployed into work, we went on to consider what could be learned from the experience of our local practitioners and national research.

Examining this area revealed the complexity of the partnerships – with strategies with different targets focused on different spatial areas, and a range of programmes and funding streams. However, our findings supported that of national research: that delivery of worklessness programmes is best done at a local level.

Greater control at a local level would give greater scope to address the “democratic deficit” and local control and accountability would also facilitate closer monitoring of local programmes and clearer, less elongated lines of accountability.

Engaging with third sector organisations is vital to getting this local knowledge, experience and the “multiplier effect” of spending the programme funding locally. These organisations, whilst subject to the rigorous monitoring that all publicly funded bodies should be, should also be given the opportunity to compete for contracts fairly. The scale of commissioning is fundamental to this. We are concerned that this is not happening with ESF Co-financing contracts.



We have made recommendations to ensure that commissioning is set at an appropriate scale so that third sector organisations have a reasonable chance of succeeding. We also believe that the involvement of Elected Members in Constituency and Neighbourhood Employment and Skills Plans should be clarified and strengthened.

### **The Role of the City Council**

We explore a number of ways in which the City Council itself could do more to support those looking for work get into work – procurement, planning, childcare, recruitment practices. It would also be possible for the City Council to offer in-work loans to those who enter work from benefits and experience financial difficulties during the period between benefits ending and the first pay packet being received.

We therefore recommended that the City Council investigate how recruitment practices can be enhanced to ensure key worklessness groups within Birmingham are assisted in being recruited to City Council vacancies. We also want to look more closely at whether the planning process can be utilised to capture more jobs for local people e.g. extending the 'partnership stores' principle and agreeing the process for replacing staff in the stores / organisations so that it benefits more local people.

### **Integrated Employment and Skills System (IES)**

The Integrated Employment and Skills System (IES) sets out the way in which activity to tackle worklessness will be delivered in the city. Improving how the agencies work with those looking for employment – including encouraging them to engage with the programmes in the first place through to post-employment support – is at the heart of the IES and this is welcome. However, there are still signs that the approach is not seamless. For example the reliance on outreach work to get people onto the programmes could be reduced by greater co-operation between partners.

Addressing barriers to employment is also critical: for example the "benefit trap", the lack of childcare and transportation issues. Where there is support available, people are often unaware of this. The benefit system is complex and hugely complicated and therefore access to quality advice and assistance is essential. There are proposals currently being considered, put forward by the City Council's Neighbourhood Advice and Information Service to utilise Neighbourhood Offices more, and we will continue to monitor these.

Also key to the IES is working with employers. We came across some good examples of this – with Tesco and University Hospital Birmingham. However, we need to ensure we capture all such opportunities.

More work with transport companies and Centro is needed to ensure transport links are supporting people who wish to travel from deprived areas to areas where jobs are located. We have therefore recommended that the City Council representatives on the Passenger Transport Authority work with our partners to address difficulties for local people in travelling to and from work on public transport and determine whether any further work is needed.



## Summary of Recommendations

	Recommendation	Responsibility	Completion Date
R01	<p>a) That Be Birmingham request renegotiation (through the LAA process) for a new indicator relating to worklessness to measure differentials between deprived areas and the city average; and</p> <p>b) That given the current economic climate and the predicted growth in worklessness, the Working Neighbourhood Fund target long term worklessness and monitor the interventions against the differential impact achieved.</p>	Cabinet Member for Regeneration	June 2009
R02	All City Council funded employment strategies (and all those for which the City Council is the accountable body) to have robust mechanisms to track individuals in place. These should include tracking individuals in employment after 9 and 15 months.	Cabinet Member for Regeneration	October 2009
R03	That all the initiatives to tackle worklessness within the wards / SOA's are mapped across the city and these are reflected in the NESP and CESP's.	Cabinet Member for Regeneration	June 2009
R04	<p>The Cabinet Member for Regeneration should work with the LSC to review the commissioning process used for ESF Co-financing contracts immediately, in particular looking at how the process in practice matches the pledge that third sector organisations would not be disadvantaged.</p> <p>The LSC should be requested to report back to this Committee at six monthly intervals to update Members on progress.</p>	Cabinet Member for Regeneration	March 2010
R05	All City Council funded employment programmes (and all those for which the City Council is the accountable body) should have commissioning set at an appropriate scale so that third sector organisations have a reasonable chance of succeeding.	Cabinet Member for Regeneration	June 2009
R06	The involvement of Elected Members in NESPs/CESPs should be clarified and strengthened. The Plans should be signed off at the appropriate level of accountability (whether Ward or Constituency Committee). Evidence of this should be brought to the Regeneration O&S Committee in July 2009. There should be on-going involvement in the performance management and review, and a clear timetable for this involvement should be set out.	Cabinet Member for Regeneration	July 2009



	<b>Recommendation</b>	<b>Responsibility</b>	<b>Completion Date</b>
<b>R07</b>	a) The Cabinet Member for Regeneration to work with JCP to identify ways in which client data can be shared between partners as a priority, and b) The Leader of the Council (as Chairman of the City Region Growth Board) lobbies Central Government for this to be addressed urgently.	a) Cabinet Member for Regeneration  b) Leader	June 2009
<b>R08</b>	The Cabinet Member for Regeneration should work with partners, particularly JCP and LSC, to agree a common spatial level to record and share data at the local level. The Cabinet Member should also write to the relevant Government departments to request that this is achieved.	Cabinet Member for Regeneration	October 2009
<b>R09</b>	Investigate whether the planning process can be utilised to capture more jobs for local people e.g. extending the 'partnership stores' principle and agreeing the process for replacing staff in the stores / organisations so that it benefits more local people.	Cabinet Member for Regeneration and Chairman, Planning Committee	June 2009
<b>R10</b>	The Cabinet Member for Equalities and Human Resources should investigate how the City Council recruitment practices can be enhanced to ensure key worklessness groups within Birmingham are assisted in being recruited to City Council vacancies. This should include: <ul style="list-style-type: none"> <li>• Closer working between Corporate HR and the Employment Access Team to optimise local recruitment;</li> <li>• The use of targeted recruitment campaigns;</li> <li>• Consideration of allowing third sector organisations and delivery organisations commissioned to tackle worklessness access to vacancies and opportunities from the City Council within relevant areas;</li> <li>• HR to work with these organisations to identify under-represented or hard to fill vacancies to help residents into employment;</li> <li>• The Council taking a lead on the use of apprenticeships and encouraging apprenticeships within contracts for the procurement, services, products and capital programmes.</li> </ul> Recruitment policy should be reviewed to ensure it is in line with requirements under the City Strategy and Worklessness Protocol.	Cabinet Member for Equalities and Human Resources	October 2009



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	<b>Recommendation</b>	<b>Responsibility</b>	<b>Completion Date</b>
<b>R11</b>	All City Council funded employment programmes (and all those for which the City Council is the accountable body) should show how they are targeting those groups most in need of assistance, for example people with disabilities, lone parents, over 50, ethnic minorities, no/low qualifications etc.	Cabinet Member for Regeneration	June 2009
<b>R12</b>	The Cabinet Member for Regeneration should bring forward an update on the proposals from the Neighbourhood Advice and Information Service to support the Integrated Employment and Skills System.	Cabinet Member for Regeneration	June 2009
<b>R13</b>	The Cabinet Member for Transportation and Street Services together with the Lead Member in Birmingham of the West Midlands Passenger Transport Authority (PTA) work together to review work undertaken to date by the City Council and the PTA to address difficulties for local people in travelling to and from work on public transport and determine whether any further work is needed. Cycling and walking access to specific employment sites should be considered where appropriate.	Cabinet Member for Transportation and Street Services  Lead Member in Birmingham, PTA	October 2009
<b>R14</b>	The Cabinet Member for Regeneration should lobby Government to change rules on access to funding for ESOL for those newly entering the country so that those who need English classes in order to find work are not disadvantaged.	Cabinet Member for Regeneration in consultation with the Cabinet Member for Adults and Communities	October 2009
<b>R15</b>	The Cabinet Member for Regeneration should explore extending the current crisis loan available from the City Council to cover those who enter work from benefits to provide a bridge between benefits ending and the first salary payment. This should include the availability of the equivalent of the first month's pay to be repaid over six months.	Cabinet Member for Regeneration	October 2009
<b>R16</b>	Progress towards achievement of these recommendations should be reported to the Regeneration Overview and Scrutiny Committee in October 2009. Subsequent progress reports will be scheduled by the Committee thereafter, until all recommendations are implemented.	Cabinet Member for Regeneration	October 2009



# 1 Background

## 1.1 Introduction

- 1.1.1 Starting this Scrutiny Review in the autumn of 2007, our concerns were of the persistent high unemployment and high numbers of people on benefits concentrated in parts of our city – and this despite a period of sustained economic growth.
- 1.1.2 This report has been written in very different economic circumstances: unemployment is rising as the economy contracts and, at the time of writing, the country was in recession.<sup>2</sup>
- 1.1.3 This changed situation has left its impression on our conclusions and recommendations, but does not make our original concerns any less pertinent. One of the Council's key aims is that our city and its citizens “succeed economically” and that opportunity should be open to all. Tackling worklessness in some of our most deprived areas therefore remains a priority.

## 1.2 The Changing Context

- 1.2.1 Prior to the economic downturn, this country had seen a period of sustained economic growth accompanied by relatively high employment rates (in 2007 the UK's unemployment rate was 3.2% of the population). It was in this context that the Government moved the focus of public policy interventions from the “unemployed” (i.e. those on Job Seekers Allowance) to helping those who are “workless” (i.e. claiming other benefits such as Incapacity Benefit) into work. A national target of 80% of the working age population to be in employment was set.<sup>3</sup>

### Unemployed

Those who are not in work, but are economically active and seeking work.

The official measure of unemployment is those claiming Job Seekers Allowance i.e. the claimant count.

### Workless

All those of working age who are not employed and claiming a benefit.

Worklessness is often used to describe people of working age who are not employed and are claiming a benefit. As a way of measuring worklessness, the Department for Work and Pensions (DWP) uses a proxy measure, the Working Age Client Group which includes people claiming the following benefits, Jobseekers Allowance, Incapacity Benefit / Severe Disablement Allowance, Income Support, Disability Living Allowance, Carers Allowance, Bereavement Allowance, Pension Credit and Widows Benefit.<sup>4</sup>

<sup>2</sup> On 22 January 2009, the second consecutive quarter showing a reduction in Gross Domestic Product – the official definition of recession – was announced.

<sup>3</sup> Department for Work & Pensions “Opportunity and Security throughout Life” published in February 2005 (raised aspiration from 75% to 80%).

<sup>4</sup> This definition is based on what can be measured, so does not include people in the informal economy, or people who aren't able to receive benefits but may want to work e.g. housewife.



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- 1.2.2 In Birmingham both unemployment and worklessness rates were higher than the national average. In 2007, 8.7% of Birmingham's population was unemployed<sup>5</sup> and the employment rate was approximately 63% of the working age population. By late 2007 Birmingham's worklessness rate was the third highest of the core cities (21.6%) and the city was in danger of missing its targets to reduce the number of people classified as "workless".
- 1.2.3 More worryingly, these overall figures masked areas of significantly higher unemployment and worklessness: in Aston and Sparkbrook wards for example, the unemployment rate has not dipped below 20% throughout the last ten years and worklessness rates have remained over 30%.
- 1.2.4 Of course, Birmingham was not the only city with areas of persistently high unemployment linked to high levels of deprivation. The Government recognised this issue with a series of initiatives designed to "close the gap" between those areas of high deprivation and the rest of the country. The result has been a number of regeneration programmes within Birmingham, focused on specific geographical areas, which included reducing worklessness as one of many aims. These included:
- Neighbourhood Renewal Fund (NRF): 2001-2008;
  - New Deal for Communities (NDC): 2001-2011;
  - Single Regeneration Budget (SRB) 6: 2001-2007.
- 1.2.5 This approach has been characterised by centrally-driven programmes which were locally targeted, time-limited and non-mainstream. They sat alongside mainstream provision directed by the Government's welfare to work and active labour market policies. The main responsibility for helping people into work and reducing worklessness remained with JobCentre Plus (JCP), with the Learning and Skills Council (LSC) working to raise skills levels to enhance access to employment. Reforms at a national level have included the revision of the benefit system and a greater investment in skills (see Appendix 1 for a summary of Government papers on worklessness).
- 1.2.6 The last year has seen some signs of a slow but nonetheless important transfer of responsibility for tackling worklessness from central to local government. In Birmingham, local activity has been co-ordinated by JCP, the LSC and Birmingham City Council. Each have different remits but have recently been brought together to tackle worklessness under partnership arrangements including Be Birmingham (the Local Strategic Partnership) and the City Region (see Chapter 2). These partnerships have resulted in a series of strategies to tackle worklessness:
- The Employment Floor Target Action Plan (EFTAP) drawn up in 2005 (alongside the Local Area Agreement 2006-08) to answer concerns about the contribution of NRF to tackling worklessness;
  - The City Strategy Pathfinder – a regional path-finder strategy to tackle worklessness – superseded EFTAP in 2007 (see Chapter 2);
  - A refreshed Local Area Agreement (2008-11).

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<sup>5</sup> The lowest unemployment rate in recent years was reached in 2002, when the proportion of unemployed in the city stood at 7.5%.



- 1.2.7 Throughout this period, the City Council's role has been significant – though it does not hold a large budget for worklessness in comparison with JCP and LSC. It has been and is the accountable body for a number of funding streams (NRF, NDC and others) and has an important leadership role to play. The Council has led the development of the Integrated Employment and Skills System (IES) which now forms the heart of the approach of the Local Area Agreement (LAA) and City Strategy.
- 1.2.8 As these strategies were developing and evolving, concerns about the persistent levels of worklessness in the city remained. A priority review by the Council's Delivery Support Unit examined this issue and the findings are built on and expanded upon in this report.<sup>6</sup>
- 1.2.9 Members of the Regeneration Overview and Scrutiny (O&S) Committee were also expressing concern, having received regular updates on the strategies and approaches to tackling worklessness. On the face of it, there appeared to be significant amounts of money being spent with sometimes questionable results, sometimes confused accountability and often little impact on overall worklessness figures in priority areas of the city. This Review was commenced to examine this in more detail and assess the progress being made in tackling worklessness.

### **The Changing Employment Context**

As well as changes in employment rates, the last few years have seen changes to the employment and skills context in Birmingham, including changes to the jobs available in Birmingham (Table A in Appendix 2 shows a recent employee analysis of Birmingham as compared with other core cities<sup>7</sup>).

As the nature of employment in Birmingham changes so does the demand for skills. The Leitch Review of Skills (2006) looked at this issue nationally and set out a clear vision for the UK highlighting the need to urgently raise achievements at all levels of skills:

*Around 50% of those with no qualifications are out of work. As the global economy changes, the employment opportunities of those lacking a platform of skills will fall still further. The millions of adults lacking functional lifelong and necessary skills risk becoming a lost generation increasingly cut off from the labour market opportunities. Equipping disadvantaged groups with a platform of skills, including literacy and numeracy will be increasingly essential to aspiring their employment opportunities”<sup>8</sup>*

As the City Strategy notes, this is especially pertinent in the Birmingham, Coventry and Black Country City Region where there is projected to be a greater demand for higher level skills and a lower demand for people with no qualifications. By 2015 there will be a 35% growth in jobs requiring Level 3 and 4 qualifications and a 40% reduction in the number of jobs requiring no qualifications. A survey amongst Birmingham Chamber of Commerce and Industry members found that (after employment legislation) the availability of trained, skilled staff was the second most important issue facing business.<sup>9</sup>

<sup>6</sup> Delivery Support Unit, Policy and Performance Team, Birmingham City Council 2007.

<sup>7</sup> Annual business inquiry – employee analysis – Office for National Statistics Crown Copyright Reserved (from Nomis on 13 Aug 08).



## 1.3 The Review

### Terms of Reference

1.3.1 The aim of this Review, commenced in late 2007, was to answer the key question:

How effective are strategies to increase employment in priority wards in narrowing the gap in worklessness rates with the city average?

1.3.2 The key objectives for this Review were:

1. Examine employment strategies (including those funded by the City Council, Department for Work and Pensions (DWP) and Learning and Skills Council (LSC)) at work within the 11 priority wards of the Local Area Agreement (LAA) with a view to understanding:
  - What are/were the objectives of the strategies?
  - Were these achieved?
  - What happened/is happening to worklessness rates over the period of the strategies?
  - What lessons were/are being learned and how are these being used in subsequent strategies and programmes?
  - Which interventions/projects in the City work best and why?
2. Understand mechanisms for tracking participants in employment schemes in order to help gauge the success of any particular scheme, including the scope for information sharing between partners.
3. Examine the governance and delivery arrangements across the city and how these can be streamlined, including:
  - Is the City Council investing enough senior management effort in delivering the Strategy?
  - Could partnerships work more effectively?
4. Investigate whether employment strategies/schemes in other parts of the country have been successful in getting people into work.

1.3.3 The priority wards referred to in the key question and first bullet point are the 11 wards which had the highest worklessness levels and were the focus of the previous Local Area Agreement:

- |                   |                    |                  |
|-------------------|--------------------|------------------|
| • Aston           | • Lozells and East | • Soho           |
| • Bordesley Green | • Handsworth       | • Sparkbrook     |
| • Kingstanding    | • Nechells         | • Tyburn         |
| • Ladywood        | • Shard End        | • Washwood Heath |

<sup>8</sup> Leitch Review of Skills: Prosperity for all in the Global Economy - World Class Skills, Lord Sandy Leitch, 2006.

<sup>9</sup> LSC Annual Report and Accounts 2007-08.



1.3.4 Since the start of the Review in 2007, the spatial targeting approach has shifted from “priority wards” to “priority SOAs” (Super Output Areas) as defined in the LAA. However, as this Review includes a retrospective element – considering the impact of previous programmes – for the purposes of this report, we will continue to use the term priority wards and these refer to the 11 wards above.

## Methodology

1.3.5 The Review was conducted by a Review Group comprised of Members of the Regeneration O&S Committee: Councillors Tahir Ali (Chairman of the Review Group); Muhammad Afzal; Timothy Huxtable (Chairman of the Regeneration O&S Committee), Jerry Evans (Vice-Chairman of the Regeneration O&S Committee), Philip Parkin and Iain Bowen.

1.3.6 We gathered evidence through a combination of methods including researching best practice, a visit to Washwood Heath Job Centre and a number of informal evidence gathering sessions, with evidence taken from the following:

- Waheed Nazir, Assistant Director, Development Planning and Regeneration and the City Council's Corporate Lead for Worklessness;
- Graham Edwards; Chief Executive, East Birmingham and North Solihull Regeneration Zone (EBNSRZ);
- Aftab Ahmed, Regeneration Manager, and Kate King, Employment & Skills Manager, Enterprising Communities;
- John Clement, Chief Executive, and Shilpi Akbar, Employment Theme Manager, Aston Pride;
- Jerry Blackett, Chief Executive, and Paul Hanna, Senior Operations Manager, Regeneration and Enterprise, Birmingham Chamber of Commerce and Industry;
- David Collier, Legislation and Standards Manager, Benefits Service;
- John Ling, Interim Chief Executive, Birmingham and Solihull Connexions;
- David Taylor, Head of Regeneration, University Hospital Birmingham (UHB);
- Jo Frith, Tesco;
- Michael Kilduff, Economic Development Director for Learning and Skills Council (LSC);
- Jon Wright, Birmingham and Solihull Job Centre Plus (JCP) District Manager; Lyndley Jenks, Senior External Relations Manager; Tony Smith, Customer Service Operations Manager; Jane Alders, Washwood Heath Job Centre Manager; Pete Miles, Michelle Coeulle, Claudette Jarvis, Advisory Services Managers; Val Martinez, Anita Cooper and Wayne Sharpe, Labour Market Recruitment Advisers.

1.3.7 The Review Group also received written evidence from Learn Direct; Business Insight; Business Link and the Birmingham Voluntary Services Council (BVSC).



- 1.3.8 The Regeneration O&S Committee at their committee meetings also received updates on worklessness as part of their work programme, which included evidence from Ian Nannestad from the TUC Centre for the Unemployed.

## 1.4 The Report

- 1.4.1 This Scrutiny Review report is not intended to be an exhaustive account of all employment strategies at work in the city, nor did we set out to repeat in-depth evaluations of individual programmes. Rather the aim was to review the evidence and consider worklessness rates alongside strategy outcomes, to provide an analysis of their impact.
- 1.4.2 In examining the question of the effectiveness of employment strategies, we have taken a wide view of the term “employment strategies” to mean those strategies or programmes which aim to help people who need such assistance into work, or to raise employment rates, or to reduce worklessness rates in an area. These are described in Chapter 2 within the framework of partnerships that co-ordinate approaches to worklessness.
- 1.4.3 Chapter 3 considers the question of effectiveness – how that is measured and what the data we have tells us about efforts to tackle worklessness.
- 1.4.4 Chapters 4 and 5 look at what lessons can be learned from the experience of tackling long term worklessness in the city, and from national research, both in terms of governance and delivery issues. We also consider the barriers people face in taking up employment and what is needed to overcome these.
- 1.4.5 Chapter 6 summarises our conclusions and sets out the recommendations.



## 2 Context: Employment Strategies

### 2.1 Introduction

2.1.1 Before considering the effectiveness of employment strategies, it is useful to set out what the strategies are and how they relate to each other. As stated in the previous chapter, the employment strategies we considered include strategies or programmes which aim to help people who need such assistance into work, and/or to raise employment rates, and/or to reduce worklessness rates in an area. We have not examined the strategies in relation to their work on economic regeneration or job creation – although these also aim to contribute to tackling worklessness through increasing job opportunities – but focused on the aspects of the programmes which provide support for those who require assistance to find work.

2.1.2 This covers the activity of:

- Three key organisations: JobCentre Plus (JCP), the Learning and Skills Council (LSC) and Birmingham City Council (BCC);
- Two partnership agreements: the City Strategy and the Local Area Agreement;
- A range of area-based regeneration strategies which include tackling worklessness as one of their strands.

2.1.3 A description of each is contained in this chapter. Firstly however, a brief introduction to the national context.

### 2.2 National Context

2.2.1 As will become apparent in this chapter, these organisations and employment strategies form a web of interlinked programmes and funding streams – the complexity of which stems from the fact that nationally the agenda is governed by the four Government departments with an interest in this area:

- Department for Work and Pensions (DWP): aims to help individuals achieve their potential through employment – mainly through its delivery arm Job Centre Plus;
- Department for Innovation, University and Skills (DIUS): aims include improving the nation's skills at every level – through the Learning and Skills Council and University for Industry;
- Department for Communities and Local Government (DCLG): aims to create thriving, sustainable, vibrant communities to improve quality of life – mainly through local authorities;
- Department for Business, Enterprise and Regulatory Reform (BERR): responsible for improving the economic performance of the English regions and reducing the gap between regions.

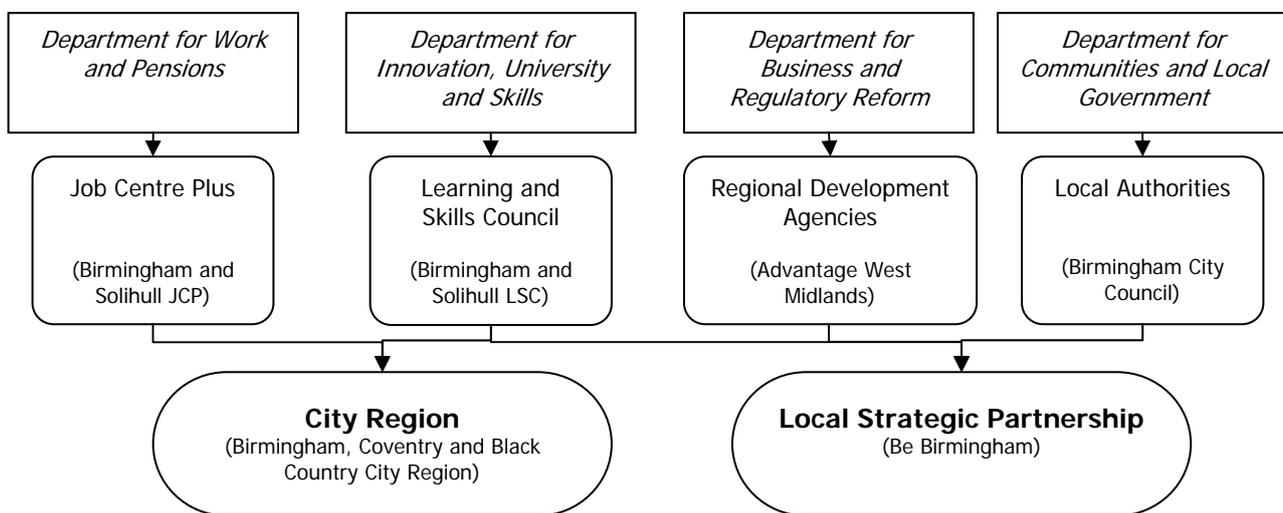


# Effectiveness of Employment Strategies

2.2.2 Over recent months, the emphasis has been on responding to recession and the attendant increase in unemployment. However, during our evidence-gathering, before this time, a number of Reviews, White Papers and Green Papers looking at the issue of long-term worklessness were published (a selection are outlined in Appendix 1). In essence, the emphasis was on addressing the wider issue of worklessness via changes to the benefits system, addressing skills shortages and regenerating areas to increase employment opportunities.

2.2.3 Each of these departments are represented at a regional, sub-regional or local level by delivery bodies which are then brought together under local partnership arrangements – as shown in Figure 1.

**Figure 1: Governance Arrangements**



## 2.3 Key Organisations

### JobCentre Plus (JCP)

2.3.1 JCP is the key delivery organisation for DWP and is the main body responsible for supporting people of working age from welfare into work and helping employers to fill their vacancies. At local job centres, advisors assist people to find work and central offices administer Job Seekers Allowance (JSA), Income Support (IS) and the Employment Support Allowance (formerly Incapacity Benefit).

2.3.2 JCP's objectives include:

- Increasing the effective supply of labour by promoting work as the best form of welfare and helping unemployed and economically inactive people move into employment;
- Providing high-quality and demand-led services to employers, which help fill job vacancies quickly and effectively with well-prepared and motivated employees;



- Helping people facing the greatest barriers to employment to compete effectively in the labour market and move into and remain in work.
- 2.3.3 The majority of customers JCP engages with directly are on Job Seekers Allowance, the “unemployment benefit”. For those who do remain on JSA for longer, a range of New Deal programmes have operated to give different groups extra, more tailored, support. Receipt of benefits is dependent on participation in these programmes after a specified period of unemployment.
- 2.3.4 The three main programmes JCP employs to meet their objectives are:
- New Deal programmes (will change to Flexible New Deal in October 2009);
  - Pathways to Work: financial, employment and health support for people claiming incapacity benefits;
  - Local Employment Partnerships (LEP): a commitment between an employer and JCP to match up job opportunities with those people most disadvantaged in the labour market.
- 2.3.5 These are discussed in more detail in Chapter 3.
- 2.3.6 Birmingham and Solihull is one of five JCP districts within the West Midlands Region and has a programme budget of just under £38m for 2008-09:
- £7.4 million for the New Deals 18 -24, 25 Plus, 50 Plus and Lone Parents;
  - £22.2 million for Employment Zones in Birmingham;
  - £8.2 million for all other provision including Pathways to Work and Jobcentre European Social Fund (ESF) Contracts.

## **Learning and Skills Council (LSC)**

- 2.3.7 The Learning and Skills Council is responsible for funding and commissioning post-16 learning (up to but not including higher education) in England and aims to improve the skills of England’s young people and adults to ensure the country has a workforce of world-class standard. The Learning and Skills Council’s (LSC) main tasks include:
- Raising skills levels for national competitiveness;
  - Improving the quality of education and training delivery.
- 2.3.8 These are to be achieved by raising awareness of the benefits of learning and skills, so increasing demand, and by ensuring high quality provision at schools, colleges and other providers.
- 2.3.9 The LSC takes a commissioning approach and is responsible for programmes such as Train to Gain, which is designed to help businesses identify and source the training they need. The LSC is also responsible for the Apprenticeship Programme for young people and adults which is part of the wider Train to Gain Offer to employers.
- 2.3.10 The LSC has a national office in Coventry and nine regional offices overseeing the work of local partnership teams throughout the country. The annual budget for 2007-08 was £11.4 billion,



# Effectiveness of Employment Strategies

around £1.2 billion of that makes up the West Midlands LSC budget. West Midlands LSC has five sub-regions – one of which is the Birmingham and Solihull LSC (approximate budget £250m).

2.3.11 The LSC is due to be abolished in 2010 and will be replaced by the Young People's Learning Agency (whereby existing LSC funds for 14-19 year olds will be devolved to local authorities) and a new Skills Funding Agency will be established for adult skills along with a new National Apprenticeship Service. In addition a new Adult Advancement and Careers Service will start work in 2010.

## Birmingham City Council

2.3.12 The City Council's Constitution gives the Cabinet Member for Regeneration the lead on regeneration activity in Birmingham which aims to:

- *Close the quality of life gaps between the most deprived areas and communities and the city, regional and national averages;*
- *Remove physical, social and economic barriers preventing communities and individuals from accessing services and employment training and enterprise opportunities.*<sup>10</sup>

2.3.13 The Cabinet Member also takes responsibility for the City Council's commitment to reducing unemployment in the city, especially in those areas where unemployment is highest. In this, the Cabinet Member is supported by:

- The *Development, Planning and Regeneration* team: responsible for three Area Teams, two New Deal for Communities (NDC) areas, plus a co-ordination and accountability team. There has been a Corporate Lead for Worklessness in place since January 2008;
- The *Investment, Enterprise and Employment* team: manages strategic and operational linkages with partners on worklessness and co-ordinates the City Council's corporate contributions to worklessness agenda.

2.3.14 Constituency Committees have no Executive powers in relation to regeneration or worklessness, however they must identify opportunities to improve the economic, social or environmental well being of their citizens and so worklessness very often features as a priority in Constituency Community Plans.

2.3.15 Following national changes to the Connexions service, the City Council has taken over the delivery of the information, advice and guidance services for 13-19 year olds.

2.3.16 The City Council's budget in 2008/9 for the Employment Development Team, Employment Access Team and Disability Employment Services was £5m – considerably smaller than both JCP and LSC as the Council undertakes relatively little direct delivery. In addition, the City Council is or has been the accountable body for a number of the funding streams related to worklessness including Neighbourhood Renewal Fund (NRF), New Deal for Communities (NDC) and Single Regeneration

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<sup>10</sup> Birmingham City Council Constitution.



Budget (SRB) 6 – which are managed by the Development, Planning and Regeneration team – and Enterprising Communities, which is based in the Local Services Directorate.

- 2.3.17 The City Council has put in place the Employment Access Team (EAT), set up within Planning and Regeneration. Whilst this is a small resource, it can work with developers, large employers and small to medium enterprises that are submitting planning applications. The EAT will work collaboratively with area-based teams and internal and external partners to co-ordinate and capture opportunities arising from developments and inward investment. They will also work to capture existing jobs and identify where occupational sectors are experiencing skill shortages. They will link with the Employment Strategy Group (see 2.4.4) to ensure recruitment and training services effectively link available jobs to priority target communities, with JCP support on client engagement and LSC bespoke training.
- 2.3.18 Other programmes run in-house include Disability Employment Solutions, which works with people who have mental health problems, learning difficulties or physical or sensory disabilities to support them into quality employment and training. It is made up of a number of projects and teams, located across the city, working in different areas of employment and training.

## 2.4 Partnership Agreements

- 2.4.1 These key organisations are brought together, along with other partners, under the City Region and Be Birmingham. Figure 2 shows how the elements of these partnerships concerned with worklessness – through the key strategies – are intended to link to the neighbourhood and constituency level deployment of resources.

### City Strategy

- 2.4.2 The City Strategy is a DWP initiative to tackle worklessness in the most disadvantaged communities across the UK. There were 15 pathfinders nationally, including the Birmingham, Coventry and Black Country City Region City Strategy.
- 2.4.3 The Strategy focuses on reducing worklessness within 55 target wards throughout the City Region (Birmingham, Coventry, Dudley, Sandwell, Solihull, Telford, Walsall and Wolverhampton) with 16 of those being in Birmingham. The City Region received £320,000 seed-corn funding for the period January 2007 to March 2008 and £10,039,108 for the period June 2007 to March 2009. The key outcomes (to be achieved by 2012) are:
- To at least halve the gap in employment rates between the most disadvantaged communities (the target wards) and the rest of the City Region, reducing the numbers of claimants of the main workless benefits (those on JSA, Incapacity Benefit, Lone Parent, income support) by 17,974;
  - To make significant progress in closing the gap between the proportion of unqualified people in most disadvantaged communities (the target wards) and the rest of our City Region by:



# Effectiveness of Employment Strategies

- Increasing enrolments to level 2 qualifications of working age individuals from the priority wards by 3% per annum;
- Increasing enrolments to Skills for Life qualifications of working age individuals from the priority wards by 5% per annum;
- Public Sector employers to set clear targets for recruiting from the most disadvantaged communities (the target wards);
- To have put in place and established a Progressive, Integrated and Employer-led Employment and Skills System;
- To have put in place an integrated Regional Business and Skills Support model.

2.4.4 The LSC is the accountable body for the City Strategy, with implementation overseen by a local management group – the Employment Strategy Group (ESG).

## Local Area Agreement (LAA)

2.4.5 LAAs set out the priorities for a local area as agreed between government and a local area (the local authority, Local Strategic Partnership and other key partners at the local level). Birmingham's first LAA operated from 2006 and was refreshed in 2008 as a 3 year plan to deliver the 2026 Community Strategy.

2.4.6 The Be Birmingham Partnership oversees the LAA, with thematic groups taking responsibility for different areas. Worklessness comes under the remit of the Birmingham Economic Development Partnership (BEDP) which has a specific sub group, the Employment Strategy Group (ESG), to co-ordinate the partnership response involving the City Council, Birmingham and Solihull LSC and JCP.

2.4.7 The Local Government and Public Involvement in Health Act 2007 places a duty upon the local authority and its partners to co-operate with each other in preparing local improvement targets as set through the Local Area Agreement and in scrutinising those plans and targets (the "*duty to co-operate*"). This came into force in early 2008. The City Council, JCP and LSC therefore have a duty to co-operate with each other in addressing worklessness targets as contained in the LAA.

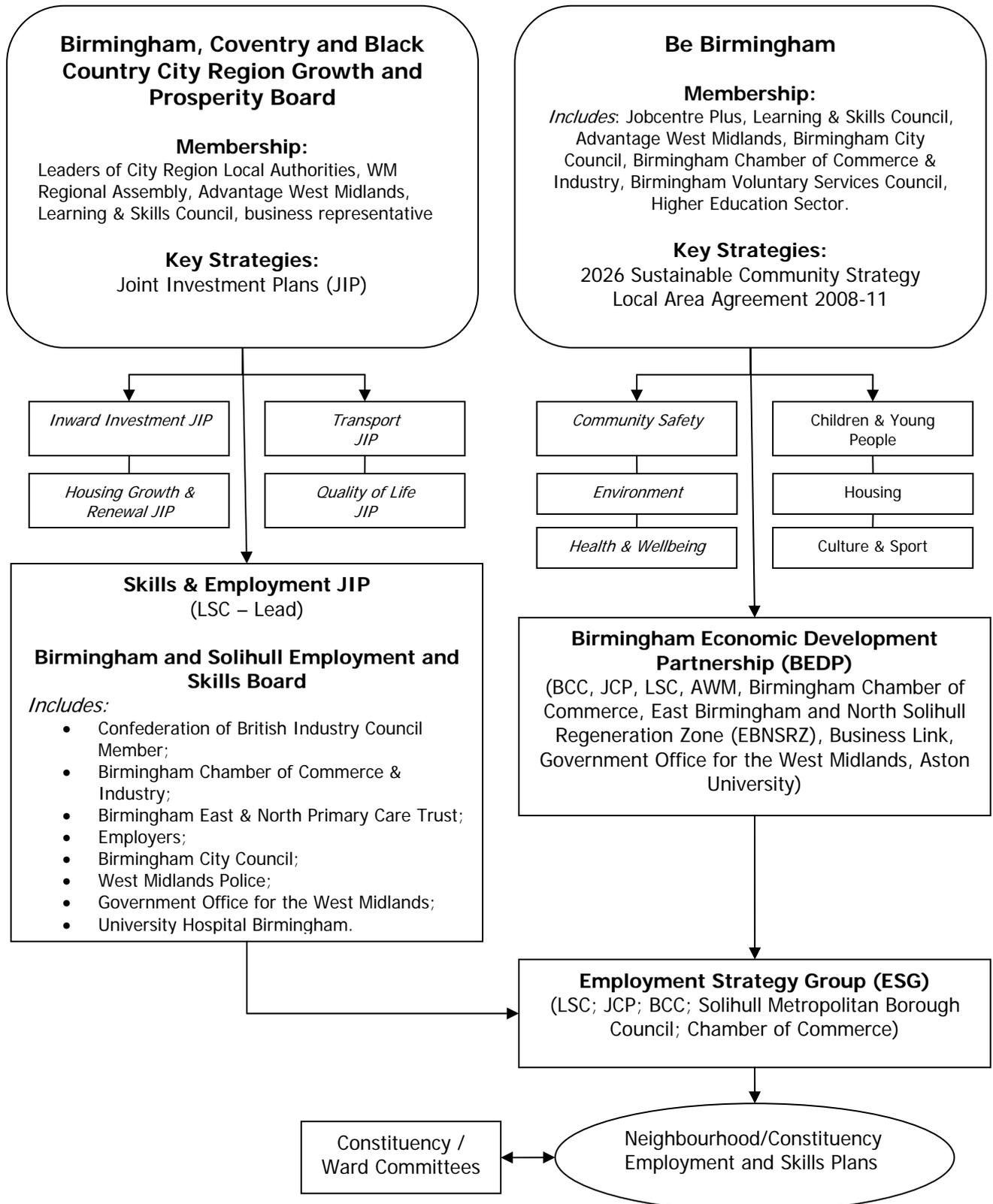
2.4.8 As a result of this, Birmingham for the first time has a target for tackling worklessness common to all key agencies. The national indicator and targets relating to worklessness is set out in Table 1. A delivery plan has been developed setting out how this will be achieved.

**Table 1: Local Area Agreement National Indicator (NI) for Worklessness**

Indicator	2008/9	2009-10	2010-11
<b>NI 153 Working population claiming out of work benefits in the worst performing neighbourhoods</b>	0.5% reduction on baseline (2007/08)	1.0% reduction on baseline	1.5% reduction on baseline



Figure 2: City Region and Be Birmingham – Governance Structures relating to Worklessness





# Effectiveness of Employment Strategies

- 2.4.9 The worst performing neighbourhoods are defined as those Super Output Areas (SOAs) with a worklessness rate of 25% or above. The approach will be “strategically commissioned and locally delivered”, with the local delivery directed by:
- Neighbourhood Employment and Skills Plans (NESP)s: for areas in the city with high concentrations of worklessness, defined by wards having 11 or more SOAs with a worklessness rate of 25% or above. There will be 7 NESP)s: Aston; Lozells & East Handworth; Kingstanding; Nechells; Washwood Heath; Sparkbrook; and Shard End;
- 2.4.10 Constituency Employment and Skills Plans (CESP)s: for fragmented SOAs with 25% and above worklessness rate. There will be ten CESP)s, which will build upon the NESP)s in nine constituencies: Edgbaston; Selly Oak; Northfield; Perry Barr; Ladywood; Erdington; Hodge Hill; Yardley; and Hall Green. (The CESP for Sutton Coldfield will be a less involved document than the other CESP)s given the level of need in the Constituency).

## Worklessness Protocol

- 2.4.11 To improve partnership working within Birmingham, the Birmingham Worklessness Protocol has been signed by the City Council, JCP and LSC. This sets out a new commitment between partners to work collaboratively to create “greater synergy and bring maximum impact”. It also contains clarification on roles and responsibilities, and agreement on key actions to drive up performance on tackling worklessness in Birmingham.
- 2.4.12 Key responsibilities under the protocol are:
- Birmingham City Council:
    - Ensuring all Council services contribute to tackling worklessness including targeting of recruitment in priority wards and identifying job opportunities through the planning process;
    - Leading on client engagement with “hard to reach groups” through commissioned interventions with local providers and development of Neighbourhood Employment and Skills Action Plans (NESP)s;
    - Securing inward investment to support economic growth and creation of job opportunities;
    - Providing intelligence on skills implications with the LSC;
    - Infrastructure connecting new/existing employment opportunities to priority groups;
    - Provision of employment support: personal and support services to client groups to tackle barriers to accessing employment, e.g. childcare, debt advice, housing, benefits.
  - Birmingham and Solihull LSC:
    - Accountable body for City Strategy Pathfinder;
    - Developing and delivering assessment and coaching services;



- Planning, commissioning and procurement responsibility for all Adult and skills training including re-aligned mainstream further education provision, Skills for Life (including (English for Speakers of Other Languages (ESOL)), Train to Gain, Apprenticeships and customised and bespoke training to meet specific employer needs;
- Aggregating and feeding back the learning from assessment, coaching and training activity;
- Leading on provider support for national engagement programmes and skills support for employers.
- Jobcentre Plus:
  - Leading on employer engagement to meet the vacancy needs of employers and providing greater opportunities to disadvantaged customers to fill these vacancies through Local Employment Partnerships (LEPs) and regular contacts with employers using JCP services;
  - Providing customised employment support for major recruitment programmes through Local Employment Partnership (LEP) arrangements;
  - Job scoping and individual skills assessment, to ensure a match between prospective recruits and the skills requirements of the job;
  - Promoting Work Trials to enable employers and their prospective employees to assess suitability for a particular role;
  - Helping customers into jobs and training through daily business and supported interventions and programmes, including New Deal, Employment Zones and Pathways to Work;
  - Providing guidance on data management and sharing, and establishing if and how Jobcentre Plus data can better support and add value to joint working.

## Funding Streams

2.4.13 Neither the City Strategy nor the Local Area Agreement have a funding stream directly or exclusively tied to them, rather both are intended to bring together the mainstream funds of the partners alongside area-based grants from Government. As well as other regeneration initiatives, which contribute to the worklessness agenda as part of their wider remit (outlined in the next section), two significant sources of non-mainstream funding are:

- Working Neighbourhoods Fund (WNF): £57 million from the overall £114m budget will be spent on worklessness in Birmingham over 3 years (2008-11);
- European Social Fund (ESF) Co-financing: £250 million for the West Midlands, an indicative budget of around £80 million could be deployed in Birmingham over 6 years (2007-13).

2.4.14 The **Working Neighbourhoods Fund** is the latest initiative from Government to tackle this issue. To Birmingham, it is worth £114 million across the city over 3 years, of which only half (£57



# Effectiveness of Employment Strategies

million) is specifically allocated to worklessness. The overall proposed allocation of resources set out in Table 2 is indicative, subject to approval of the WNF Business Plans and an annual review.<sup>11</sup>

**Table 2: Allocation of WNF (as agreed by Birmingham City Council Cabinet, 19 May 2008)**

	2008/09 Transitional Year £m	2009/10 £m	2010/11 £m	Total £m
<b>Worklessness</b>	19.0	19.0	19.0	57.0
<b>Thematic Allocations</b>	5.0	7.0	6.0	18.0
<b>Contributions to Ward Community Chests</b>	2.5	2.0	2.0	6.5
<b>Local Infrastructure Support</b>	1.8	1.8	1.8	5.4
<b>Social Capital / Enterprise Investment Fund</b>	2.0	2.0	2.0	6.0
<b>Commissioning Community Engagement Activities</b>	-	0.75	0.75	1.5
<b>Partnership Support (costs of Be-Birmingham)</b>	2.2	3.2	3.2	8.6
<b>Transitional Costs</b>	1.6	-	-	1.6
<b>To be Allocated</b>	-	3.75	6.05	9.80
<b>Total</b>	34.1	39.5	40.8	114.4

2.4.15 From 2007, following agreement between the West Midlands Local Government Association (on behalf of the region's local authorities) and the LSC, there has been a single joint **European Social Fund Co-financing Programme** for the West Midlands region.

2.4.16 Prior to that, Birmingham City Council had been the ESF Co-financing Organisation, but under the new arrangements the LSC became the accountable body for the ESF. The ESF programme for 2007- 2013 had significant changes from the previous programme. It is half the size, wholly delivered through co-financing, and significantly more streamlined: with just two priorities – “extending employment opportunities” and “developing a skilled and adaptable workforce”.

2.4.17 The grant is £250 million for the region which will be allocated according to need. As Birmingham has the greatest need, indicatively around £80 million could be deployed in Birmingham over six years.

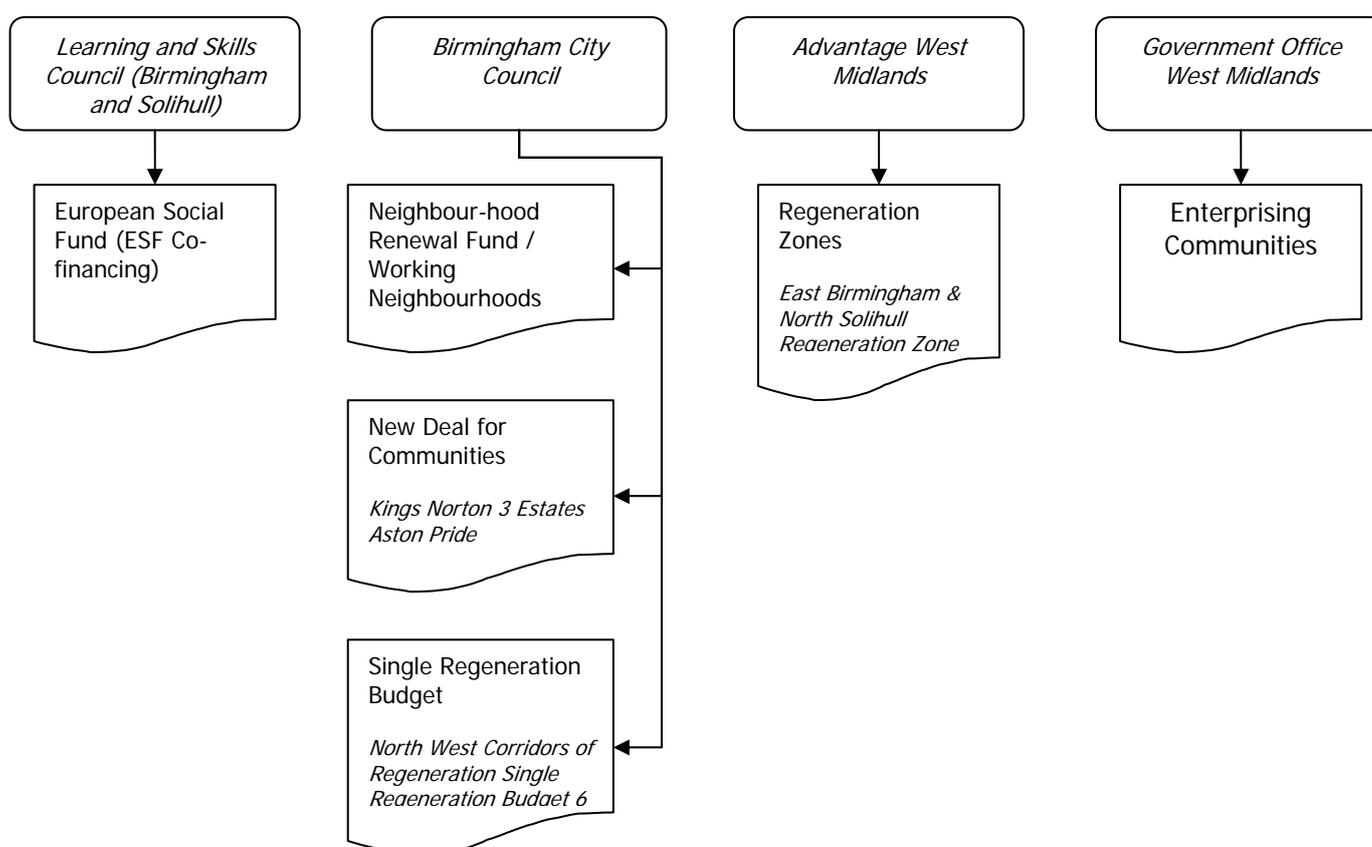
<sup>11</sup> Report to Cabinet, 19 May 2008, Birmingham City Council.



## 2.5 Area Based Initiatives

2.5.1 As referred to in Chapter 1, a series of initiatives designed to “close the gap” between those areas of high deprivation and the rest of the country have been initiated by Government. Birmingham has qualified for significant amounts of money under these programmes. These do not explicitly fit into the above structures, but most are accountable to either the LSC or the City Council (see Figure 3).

**Figure 3: Area Based Initiatives and their Accountable Bodies**



2.5.2 A number of these strategies were considered as part of this Review and the majority of these were focused on specific geographical areas covering all or parts of the priority wards. Table 3 sets out the key facts for these and more detail is provided in Chapter 3.



# Effectiveness of Employment Strategies

**Table 3: Employment Strategies (2000–08)**

	<b>Primary Focus</b>	<b>Duration</b>	<b>Funding</b>	<b>Wards</b>	<b>Key Outputs</b>
<b>Neighbourhood Renewal Fund</b>	A grant available to England's most deprived local authorities, to enable them (with their Local Strategic Partnership (LSP)), to improve services, narrowing the gap between deprived areas and the rest of the country.	7 years 2001-08	Overall spend since 2005: £92.9m  Spend on worklessness 2005-08: £8.7m	All wards, but focused on priority wards: Aston, Ladywood, Kingstanding, Lozells and East Handsworth, Nechells, Shard End, Soho, Sparkbrook and Washwood Heath	[Output same as LAA in 2008: i.e. increase in gap between unemployment rates in the 5 city wards with the highest unemployment and the city average from 12.5% (2004) to 13.5% (2008)]
<b>New Deal for Communities (Aston Pride and Kings Norton)</b>	A Govt programme to tackle multiple deprivation by giving money directly to most deprived neighbourhoods. Tackling <i>poor job prospects</i> is one of five key areas.	10 years 2001-11	Aston Pride: £54m (Employment strand: £12m)  Kings Norton: £50m (Employment strand: £1.5m to date)	Aston Pride: Perry Barr, Aston & Nechells wards  Kings Norton	Includes: 871 Aston Pride residents have entered employment (Jan 06-Oct 08): In Kings Norton, the number of JSA claimants had fallen from 14.5% in 2000 to 11.8% in March 2008
<b>North West Corridors of Regeneration Single Regeneration Budget (SRB) Round 6 Programme</b>	To enhance the quality of life of local people in areas of need by reducing gap between deprived and other areas and between different groups. <i>Improving the skills, employment prospects, education of local people</i> was one of six objectives.	7 years 2000-07	Overall budget: £36.5m  Budget for education, training and employment strand: £8m	Soho; Lozells and East Handsworth; Plus parts of Handsworth Wood, Ladywood and Aston	Includes: Over 1,100 jobs (net) created or safeguarded 1600 people (net) trained and obtaining qualifications
<b>Enterprising Communities</b>	Community-led regeneration scheme tackling economic and social disadvantage.	8 years 2000-13	2003-08: £13m (£6m grant and £7m match-funding (including City Council, NRF, ESF and ERDF)	Parts of: Hodge Hill, Nechells, Washwood Heath, Bordesley Green, Moseley & Kings Heath, Sparkbrook, South Yardley and Springfield	Includes: 677 people helped into jobs (European Regional Development Fund (ERDF) and European Social Fund (ESF))
<b>East Birmingham &amp; North Solihull Regeneration Zone</b>	One of six Regeneration Zones established by Advantage West Midlands to bring local focus to the delivery of the Regional Economic Strategy.	2004-(ongoing)	Since 2005: Annual AWM grant: £20m (£17.1 capital; £2.9m revenue) 2007-8: £20.4m - £19.4m capital; £1m revenue (Figures represent budget rather than actual spend)	Kingstanding, Erdington, Tyburn, Stockland Green, Nechells, Sparkbrook, Bordesley Green, Acocks Green, Springfield, S Yardley, Stechford & Yardley N, Shard End, Hodge Hill, Washwood Heath <sup>12</sup>	Key Outputs for 2007-8: Jobs Created: 55.6 Jobs Safeguarded: 62 Job Assistants: 137 Skills Assistants: 7751.47 Business Assistants: 90 Private Sector Leverage: £250,000 Brownfield Land reclaimed: 0.47ha Knowledge Base: 4

<sup>12</sup> Perry Barr, Ladywood, Handsworth Wood, Edgbaston, Lozells & E Handsworth, Sheldon and Soho added in 2008.



## 3 Findings: Measuring Effectiveness

### 3.1 Introduction

- 3.1.1 The key question we were seeking to answer in this Review was how effective the employment strategies described above were in “narrowing the gap” in worklessness rates between the priority wards we identified at the beginning of the Review and the city average. In other words, recognising that these priority wards have been the recipient of focused mainstream activity and additional funding, what *additional* impact has this had?
- 3.1.2 The first step is to establish what happened to worklessness rates in the city as a whole and in the priority wards over the last few years. The next question is – if worklessness has decreased – how much is attributable to individual programmes or strategies?

### 3.2 Has Worklessness Decreased?

- 3.2.1 At the time of writing, the latest figures available for worklessness were from August 2008.<sup>13</sup> These show that, overall, there has been a decrease in worklessness since 2004 (the period over which many of the employment strategies we have been looking at were operating):
- In England: the worklessness rate fell from 14.1% (May 2004) to 13.7% (August 2008);
  - In Birmingham: the worklessness rate fell from 21.4% (May 2004) to 21.0% (August 2008).
- 3.2.2 Birmingham had the third highest worklessness rate amongst the core cities — behind Liverpool (26.0%) and Manchester (21.2%).
- 3.2.3 Worklessness rates by ward is set out in Table 4. From that we can see that some of the biggest decreases have taken place in some of the priority wards:
- Ladywood: decreased by 5.7% between May 2004 and May 2008 (i.e. 166 claimants);
  - Lozells & East Handsworth: decreased by 3.7% (530 claimants);
  - Nechells: decreased by 3.4% (372 claimants);
  - Washwood Heath: decreased by 2.6% (204 claimants);
  - Soho: decreased by 2.4% (245 claimants);
  - Tyburn: decreased by 2.2% (130 claimants);
  - Aston: decreased by 2.2% (130 claimants).

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<sup>13</sup> Unemployment figures (JSA) are released during the middle of the previous month; worklessness figures (all non-working benefits) are released quarterly with a six month time lag (February, May, August, November).



# Effectiveness of Employment Strategies

**Table 4: Working Age Client Group (WACG) claimants by Ward 2004–08<sup>14</sup>**  
(Priority Wards highlighted)

Ward	May-04		May-05		May-06		May-07		May-08		Aug-08	
	Total Claimant	Rate (%)	Total Claimant	Rate (%)	Total Claimant	Total Claimant	Rate (%)	Rate (%)	Total Claimant	Rate (%)	Total Claimant	Rate (%)
Acocks Green	3,679	22.1	3,743	22.5	3,826	3,730	21.8	23.5	3,727	22.3	3,805	22.1%
Aston	5,625	30.7	5,666	31.0	5,653	5,465	28.5	30.9	5,657	30.2	5,588	28.8%
Bartley Green	3,731	24.4	3,897	25.4	3,834	3,563	23.1	24.9	3,778	24.3	3,595	23.3%
Billesley	3,247	21.3	3,286	21.6	3,359	3,254	20.8	22	3,292	21.1	3,397	21.4%
Bordesley Green	4,971	27.0	4,868	26.5	4,919	4,815	25.3	26.8	4,827	25.7	4,870	25.4%
Bournville	2,468	15.5	2,548	16.0	2,511	2,442	15.3	15.9	2,450	15.4	2,491	15.6%
Brandwood	3,036	22.1	3,075	22.4	3,174	3,111	21.8	23.1	3,118	22.1	3,219	22.3%
Edgbaston	1,789	12.0	1,788	11.9	1,745	1,699	11.1	11.7	1,699	11.1	1,822	11.7%
Erdington	2,937	20.9	2,900	20.7	2,956	2,859	20.1	21.2	2,862	20.3	2,836	20.0%
Hall Green	1,938	13.0	1,979	13.3	2,068	2,125	14.0	13.9	2,045	13.7	2,157	14.2%
Handsworth Wd	3,116	19.2	3,222	19.8	3,147	3,037	17.5	18.6	3,038	17.4	3,138	18.2%
Harborne	1,857	13.7	1,809	13.3	1,881	1,831	12.7	13.2	1,829	12.7	1,898	12.9%
Hodge Hill	3,477	25.5	3,406	24.9	3,542	3,422	23.7	25	3,449	24.1	3,525	24.0%
King's Norton	3,454	21.5	3,495	21.8	3,536	3,322	24.0	25.6	3,474	24.9	3,472	25.2%
Kingstanding	4,419	30.7	4,443	30.8	4,494	4,390	29.7	31.2	4,464	30.5	4,420	29.7%
Ladywood	3,472	29.7	3,574	30.5	3,678	3,306	24.0	31.4	3,433	26.6	3,452	23.2%
Longbridge	3,387	21.9	3,701	23.9	3,677	3,514	22.2	23.7	3,514	22.3	3,531	22.3%
Lozells & EH	5,585	31.6	5,565	31.5	5,645	5,055	27.9	31.9	5,384	29.8	5,297	29.1%
Moseley & KH	2,893	16.7	2,885	16.6	2,864	2,702	16.9	18.2	2,775	17.5	2,831	17.6%
Nechells	6,133	32.3	6,071	32.0	6,111	5,761	28.9	32.2	5,946	29.6	5,907	29.4%
Northfield	2,777	18.3	3,073	20.2	2,992	2,845	18.9	20.2	2,835	19.0	2,885	19.2%
Oscott	2,073	14.7	2,132	15.1	2,114	2,145	14.9	14.9	2,094	14.6	2,113	14.7%
Perry Barr	1,963	14.0	2,019	14.4	2,002	2,001	13.6	14.1	1,970	13.6	2,048	13.9%
Quinton	2,859	20.4	2,934	21.0	2,954	2,908	20.5	21	2,893	20.5	2,914	20.4%
Selly Oak	1,397	7.6	1,397	7.6	1,397	1,367	7.2	7.6	1,347	7.0	1,359	7.1%
Shard End	4,382	28.5	4,382	29.0	4,382	4,355	29.2	30.5	4,384	30.0	4,426	29.3%
Sheldon	2,260	19.1	2,260	19.1	2,260	2,284	18.8	19.1	2,243	18.8	2,345	19.2%
Soho	4,804	29.3	4,804	29.3	4,804	4,559	26.9	29.3	4,610	27.5	4,525	26.6%
South Yardley	3,994	23.7	3,994	23.7	3,994	3,949	22.7	23.7	3,848	22.7	4,000	22.6%
Sparkbrook	6,160	32.5	6,160	32.5	6,160	5,877	30.8	32.5	5,967	31.2	5,946	31.2%
Springfield	4,061	23.0	4,061	23.0	4,061	3,907	21.9	23	4,031	22.7	3,941	21.9%
Stechford & YN	3,589	24.8	3,589	24.8	3,589	3,431	23.0	24.8	3,488	23.7	3,500	23.3%
Stockland Green	3,306	24.2	3,306	24.2	3,306	3,289	23.3	24.2	3,341	24.1	3,354	23.5%
Sutton Four Oaks	1,012	7.9	1,012	7.9	1,012	1,082	8.4	7.9	1,032	8.0	1,063	8.2%
Sutton New Hall	1,175	8.6	1,175	8.6	1,175	1,132	8.2	8.6	1,104	8.1	1,135	8.3%
Sutton Trinity	1,664	11.9	1,664	11.9	1,664	1,702	11.8	11.9	1,682	11.8	1,689	11.7%
Sutton Vesey	1,097	8.2	1,097	8.2	1,097	1,121	8.3	8.2	1,079	8.0	1,096	8.1%
Tyburn	3,955	28.4	3,955	28.4	3,955	3,825	26.2	28.4	3,940	27.4	3,919	26.7%
Washwood Heath	5,486	33.6	5,486	33.6	5,486	5,282	31.0	33.6	5,393	32.3	5,332	31.4%
Weoley	3,677	24.8	3,677	24.8	3,677	3,530	23.1	24.8	3,654	24.1	3,563	23.3%
<b>Birmingham</b>	<b>130,630</b>	<b>21.4</b>	<b>132,670</b>	<b>21.4</b>	<b>134,100</b>	<b>129,730</b>	<b>20.7</b>	<b>21.4</b>	<b>131,420</b>	<b>21.0</b>	<b>132,250</b>	<b>21.0%</b>

<sup>14</sup> Birmingham City Council, Ward figures are based on estimates derived from aggregating SOA data. WACG includes Jobseekers Allowance, Incapacity Benefit / Severe Disablement Allowance, Income Support, Disability Living Allowance, Carers Allowance, Bereavement Allowance, Pension Credit and Widows Benefit claimants.



- 3.2.4 However, these wards still have the highest levels of worklessness at 24% or above. In two wards – Sparkbrook and Washwood Heath – nearly a third of the working age population is out of work.
- 3.2.5 More recent figures are available for unemployment and these are starting to show the impact of the recession: in February 2009 the national, seasonally adjusted, unemployment rate stood at 5.1%. In Birmingham, the rate was 11.2%, up from 8.2% in February 2008. Birmingham had the second highest unemployment rate amongst core cities (Liverpool's rate was 11.6%).
- 3.2.6 Key strategic employment strategies in recent years, notably the Employment Floor Target Action Plan and the Local Area Agreement, have focused on “closing the gap” between those wards and the rest of the city. This was recognised in a Local Public Service Agreement (LPSA) target agreed with Government which measured the gap between five of the priority wards and the city average between 2004 and 2008. A second target was set in the Local Area Agreement which focused on the differential in unemployment rates.
- 3.2.7 Table 5 shows the latest figures for these: the targets were not met and the gap has in fact widened against the baselines.

**Table 5: Key Indicators on Worklessness 2004–2008**

		04/05	05/06	06/07	07/08
<b>LPSA 12: Reduce the gap between unemployment rates in the 5 city wards (Aston, Lozells, Nechells, Sparkbrook and Washwood Heath) with the highest unemployment and the city average</b>	Target	-	-	11.5%	11.0%
	Outcome	12.5% (baseline)	-	13.6%	13.5%
<b>LAA 06–08: The percentage difference between the Job Seeker Allowance (JSA) unemployment rate in the 11 priority wards and the city average</b>	Target	-	-	7.5%	7.0%
	Outcome	-	8% (baseline)	-	8.2%

- 3.2.8 In the new Local Area Agreement 2008-11 (LAA), the key indicator looks at reducing worklessness in the “worst performing neighbourhoods” – i.e. those neighbourhoods with Super Output Areas (SOAs) with a worklessness rate of 25% or above.

**Table 6: Local Area Agreement National Indicator (NI) for Worklessness 2008/09 to date**

Indicator	Baseline (06/ 07)	May 07	Aug 07	Nov 07	Feb 08	May 08
<b>NI 153 Working population claiming out of work benefits in the worst performing neighbourhoods</b>	30.4%	29.7%	29.5%	29.0%	28.9%	28.6%



# Effectiveness of Employment Strategies

- 3.2.9 A year of data is now available for this indicator (Table 6) and it shows that there was a slight fall over the quarter and worklessness rates are currently below target (28.6% are workless in the worst performing neighbourhoods, a 1.4% improvement on the target of 30%). Indeed, worklessness has fallen steadily throughout the whole period since the baselines were set, but more recent rises in unemployment and wider economic uncertainties may mean that this decrease is unlikely to continue (for example, data for Job Seeker Allowance (JSA up to October 2008 shows unemployment has risen by around 1,700 in the SOAs covered by National Indicator (NI) 153 – this would increase the rate by around 1% and take the figures much closer to our target for 08/09). For this reason, the six-month Performance Review published by Be Birmingham designated this target at risk.<sup>15</sup>
- 3.2.10 Another national indicator, *NI 152: working age people on out of work benefits* shows the same claimant groups as for NI 153, but for the whole city, not just for the target SOAs (this is not included in the LAA). This shows 600 fewer people were claiming benefits in the last quarter and the rate fell to 17.7%. There were 370 fewer Incapacity Benefit claimants and 150 fewer lone parents. Again, taking into account the likely impact of the rise in JSA claimants (and assuming that all other benefit groups remain the same), more up to date figures would likely put the workless rate at 18.3% in October 2008.

## Commentary

- 3.2.11 This data shows that the city was meeting the new targets under the LAA as of May 2008 and worklessness was decreasing. However previous targets to “close the gap” were missed and the priority wards still have the highest rates of worklessness – some over 30%. We cannot therefore conclude that any employment strategies have been successful in fully “closing the gap” in worklessness rates between the priority wards and the city average.**
- 3.2.12 However, some of the biggest decreases in worklessness were found in some of the priority wards and so the next step is to consider how much of that decrease was attributable to the employment strategies deployed and how much a reflection of the prevailing economic conditions.**
- 3.2.13 It is particularly important to assess the contribution made given that the latest unemployment figures indicate that worklessness is likely to increase over the next year as the recession takes hold. The next section therefore looks in more detail at the activity and performance of the main employment strategies and programmes that have been in existence over the last few years.**

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<sup>15</sup> Presented to the Finance and Performance O&S (Sub) Committee in December 2008.



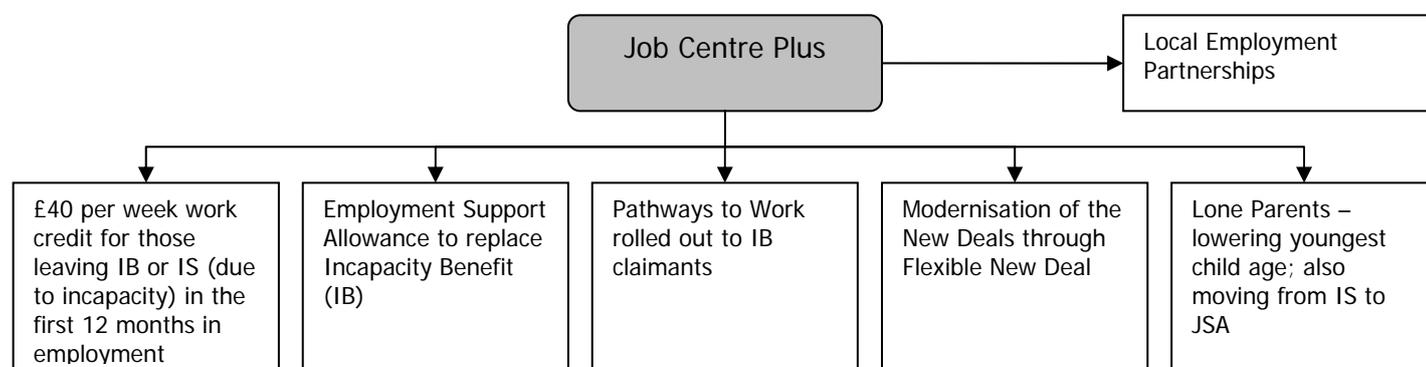
## 3.3 Performance

3.3.1 Each of these employment strategies and programmes had a set of objectives and targets set – in the main – by Government. Performance against these targets and the activity undertaken to achieve them, are considered in this section.

### JobCentre Plus (JCP)

3.3.2 As set out in Chapter 2, JCP is the main body tasked with helping people into work. Figure 4 outlines the current changes happening within the service.

**Figure 4: JobCentre Plus – Recent Changes**



3.3.3 Birmingham and Solihull JCP has a programmes budget of just under £38m for 2008-09. Over 1,000 people work across the district (almost 1 in 4 of the West Midlands JCP staff) and they undertake around 75,000 work focussed interventions each year.

3.3.4 Of Birmingham and Solihull JCP customers:

- 150,000 were on a working age benefit;
- 36,000 – 37,000 people were on JSA;
- 61,000 people were on Income Support;
- 56,000 people were on Incapacity Benefit.<sup>16</sup>

3.3.5 The majority of JCP customers are on Job Seekers Allowance, the “unemployment benefit”. Figures from Birmingham and Solihull JCP show, in June 2008 that over half of these had been on JSA for less than 26 weeks (Table 7).

3.3.6 Further information supplied to the Review Group by JCP supported the view that there is a great deal of movement on and off the register each month and that not all those who leave go into work or increase their hours (Table 8). JCP did not have further information on this – as some people may go into employment but not inform JCP – suggesting more research is needed to understand what happens to those who leave the register and what proportion actually take up work.

<sup>16</sup> Figures from May 2008.



# Effectiveness of Employment Strategies

**Table 7: Duration of Job Seekers Allowance claims by Job Centre area (with indicative wards) June 08**

Job Centre	up to 26 weeks		over 26 weeks		Wards covered <i>(approximate)</i>
	n of claimants	%	n of claimants	%	
<b>Birmingham SW</b>	1320	65.3%	700	34.7%	Northfield, Longbridge
<b>Broad Street</b>	665	52.0%	615	48.0%	Edgbaston, Ladywood, Nechells
<b>City</b>	1330	52.6%	1,200	47.4%	Ladywood, Nechells
<b>Erdington</b>	1735	54.6%	1445	45.4%	Nechells, Stockland Green, Tyburn, Erdington
<b>Handsworth</b>	1935	48.8%	2030	51.2%	Lozells & East Handsworth, Handsworth Wood, Soho, Aston
<b>Kings Heath</b>	1595	65.0%	860	35.0%	Moseley and Kings Heath, Brandwood, Billesley
<b>Perry Barr</b>	1535	54.7%	1270	45.3%	Aston, Nechells, Oscott, Kingstanding, Perry Barr
<b>Selly Oak</b>	2055	60.5%	1340	39.5%	Harborne, Bournville, Kings Norton, Quinton, Weoley, Selly Oak, Bartley G
<b>Sparkhill</b>	2320	57.4%	1720	42.6%	Sparkbrook, South Yardley, Springfield, Acocks Green, Hall Green
<b>Sutton Coldfield</b>	645	50.8%	625	49.2%	Sutton Coldfield
<b>Washwood Heath</b>	1900	50.7%	1850	49.3%	Washwood Heath, Bordesley Green, Hodge Hill, Shard End
<b>Yardley</b>	1495	56.1%	1170	43.9%	South Yardley, Stechford and Yardley North, Sheldon

Note: the information provided was given by Job Centre area, with postcodes to indicate area covered. The wards indicated are therefore a rough match based on postcode sector.

3.3.7 For those who do remain on JSA for longer, a range of New Deal programmes have operated to give different groups extra, more tailored, support. Receipt of benefits is dependent on participation after a specified period of unemployment.

3.3.8 The New Deal programmes currently available are:

- New Deal for Young People;
- New Deal 25 plus;
- New Deal 50 plus;
- New Deal for Lone Parents;
- New Deal for Disabled People;
- New Deal for Partners;
- New Deal for Musicians.



**Table 8: Washwood Heath JCP Flows Oct 07–Oct 08**

	No. on register	Off-Flow	On-Flow	Found / increased work to +16 hours a week
October 2007	3,750	500	466	130
November 2007	3,718	555	521	165
December 2007	3,659	584	518	185
January 2008	3,659	412	425	110
February 2008	3,752	594	664	170
March 2008	3,645	527	426	165
April 2008	3,684	425	461	110
May 2008	3,697	452	464	115
June 2008	3,752	587	640	170
July 2008	3,817	515	572	120
August 2008	3,944	549	660	145
September 2008	4,005	519	580	130
October 2008	3,969	584	546	150

**Source: JCP (Nomis)**

3.3.9 However, this is set to change. The Flexible New Deal (FND) will be introduced in two phases (phase one will be delivered from October 2009 and phase two delivered from October 2010) with Birmingham being included in phase one. FND will replace New Deals for young people and unemployed adults. FND would operate as current New Deals do initially – i.e. providing increasing levels of support including a skills health check – and after 12 months, the claimant would be required to join specialist return-to-work provision through the public, private or third sectors. This would be made up of intensive and personalised support to meet the needs of the most disadvantaged and include the production of a challenging personal action plan. Participation and compliance with the action plan will be mandatory. In addition, it is planned that unlike New Deal there will be an underpinning requirement for those that have not gained employment to participate in full-time activity, such as work experience or work in the community.



# Effectiveness of Employment Strategies

- 3.3.10 A recent report by the Social Market Foundation<sup>17</sup> on the forthcoming Flexible New Deal expresses concern that those who have been out of work for a significant period of time have a range of needs and face a multiplicity of barriers, and are therefore “ill-suited to the relatively cheap, one-size-fits-all approach that is so successful for the majority of JSA claimants”.
- 3.3.11 The Social Market Foundation goes on to raise concerns around the fact that the contracts will be measured by the number of people got into work “however they [the contractors] see fit.” This equates to a “flat fee” per jobseeker, which ignores the fact that some jobseekers will require much more help and support than others and so may encourage contractors to avoid dealing with those further from the labour market. There is also no recognition of whether that employment is sustained beyond 26 weeks. The reliance on “outputs” to measure the success of the programmes replicates many of the area-based initiatives approach to worklessness (see below).
- 3.3.12 Pathways to Work is also led by JCP and provides a single gateway to financial, employment and health support for people claiming incapacity benefits. The Pathways to Work process includes:
- A **Personal Capability Assessment** which is used to determine entitlement to the benefit;
  - A **mandatory work-focused interview** eight weeks after making a claim for incapacity benefit (except in cases where this is deferred or waived due to the nature of the illness);
  - A **screening tool** at the initial work-focused interview will establish who will have more work-focused interviews and who will be exempt from further mandatory participation;
  - Access to a range of **programmes to support the customer in preparing to work**;
  - A **Return to Work Credit**, where customers who enter employment can qualify for a weekly payment of £40 a week for 12 months if their salary is below £15,000 a year.
- 3.3.13 In Birmingham Pathways to Work is provided by an external contractor (WorkDirections Ltd).
- 3.3.14 A recent evaluation report from the Department for Work and Pensions (DWP) states that Pathways appeared to increase significantly the rate of employment entry and appeared to increase significantly Incapacity Benefit exit, but that this was primarily among those who would have left incapacity benefits within a year even in the absence of the programme. “It is not known how long the effects of Pathways last, however, so there is some uncertainty about the size of the benefits generated by the programme”.<sup>18</sup>
- 3.3.15 JCP also work with employers through Local Employment Partnerships (LEP): a commitment between an employer and JCP to match up job opportunities with those people most disadvantaged in the labour market. Members were informed that the City Council had signed up to a LEP and also heard evidence from Tesco that this approach had been successful in recruiting local people for a new store in Aston. The Aston Pride team took a leading role in developing this local partnership.

<sup>17</sup> The Flexible New Deal Making It Work, Ian Mulheirn And Verena Menne, The Social Market Foundation, September 2008.

<sup>18</sup> Evidence on the effect of Pathways to Work on existing claimants, Helen Bewley, Richard Dorsett and Marisa Ratto, Department for Work and Pensions, Research Report No 488, 2008.



- 3.3.16 JCP's main performance target in relation to helping people into work is based on a points system. Every time someone is helped into a job, JCP earn points towards the Job Outcome Target. The higher the priority the customer, the more points are achieved. For example:
- helping an unemployed lone parent into work – 12 points
  - helping an employed person change jobs – 1 point
- 3.3.17 In 2007/08, the national target was 11,200,000 points and 10,560,000 were achieved – i.e. 96% of the target. Birmingham and Solihull JCP had achieved 81% of their target by June 2008 and were ranked 40<sup>th</sup> amongst all districts. However, as of February 2008, Birmingham and Solihull JCP was rated 14 out of 48 districts.
- 3.3.18 JCP also has an Employer Engagement Target: that at least 92% of employers will receive a service in accordance to the standards set.<sup>19</sup> Birmingham and Solihull District were achieving 92.5% in January 2009. JCP also reports that, as of February 2009, they have exceeded their performance targets for LEPs that year, and are 55% ahead of our year end profile.

### **Learning and Skills Council (LSC)**

- 3.3.19 The LSC's role in tackling worklessness is in relation to raising skills, both for the unemployed and employed (to help secure future employment). The Train to Gain service was launched nationally in August 2006 to help businesses get the training they need to improve their productivity and competitiveness. The programme offers:
- A commitment to jointly invest in training, by employers and government;
  - Access to free and quality assured advice in identifying organisational skills needs;
  - Assistance to identify high quality training and qualification solutions which meet employer needs, including those paid for in part/full by the employer;
  - Access to Government subsidised training and qualifications for employers and employees.
- 3.3.20 It is available to all employers, prioritising those who have training available for their employees.
- 3.3.21 Recognising the particular needs of different sectors, Train to Gain has been enhanced through sector compacts. By 10 November 2008, ten compacts had been agreed and more are expected to follow over the following few months. Businesses have access to a range of benefits including:
- Tailored, sector-specific advice from Skills Brokers;
  - Joint Sector Skills Council-LSC marketing about the specific skills offer to employers in specific sectors, with information about qualification routes to meet industry standards;
  - For businesses with more than 250 employees, a full subsidy is available echoing the offer to smaller, private sector businesses at Level 2 and partially subsidised at Level 3 for people who are already skilled at that level for qualifications that are needed.

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<sup>19</sup> For more details see [http://www.jobcentreplus.gov.uk/JCP/Aboutus/Jobcentreplusperformance/2008\\_-\\_9\\_Targets/Dev\\_015945.xml.html](http://www.jobcentreplus.gov.uk/JCP/Aboutus/Jobcentreplusperformance/2008_-_9_Targets/Dev_015945.xml.html).



# Effectiveness of Employment Strategies

3.3.22 The LSC have Public Service Agreement targets to reach nationally, including:

- Improving the basic skills of 2.25 million adults between 2001 and 2010, with a target of improving the basic skills of 1.5 million adults by 2007 – by the end of 2007, 2,276,000 adults had improved their basic skills;
- Reduce the number of adults without a Level 2 qualification by at least 40 per cent by 2010. This is equal to an increase of 3.6 million more adults – by the end of 2007, 2,100,000 adults in work had achieved a Level 2 qualification.

3.3.23 However, added value overall can be hard to pinpoint: Train to Gain reports high satisfaction levels and participation e.g. 80% of employers have been satisfied with the skills brokerage service; 74% of employers taking up training under Train to Gain report that they have noticed an improvement in the skills of employees in relation to their specific job role. However, “there is little strong evidence to suggest that Train to Gain is successfully targeting employers who have not trained recently. Over two-thirds of employers who have been in contact with a Train to Gain skills broker (68%) have arranged a course of training for their staff outside Train to Gain in the past 12 months”.<sup>20</sup>

## Learn Direct

The LSC also works with Learn Direct (of which it funds the learning elements) and with the University for Industry.

Learndirect is the largest supplier of e-learning courses of its kind in the world. There are three business streams:

- **Careers advice** offers free independent careers advice over the phone, online and by e-mail;
- **Skills and qualifications** has hundreds of centres with courses to improve maths, English and IT skills; and
- **Business** provides off-the-shelf and bespoke work-based e learning courses

Results for 2006/07 show:

- 5,917 learners enrolled on 24,902 skills for life courses;
- 6,050 Skills for Life tests were achieved of which 2,777 were first test passes. Of the 6,050 tests achieved 2,392 were in numeracy and 3,658 were in literacy.

## Birmingham City Council (BCC)

3.3.24 Birmingham City Council has included the LPSA and LAA indicators on worklessness and employment in its Performance Plan over the last few years. The results are therefore as reported in section 3.2 above.

<sup>20</sup> Train to Gain Employer Evaluation: Sweep 1 Research Report, LSC, May 2008.



3.3.25 A recent internal review of how the Council was tackling worklessness corporately concluded that the City Strategy approach to tackling worklessness was sound, but that work was needed to ensure delivery. Particularly issues were raised around complex delivery chains, short-term funding, inconsistent monitoring and evaluation of local programmes and limited challenge for underperformance.<sup>21</sup> Recommendations included:

- Intensifying efforts to place those without work in sustainable jobs, drawing on best practice in client engagement, job placement, customised training, support in work and after care;
- Strengthening BCC's corporate recruitment efforts in these wards;
- Working with partners to streamline governance and delivery arrangements for reducing worklessness across the city.

3.3.26 An action plan was put in place to address some of these issues and since the Review, the following actions have taken place:

- A Corporate Lead for Worklessness has been identified;
- A Worklessness Corporate Group has been established;
- An Internal review of Access to Employment Groups has been completed and revised governance arrangements proposed;
- Director of Employment post has been agreed, with the LSC to fund 50% for 1 year (recruitment due to take place in early 2009);
- Agreed focus with partners on priority areas has been agreed – as identified through Neighbourhood Employment and Skills Plans (NESP)s and Constituency Employment and Skills Plans (CESPs);
- A protocol to facilitate improved partnership working and more effective delivery has been signed.

## Neighbourhood Renewal Fund

3.3.27 Of the £92.9m Neighbourhood Renewal Funding received by Birmingham since 2005, approximately £8.7m (9%) was directed at tackling worklessness. In 2005, the Employment Floor Target Action Plan (EFTAP) was drawn up to answer concerns about the contribution Neighbourhood Renewal Fund (NRF) was making to tackling worklessness.

3.3.28 Examples of the activity undertaken in 2007/08 to meet the targets includes:

- Employer Engagement: including Outreach Team; Eastside and North West City Jobs, Construction Employment Alliance (£610,000);
- Access to Employment Group Support/Projects (£935,000);
- Bespoke Training: LSC (£539,000);

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<sup>21</sup> Priority Review conducted by the Delivery Support Unit, Policy and Performance Team, Birmingham City Council 2007.



# Effectiveness of Employment Strategies

- Skills Advisers: LSC (£231,000);
- Enterprise: Chamber of Commerce (£500,000) and JCP Advisers (£525,000);
- Travel: Centro (Workwise) (£275,000).

3.3.29 The city as a whole received the NRF money, but work was targeted on priority wards and with regard to worklessness these wards were: Aston, Lozells, Nechells, Sparkbrook and Washwood Heath.

3.3.30 As noted above, the LPSA target to reduce the gap in worklessness rates between the priority wards and the city average was not achieved in 2007/08. An evaluation report on NRF in Birmingham, commissioned by Be Birmingham in 2007 found that NRF investment had directly contributed to achievement of some floor targets – notably within the community safety and environment themes – but NRFs overall impact appears to be limited and has not led to the sort of ‘transformational’ impact that would be needed to close the gap. With regards to worklessness the report found:

- The EFTAP process brought a strategic approach which helped to focus partners' activities in addressing worklessness: *“it gave us an opportunity to look at big picture system change”*;
- This work has been mainly developmental rather than direct provision and had not resulted in improvements in floor target indicators;
- It had been generally difficult for wards and constituencies to fund effective worklessness interventions. While worklessness has been recognised as a high priority, wards and constituencies have come up against difficulties in knowing how / where to intervene, problems with scale and difficulties in finding providers who can deliver new and innovative services. As a result, most ward NRF for worklessness has been invested in projects already running under different funding streams (e.g. European Social Fund (ESF) Co-financing). This is perceived to have added value to these projects by enabling them to be more flexible in whom they target and enabled them to conduct outreach work, but had not been transformative.

## **North West Corridors of Regeneration Single Regeneration Budget (SRB) Round 6**

3.3.31 The North West Corridors of Regeneration Single Regeneration Budget (SRB) Round 6 commenced in 2000 to provide resources to support regeneration initiatives via local regeneration partnerships. The priority was to enhance the quality of life of local people in areas of need by reducing the gap between deprived and other areas, and between different groups.

3.3.32 The overall budget was £36,462,082 (from Central Government – final expenditure: 99%). The budget for the education, training and employment strand was £8,102,313. In addition, SRB6 levered in £52m of public sector funding (including £26.5m by Birmingham City Council, £18.4m of private and voluntary sector expenditure) and £18.4m of private sector.

3.3.33 The North West Corridors SRB6 area focused on the three corridors of Soho Road (A41), Dudley Road (A457) and Midland Metro Line 1. Project activity included the construction of a major new



vocational training centre, skills development through bespoke training and a project to raise the educational attainment of school age pupils and provide advice, guidance and lifelong learning opportunities to their parents.

3.3.34 An end of programme evaluation of the SRB6 programme<sup>22</sup> found that the Programme met or exceeded the majority of its core and supplementary output targets. Ethnic minority targets were largely exceeded. Outcomes included:

- Over 1,100 jobs (net) created or safeguarded;
- 1600 people (net) trained and obtaining qualifications;
- Over 7,000 square metres (net) of new or improved commercial floor space;
- Improved and upgraded retail/road corridors;
- Nearly 100 new businesses;
- Over 100 projects to improve, expand or create new community facilities;
- A number of successful and innovative projects working with local young people, including the Beyond Midnight project, Talking Lives Talking Communities.

3.3.35 These figures had been subject to both internal and external audit, after the consultants had discounted jobs that they judged would have been created or safeguarded without SRB.

3.3.36 Some targets have not been met: for example, the Programme had a target to reduce the number of people claiming JSA by 450. This outcome target was not reached as nearly the same number of people claimed JSA in August 2006 (3,450) as in August 1999 (3,465). However, there was a 47% reduction in the number of people claiming Income Support in the SRB6 area from 2001 to 2006.

3.3.37 The end of programme evaluation made the distinction between an analysis of performance – against the Programme's targets and strategic objectives – and impacts – an assessment of the wider impacts of the Programme, identifying the benefits, achievements and successes and the value added. The evaluation therefore concluded that whilst all the targets were not met, the area has seen its decline halted with a greater impetus and confidence into the local economy and strengthened community provision.

## **New Deal for Communities**

3.3.38 New Deal for Communities is a Government programme to tackle multiple deprivation in most deprived neighbourhoods in the country by giving money directly to those areas. There are two areas within Birmingham receiving this help:

- Aston Pride: including Perry Barr, Aston & Nechells wards, receiving £54m (£12m for employment strand);

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<sup>22</sup> Final Evaluation of North West Corridors of Regeneration SRB6 Programme; Final Impact Report, SQW Consulting , January 2007.



# Effectiveness of Employment Strategies

- Kings Norton Three Estates: covering the three estates of Pool Farm, Primrose and Hawkesley in Kings Norton ward, receiving £50m (£1.5m for employment strand).
- 3.3.39 The Kings Norton New Deal for Communities (NDC) has focused more on physical regeneration, though it has undertaken some work to address worklessness, notably providing a locally based community employment resource centre as a base for partners to deliver advice on jobs and training.
- 3.3.40 Aston Pride NDC has invested significant amounts of money into employment and training – over 20% of their budget. Activity includes:
- Employment Connections: dedicated outreach, advice and guidance;
  - Employer Recruitment Plus! supports the recruitment of residents to job vacancies, paying minimum of £12,000 p.a., by offering employers a flexible recruitment / post-employment retention support package;
  - Aston Ascend will target young Aston Pride residents Not in Education Employment or Training;
  - Aston Pride Jobs Point: provides a locally accessible point of information for Jobcentre Plus vacancies in conjunction with the information, advice and guidance service provided by staff;
  - Tesco: working with Tesco and employment support partners regarding employment opportunities at planned Tesco store in Aston.
- 3.3.41 Recent figures show that, between January 2006 and October 2008, 871 Aston Pride residents have entered employment. Between August 2006 and May 2007, overall worklessness rate for the Aston Pride area had gone down to 31.9% (a reduction of 0.8% against the baseline).
- 3.3.42 Aston Pride has taken steps to verify these figures: we were assured that the employment figures quoted represent different Aston Pride residents that have been assisted into work. There are no duplications of individuals where someone may have fallen out of work and later re-entered employment. Where this situation has occurred, only the most recent assistance into work has been counted.<sup>23</sup>
- 3.3.43 A national evaluation of the NDCs across the country concluded that the programme has produced 'soft' outcomes and improvements in quality of life but comparing crime, worklessness and education indicators between 2002 and 2005, on average, NDCs appear to be changing at a similar rate to their parent local authorities.<sup>24</sup>

## Enterprising Communities

- 3.3.44 Enterprising Communities is a community-led regeneration scheme tackling economic and social disadvantage in South East Birmingham. Four neighbourhood areas are covered: Nechells, Sparkbrook, Washwood Heath and Bordesley Green; spanning eight wards: Washwood Heath,

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<sup>23</sup> Evidence received from Aston Pride.

<sup>24</sup> Challenges, Interventions and Change – an overview of Neighbourhood Renewal in six New Deal for Communities areas, DCLG, 2008.



Bordesley Green, Hodge Hill, South Yardley, Nechells, Sparkbrook, Springfield, Moseley & Kings Heath.

- 3.3.45 Funding comes from the European Structural Funds secured from the West Midlands Objective 2, Priority 3 Programme and ESF plus match-funding (mainly from Birmingham City Council and previously NRF). Between December 2003 and September 2008, total expenditure was £6,062,551 (grant) plus £7,191,824 (match funding). For the Employment and Skills element, the total for the whole programme was £2,352,798 made up of £1,055,696 ESF grant and £1,297,102 of match-funding, which included thematic and ward based NRF, Birmingham City Council, private, Primary Care Trust (PCT) and LSC funding.
- 3.3.46 Activity has included the Integrated Employment Gateway project to map existing provision, networks and partnerships through promoting membership of the two local Access to Employment Groups and producing / distributing a Service Providers Directory; funded voluntary and community sector organisations providing advice and training. One part of this was the employment of Street Advisors who engage with marginalised communities, provide information, advice and guidance and progress people into employment and training or signpost them to support.
- 3.3.47 Outputs up to September 2008 exceeded all targets for ESF and European Regional Development Fund (ERDF) funding and included:
- People helped into jobs: 677
  - New Jobs Created: 457
  - Safeguarded Jobs: 168
  - Business start ups assisted: 203
  - Business assisted: 257
  - Employed People Trained: 186
  - Unemployed People Trained: 1427

### **East Birmingham and North Solihull Regeneration Zone**

- 3.3.48 The East Birmingham North Solihull Regeneration Zone (EBNSRZ) is one of six Regeneration Zones established by Advantage West Midlands (AWM) to bring local focus to the delivery of the Regional Economic Strategy.
- 3.3.49 The Zone covered the following Birmingham wards: Kingstanding, Erdington, Tyburn, Stockland Green, Nechells, Sparkbrook, Bordesley Green, Springfield, Acocks Green, South Yardley, Stechford and Yardley North, Shard End, Hodge Hill, Washwood Heath.
- 3.3.50 The budget for 2006/07 was £17.8m (£1m revenue, £16.8m capital). During that period, outputs included:
- 41 jobs created;



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- 62 jobs safeguarded;
- 3000 skills development interventions.

3.3.51 However, at the evidence-gathering session, the Chief Executive said that funding is primarily spent on regeneration such as bringing employment land back into use. There is however recognition of the need to address worklessness and in particular the need for sustainable employment. The Zone has a role at a strategic level in relation to the Joint Investment Plans around the City Strategy.

## Commentary

**3.3.52 As the evidence presented above shows, the organisations involved in delivering activity to reduce worklessness largely report that their targets – as set by Government or the relevant funding bodies – have been met.**

**3.3.53 However, given that in the previous section we established that the gap between the priority wards and the city average worklessness rates has not narrowed, we cannot say these strategies and programmes have been effective in that sense. So what impact have they had? Would the situation in these wards have been worse had these strategies and programmes not been in operation?**

**3.3.54 As part of this Review, we had hoped to be able to provide some clear answers to these questions. However, the information provided was not sufficient to do so. For example, most of the area-based regeneration strategies operating in the city report on numbers of people securing employment whilst on the books of the relevant organisations. At face value, this is a good indicator of activity. However, further investigation reveals that no tracking of these individuals has taken place, so we cannot be sure:**

- **Whether the individuals counted are only being counted once – in other words, have some people participated in more than one programme and were therefore counted twice or more?**
- **Whether the individuals helped into work are still in work in 3, 6 or 12 months time?**

**3.3.55 Without longitudinal data on these individuals, there will always be the suspicion that double counting occurs, or that some people are being helped into short-term employment and not being removed from the worklessness figures in the long-term. Though it can be legitimate for an individual to access more than one programme to counter multiple barriers, it does mean that numbers cannot simply be aggregated to provide an overall picture of those who have received assistance. This is acknowledged in Constituency Employment and Skills Plans:**

[O]utput targets for commissioned employment support programmes will tend to over-estimate the number of individuals supported, since service users may



legitimately participate in more than one programme as inputs to their achieving employment progression. Simply aggregating the number of outputs achieved by all the programmes and activities impacting locally and then comparing this with overall target figure will not necessarily show the complete level of service gap that exists in reality<sup>25</sup>

- 3.3.56** In addition, the figures as presented do not allow us to see whether organisations are counting the same individuals in outputs for different funding streams – again, this can be legitimate if more than one intervention is required – but again means that the output of that individual gaining employment is counted once under each funding stream reporting mechanisms.
- 3.3.57** It is also not clear whether those individuals helped into work were the longer term unemployed – i.e. those less “job ready” – or whether some individuals would have gained employment even without participation in these programmes.
- 3.3.58** JCP recognise the relevance of the different levels of help required in its own internal targets by giving more points for those further from the labour market – e.g. unemployed lone parents. However, although JCP were able to provide information on the flows on and off the JSA register, there was no information on where those individuals go, or whether they return to JSA a few months later. So again, it cannot be claimed that the numbers leaving the register represent success – individuals included in one month’s “off-flow” could be included in the “on-flow” of future months. This issue will not continue under the Flexible New Deal however, as claimants returning to the JSA register will return at the point at which they left and will not be able to avoid the responsibilities and sanctions that come into force after 26 weeks by leaving the register and returning within a short period.
- 3.3.59** We have been informed that one of the barriers to undertaking tracking is data protection. Job Centre Plus in particular is reluctant to share information and clarification is still being sought on what is permissible under data protection rules. However discussions are currently underway and some programmes have already started to incorporate such measures (e.g. Aston Pride). City Strategy Pathfinder clients are currently tracked and Birmingham City Council are leading on the development of the tracking system for Working Neighbourhood Funds provision.
- 3.3.60** Finally, it is worth noting that Birmingham is not unique in not being able to demonstrate success in tackling worklessness – the problems faced by the city are certainly not unique and some of the experiences in Birmingham are echoed in national evaluations.<sup>26</sup> For example, the national evaluation of NDCs found, on

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<sup>25</sup> Selly Oak Constituency Employment and Skills Plan.

<sup>26</sup> Tackling Worklessness: A Review of the contribution and role of local authorities and partnerships Interim Report, Councillor Stephen Houghton, Claire Dove, Iqbal Wahhab for Department for Communities and Local Government, 27 November 2008.



average, NDCs appeared to be changing at a similar rate to their parent local authorities<sup>27</sup> In addition, though our research found examples of three local authorities which had received Beacon Status<sup>28</sup> for the 'Removing barriers to work' theme (Leeds, Knowsley and Nottinghamshire), there was no evidence that their work had significantly improved worklessness rates above that of other authorities. More details of the work these authorities have undertaken is contained in Appendix 3.

## 3.4 Impact

3.4.1 The previous sections show that, whilst worklessness has decreased, the gap between the priority wards and the city average has not. From the performance data provided by the various organisations involved in tackling worklessness, we cannot determine the extent to which they contribute or not to the overall worklessness rates in the city.

3.4.2 Nevertheless, those involved in these programmes and strategies maintain that they are effective in helping people into employment, but the impact is often masked by external factors. During our evidence gathering, many explanations were offered as to why these programmes seem to have had so little impact on worklessness figures:

- The strategies we refer to do not all have worklessness as their main focus – for example, the focus of East Birmingham North Solihull Regeneration Zone has been on physical regeneration;
- The numbers of people involved in the programmes are small in comparison to the number of people counted as workless in these areas;
- The further from the job market the individual is, the more training and support is needed – so those working with these individuals will have apparently fewer outputs than those helping individuals who are more “work ready”;
- The short-term duration of many initiatives can prove problematic as the length of time that it takes to establish the infrastructure necessary to delivery initiatives and staffing arrangements need to be taken into account. Getting this right at the start is crucial: both SRB6 and Aston Pride suffered from slow or “false” starts and spend was concentrated in the later years of both programmes. This also means there can be gaps between one set of funding ending and another beginning. Sometimes the effects of the programmes will therefore be felt long after the programmes themselves have come to an end.
- Locally based regeneration schemes can only partially compensate for inequalities and other problems rooted in wider economic and social geographies. The more deprived areas tend to be nearer the low-paid short-term routine jobs, with economic restructuring leading to the concentration of well-paid jobs in an ever-decreasing number of locations.<sup>29</sup>

<sup>27</sup> Challenges, Interventions and Change – an overview of Neighbourhood Renewal in six New Deal for Communities areas, DCLG, 2008.

<sup>28</sup> Beacon status is granted to those authorities who can demonstrate a clear vision, excellent services and a willingness to innovate within a theme.

<sup>29</sup> Recognising the Limits of Community-Based Regeneration – Institute of Geography and Earth Sciences; and the Evaluation of the Fair Cities Pilots, DWP, 2007.



3.4.3 A further explanation offered related to the impact of mobility on worklessness figures – i.e. the theory that as people gain employment, they tend to move out of deprived areas. This would have an impact on the gap between priority wards and the rest of the city if people in employment move out and are replaced by people without employment. The overall employment figures in an area would not therefore rise.

3.4.4 The authors of the evaluation report on SRB6 cited the “relatively mobile nature of the local community” as a factor in the lack of visible impact from the SRB Programme on unemployment but emphasise “the basic mismatch in scale between the size of the problem and the size of the intervention”<sup>30</sup> as a much more significant issue.

3.4.5 This is supported by work undertaken by the Department for Communities and Local Government (DCLG) on NDC areas, based on a relatively small sample of those moving out of NDC areas between 2002 and 2004:

[The] evidence tends to support the notion of a ‘moving escalator’ in neighbourhood renewal: those in jobs and who are in, or who intend to enter, the owner-occupied sector are being replaced by those who are less likely to be in employment and who are more likely to be relatively less well off and to live in rented accommodation.<sup>31</sup>

3.4.6 The theory that migrant workers have had an impact on worklessness has been discounted by both the SRB6 evaluation and research undertaken by the Department for Work and Pensions<sup>32</sup> which examined the impact of migration from the new EU Member States on the labour market outcomes of natives in the UK. The researchers found no statistically significant impact of migration on claimant unemployment.

3.4.7 This is largely supported by a report on this issue conducted more locally: ‘The Economic Impact of Migrant Workers in the West Midlands’ (November 2007)<sup>33</sup>. This report notes that:

Previous studies at UK level suggest that immigration is beneficial to the economy overall and that there is no generalised negative impact, although there is anecdotal evidence that there may be some localised negative effects, in particular, local areas and labour market segments. These general findings are replicated at regional level.

3.4.8 In the West Midlands, the report suggests that:

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<sup>30</sup> Final Evaluation of North West Corridors of Regeneration SRB6 Programme Final Impact Report, SQW Consulting, January 2007.

<sup>31</sup> The Moving Escalator? Patterns of Residential Mobility in New Deal for Communities Areas, Research Report 32, Department for Communities and Local Government, January 2007.

<sup>32</sup> The impact of migration from the new European Union Member States on native workers; Sara Lemos, University of Leicester and Jonathan Portes, Department for Work and Pensions, June 2008.

<sup>33</sup> This study was commissioned by the West Midlands Regional Observatory on behalf of Advantage West Midlands, the West Midlands Learning and Skills Council together with a range of other partner organisations. The report writing and analysis was undertaken by the Institute for Employment Research at the University of Warwick, with fieldwork undertaken by BMG Research.



# Effectiveness of Employment Strategies

... in manufacturing, migrants are filling vacancies at the expense of UK nationals, while in Hotels and Restaurants and Health and Social Work they are filling vacancies at the same time as employment for UK nationals is expanding (i.e. migrants appear to be addressing labour shortages).

3.4.9 However, the researchers found no “statistically significant evidence to suggest that an increase in migrant workers is associated with a reduction in recorded vacancies at local area level”.

## Commentary

3.4.10 Whilst a number of explanations were proffered as to why the activity of the employment strategies and programmes had not had a greater impact, no conclusive evidence has been presented. What is clear is that large sums of money are being spent in deprived areas, to counterbalance the disadvantages people in those areas face, and yet – at least as far as worklessness is concerned – this is not translating into tangible outcomes.

3.4.11 On the other hand, we cannot say there has been no impact, as we do not know what would have been the situation had those strategies and programmes not been in existence – the data does not exist.

3.4.12 We believe there is more to learn about the impact of mobility of people between different areas of the city. Whilst the claim that mobility is a factor in why the gap between deprived areas and the city average is not closing has largely been substantiated in a general sense, the characteristics of different populations have not been closely investigated. For example, it is possible that areas with a higher Asian population are less likely to see significant numbers of people moving out, as residents there wish to remain closer to the stronger community networks and community infrastructure such as mosques – but more research is needed on demographic changes to understand this issue properly.

3.4.13 With regard to migration, there are a number of reports which, whilst not conclusive, tend to the view that immigration has a beneficial rather than negative impact. However, there is certainly no detail available to suggest what the particular case is in the priority wards.

3.4.14 Finally in this chapter, it is worth noting that although we are not able to come to any conclusions on the overall effectiveness of employment strategies, there is the experience of our local practitioners and a great deal of research proffering good practice and ways forward. Looking at the lessons learned over the past few years, ways in which employment strategies could be effective in helping people into work and overcoming barriers are considered in the next chapters.



## 4 Findings: Governance and Delivery

### 4.1 Introduction

4.1.1 Although we have concluded that employment strategies have not “closed the gap” between priority wards and the rest of the city, that is not the end of the story. The previous chapter set out the need for better measures of impact so that we can better understand what does work. Recognising the need for interventions to assist the long-term unemployed into work, the next two chapters contain our reflections on what can be learned from the experience of our local practitioners and national research.

4.1.2 This chapter considers the framework of governance structures relating to worklessness, and how these are translated into delivery. Issues we have considered include:

- The level of governance of worklessness strategies – i.e. should these be at a national, regional or local level?
- Partnerships – effective collaboration being crucial given the number of organisations involved;
- The role of the City Council in both strategic decision-making and in delivering programmes;
- The role of third sector organisations in delivering programmes and particularly how commissioning arrangements affect these;
- The role of the business sector and the support available to Small and Medium Enterprises (SMEs).

### 4.2 Level of Governance

4.2.1 One of the key issues raised during the evidence gathering related to the level at which strategies were governed. We have already noted significant Government involvement, whether through setting national programmes to tackle unemployment and worklessness through JobCentre Plus (JCP), or addressing national skills issues via the Learning and Skills Council (LSC), or through setting up area based initiatives with funding that Councils must bid for and satisfy specific criteria.

4.2.2 Co-ordination between partners is intended to take place at a local level under the Local Area Agreement (LAA). However, we have received evidence that partners’ capacity to collaborate fully is hampered by national constraints. For example, early in this Review we identified the need for more accurate profiles of an area comprising information on the workless population, employers and types of jobs available for that area. This is now starting to happen through the Neighbourhood Employment and Skills Plans. However, we have noted a past reluctance from some of our partners to supply data at a genuinely local level – for both JCP and LSC the “local” level has been Birmingham and Solihull.



# Effectiveness of Employment Strategies

4.2.3 The Chairman of this Review Group attended a conference on Tackling Worklessness<sup>34</sup> where the slow but significant shift from centrally driven programmes and national models to local governance and accountability was discussed.<sup>35</sup> This movement is also detected by the Local Government Association (LGA)<sup>36</sup>, which urges the Government to go further in devolving responsibility from Government to a sub-regional level. Their arguments are based on the following:

- Labour markets function at the sub-regional level – there are wide local variations in worklessness and skills levels;
- People facing long-term worklessness experience multiple barriers to employment that require multi-agency interventions, which in turn requires local partnership working to develop;
- Funding flows from different sources, including the Departments for Business, Enterprise and Regulatory Reform (BERR), Communities and Local Government (DCLG), Innovation, Universities and Skills (DIUS) and Work and Pensions (DWP), but effective co-ordination, targeting and alignment can only take place locally;
- Local people need more of a stake in employment and skills provision. They need a say in the decisions that are taken about how fundamental economic problems in their area are addressed.<sup>37</sup>

4.2.4 Their preference is for a sub-regional approach based on Multi-Area Agreements (in many ways mirroring the City Strategy). Importantly, this approach would “free up” JCP and LSC to “fully engage with local partners, a shared information base, flexibility to vary national rules and devolved budgets.”

4.2.5 We were informed that Birmingham has a head start on this as a participant in the City Strategy Pathfinder which gives more flexibility to the City Region. Be Birmingham is currently working with other City Region partners to explore the potential benefits of developing and implementing a Multi Area Agreement (MAA) for Employment and Skills.

4.2.6 However, an MAA would still leave decision-making at a relatively high spatial level. Evidence seen as part of this Review supports the notion that locally based schemes are more effective. For example, a report by the Joseph Rowntree Foundation, which pulled together the results of some 25 projects which had researched solutions to the problems of worklessness, noted that:

Each area has different economic and social circumstances. Successful projects are both developed and delivered at a local level. What works in one area might not work in another with different labour market circumstances and different population characteristics.<sup>38</sup>

<sup>34</sup> Local Government Information Unit (LGIU) Good Practice Seminar, 21 October 2008.

<sup>35</sup> Presentation by Andrew Jones, Policy Analyst, LGIU.

<sup>36</sup> LGA is a voluntary lobbying organisation on behalf of local government.

<sup>37</sup> The Integration Gap: Developing a Devolved Welfare and Skills System, Local Government Association, June 2008.

<sup>38</sup> Local initiatives to help workless people find and keep paid work, Joseph Rowntree Foundation, June 2008.



4.2.7 The report cites the following advantages of a local approach:

- The use of local data, knowledge and experience are important in meeting local needs;
- Bottom-up approaches rooted in the community encourage commitment and a clearer understanding of the needs of local participants and employers. They also help combat cynicism born of the fact that some of the areas concerned will have been the subject of interventions in the past, corroborated by a DCLG report into New Deal for Communities (NDC) areas:

“These areas have been subject to a range of previous government interventions; there can be little doubt that there is a widespread **perception** that such initiatives have generally proved of limited value; whether justified or not, there is a strong sense of resentment towards the ‘council’ based on its apparent failure to deliver services or to reverse the engines of decline; ... and there is an almost universal view that most previous regeneration initiatives within NDC areas have failed”.<sup>39</sup>

- Evidence also suggests that multi-agency partnership working appears to be more effective where it is based on established relationships, which are more likely to be found at a local level.

## Commentary

**4.2.8 As we saw in Chapter 2, the involvement of at least four Government departments with separate delivery arms working alongside local area-based initiatives results in a complex picture of governance and delivery. This was most obvious when dealing with the three main organisations: JCP and LSC (both sub-regional bodies – Birmingham and Solihull) and the City Council (city-wide). This can complicate issues, such as data sharing.**

**4.2.9 We also still have two strategies with different targets within different spatial areas (the City Strategy and LAA), and that reporting against both will continue until at least May 2009. We are particularly concerned that whilst the LAA has marked a welcome shift to tighter spatial targeting with analysis of data at a Super Output Area level, the LSC still report against the City Strategy targets based on the 16 (old) wards. The Disadvantaged Area Fund (DAF) contracts were focused on City Strategy priorities and will continue to do so until the contracts expire later this year. However, future procurement will focus on LAA priorities within the priority Super Output Areas (SOA).**

**4.2.10 Delivery should also be targeted at the neighbourhood level. The City Strategy states that commissioning and procurement should be done at a City Region level and there**

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<sup>39</sup> Challenges, Interventions and Change – an overview of Neighbourhood Renewal in six New Deal for Communities areas, DCLG, 2008.



seems no way to be sure that city region-level commissioning will target those in priority SOAs.

**4.2.11 As is noted within the Constituency Employment and Skills Plans (CESPs) themselves: “only indicative estimates of activity volume can be given [in the CESP], and then only at a ward level”. Furthermore:**

...there are still a number of Super Output Areas that fall outside the LAA target. As such cross-ward output figures for larger programmes that are not specifically targeted on the LAA priority SOAs currently tend to over-estimate their impact on those priority SOAs since their output figures potentially include users living in the Constituency but in non-priority areas.<sup>40</sup>

**4.2.12 We have been told that the current LAA is the first time that all the partners have signed up to an agreed target, aligning their resources to tackle worklessness in the priority areas and that that is a significant step forward. Whilst this is welcomed, we have yet to see what this means in practice. The LAA has just commenced so there is little data to assess its effectiveness at this stage, however, this new approach should ensure commissioning focuses on the priority SOAs as set out in CESPs and Neighbourhood Employment and Skills Plans (NESPs). The first test will be when the first round of commissioning has been completed – to see if that focus is reflected in the contracts let.**

## 4.3 Partnerships

4.3.1 The governance and delivery arrangements relating to worklessness rely heavily on partnership working at a local level to deliver schemes effectively. There is the need for organisations to co-ordinate the desired outcomes from the City Strategy and the LAA, as well as meet their own internal targets.

4.3.2 Both the City Strategy and LAA have clear and similar targets for reducing worklessness (albeit at different spatial levels). Accountability for the first is via the City Region, whilst the second is managed by Be Birmingham, accountable to DCLG. Strategic direction for the City Strategy is provided by a regional management group comprising of representatives from Local Authorities, JCP and LSC, with planning and delivery driven locally through local management groups established by building on existing local structures – in Birmingham’s case, the Employment Strategy Group. The investigation of a possible City Region Multi Area Agreement (MAA) for Employment and Skills has implications for partnership working, and for delivery of targets.

4.3.3 In Birmingham, the LAA’s worklessness agenda is driven by the Birmingham Economic Development Partnership (BEDP) with representatives from the City Council, JCP, LSC as well as business representatives. However, Constituencies are not represented in the partnership.

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<sup>40</sup> Selly Oak Constituency Employment and Skills Plan.



- 4.3.4 Both the City Strategy and the LAA have resulted in the key partners signing up to a new system to tackle worklessness: the Integrated Employment and Skills System (this will be examined in more detail in Chapter 5). These include the Leaders of the City Region councils, along with West Midlands Regional Assembly, the Regional Development Agency, the Learning and Skills Council and Job Centre Plus.
- 4.3.5 This, along with other improvements such as the Worklessness Protocol (see section 2.4.11) have been presented as big improvements in partnership working across the region and city in recent years.

### Commentary

- 4.3.6 **Currently our governance arrangements are characterised by great complexity, with four Government departments sharing national responsibility with regional, sub-regional and city-wide bodies having more localised responsibility. In Birmingham, key delivery bodies – JCP, LSC and the City Council – are brought together under partnership arrangements under a duty to co-operate. They are accompanied by a number of area-based initiatives which focus on similar though not identical aims and similar though not identical geographical areas.**
- 4.3.7 **There are currently moves underway to introduce a Multi-Area Agreement to place more responsibility at the regional level. However, this would still be a large centralised partnership and we are concerned at the scale of the proposals when the evidence points to small and local being more effective. We also query the emphasis on this approach when, at the time of writing, WNF commissioning had not commenced – ten months after its introduction.**
- 4.3.8 **In amongst all this, it can be hard to discern exactly who does what. The Worklessness Protocol is therefore welcome as it sets out roles and responsibilities and agreement on key actions. The next stage is to extend that clarity to the third sector, business and area-based initiatives. This work is already underway, and again progress has been made, but there is still evidence that the third sector is being by-passed and that local employment strategies can be more effectively monitored in line with strategic objectives.**

## 4.4 Role of City Council

- 4.4.1 The City Council's role is not as a major deliverer of services in relation to worklessness but in working with statutory partners to set an example and to influence others to adopt practices supporting the worklessness agenda. It is also responsible for a number of services which can make a real contribution.



# Effectiveness of Employment Strategies

4.4.2 As signatory to the key strategies, alongside JCP and LSC, the City Council has a significant leadership role to play. There are national moves to enhance this.<sup>41</sup> A recent report sets the three core functions in relation to the employment, skills and enterprise local government have:

- *Enabling and co-ordinating* role in bringing different partner agencies and organisations together to inform Sustainable Community Strategies, backed up by a new duty to undertake economic assessments.
- *Scrutiny and monitoring* role of the effectiveness of employment and training provision, and support for enterprise, in their areas;
- *Funding and delivery* function where local authorities commission and deliver services that have a direct benefit for workless and low skilled people.

4.4.3 In terms of the leadership role the Council is expected to play in Birmingham, we asked at the beginning of this Review whether the City Council was investing enough senior management effort in tackling worklessness. Currently, we have a number of senior officers and Members involved in the key partnerships. The Leader of the City Council chairs the Birmingham Prospectus Steering Group and the Cabinet Member for Regeneration sits on the BEDP, alongside the Chief Executive. Just before our Review commenced the Assistant Director for Development, Planning and Regeneration was appointed the Corporate Lead for Worklessness. Members were however notified at the beginning of the Review that a Director of Employment would be appointed and an advert for an Assistant Director of Employment was published in January 2009.

4.4.4 We also note that the City Council is leading on a number of initiatives to tackle worklessness: such as developing a system for tracking participants in Working Neighbourhood Fund (WNF) funded schemes (see section 3.3.59) and developing the Integrated Employment and Skills System (IES – see next chapter). With changes to Connexions and the LSC, greater powers and influence will come to the City Council in relation to skills. The LGA is clear that this role should be taken further:

In our view local government can play the key role in the integration of employment and skills services; private and third sector delivery of employment programmes; a tougher conditionality regime focussed on what work people can do; a stronger role for employers; and a skills system responsive to individual and employer needs.<sup>42</sup>

4.4.5 The next stage is to ensure that all City Council services are fully aligned with this agenda. We have already noted the role of the Employment Access Team (EAT) in Planning and Regeneration. Their work recognises the City Council's unique ability to work proactively with developers, large employers and small to medium enterprises as they submit planning applications and capture the opportunities arising (see section 2.3.17).

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<sup>41</sup> Tackling Worklessness: A Review of the contribution and role of local authorities and partnerships Interim Report, Councillor Stephen Houghton, Claire Dove, Iqbal Wahhab for Department for Communities and Local Government, 27 November 2008.

<sup>42</sup> The Integration Gap: Developing a Devolved Welfare and Skills System, Local Government Association, June 2008.



4.4.6 Another area, encompassed within the Council's commitments under the Worklessness Protocol, is around recruitment practices (see section 2.4.11). The Worklessness Protocol requires the Council to "target ... recruitment in priority wards". Evidence we received from the People Resourcing Team<sup>43</sup> outlines some of the recruitment work they have undertaken in the priority wards between June 2007 and June 2008. These include:

- 47 one day Open Day events to promote specific City Council entry level jobs (including cleaners, home care assistants, clerical assistants, parks/gardens staff). Job information and support with completion of application forms is available (Aston, Ladywood, city centre and Newtown);
- 12 Recruitment Clinics to support job ready applicants interested in City Council cleaning or clerical pool posts to interview and/ or assessment (Ladywood and city centre);
- Six localised Mini Recruitment Fairs (including other local employers to broaden the range and number of vacancies) held with JCP, Pertemps, Aston Pride and Work Directions to ensure local people are alerted to the event, e.g. Newtown Mini Recruitment Fair – 453 visitors;
- Two pre recruitment programmes took place in the Aston and Newtown areas of the city, recruiting to Beat Sweeper and Home Care posts (working with community-based partner organisations to develop outreach recruitment to attract under-represented communities);
- Identified funding to support 20 two-year Apprenticeships for 2008/09;
- Three job awareness and application procedure sessions have taken place at Brock Hill and Blakenhurst Prisons, where prisoners on release will often return to Birmingham.

4.4.7 We received evidence from Enterprising Communities that they would be keen to pursue closer links with the Council in order to further recruitment in priority wards. They suggest that this could include access to ring fenced vacancies and opportunities within the relevant areas, working with HR to identify under-represented or hard to fill vacancies to enable us to help residents into employment (perhaps with pre-employment training with a guaranteed job interview). They also are seeking to undertake this process with the PCTs.

4.4.8 Another area captured by the Worklessness Protocol relates to the provision of support including debt advice, benefits and housing. The benefit system and how it affects those newly entering work can act as a barrier to taking work (see section 5.4). However, equally important is ensuring people are aware of the benefits they are entitled to and how these will be affected by taking up work.

4.4.9 Proposals made to the Corporate Worklessness Strategy Group in May 2008 set out ways in which the Council's Neighbourhood Advice and Information Service (NAIS)<sup>44</sup> could further support this work. These include:

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<sup>43</sup> Part of Corporate Human Resources within the Chief Executive's Directorate, Birmingham City Council.

<sup>44</sup> NAIS is comprised of a network of neighbourhood offices, the Neighbourhood Offices Strategic Support Unit (with responsibility for the strategic delivery of the service, including liaison with partners, development of the service) and the Income Maximisation Unit (comprised of 4 teams, including the Debt Advice Team).



# Effectiveness of Employment Strategies

- Proactively discussing back to work support available with customers involving provision of training and skills support available from JCP, including signposting/referrals to that service;
- Providing advice and information regarding potential financial support available;
- Using information systems, in particular the network of plasma screens within neighbourhood offices, to promote and raise awareness of support available to return to the workplace;
- Working with and referring to the Debt Advice Team, to provide intensive money/debt advice support and longer term assistance with financial planning;
- Liaising with JCP and exploring opportunities regarding joint working arrangements around referral/signposting processes, co-location (where practicable), surgery opportunities and information/training briefings.

4.4.10 As a result of the experience of joint working arrangements with Northfield JCP (as a result of the MG Rover closure), the Debt Advice Team/Financial Inclusion Partnership have held discussions with JCP and have looked at the possibility of establishing a pilot in the area around the worklessness agenda, recognising the need to work in priority areas. Also being considered is a pilot whereby Neighbourhood Advisors are placed with JobCentres to work with claimants giving benefits and debt advice. An application to Be Birmingham for WNF has been made.

## Commentary

**4.4.11 As the largest employer in the city, the City Council could do much to assist in ensuring those in priority wards have access to City Council jobs. Of course, we must remain in line with existing policy to recruit the best person for the job, but raising awareness and providing support for those less “job-ready” would make a real contribution. The Council is not currently offering a significant number of apprenticeships (contrast Birmingham’s 20 places to Lancashire’s target of 439) or work experience opportunities. The City Council could offer a mixture of work experience schemes to get people back into good working habits, including seasonal work, job sharing, voluntary activity. Work experience could also be offered to young people, with recruiters going into schools to promote public sector careers.**

**4.4.12 In addition, the City Council – as has been recognised in the City Strategy – is uniquely placed to know what construction developments are coming forward and start early discussions to capture job vacancies at an early stage e.g. negotiations at the pre-planning stage. If a site does not need planning permission then the Area Team managing the Area Investment Prospectus should be involved. Members were assured that the Employment Access Team would be taking this role.**



## Case Study: Lancashire County Council

Lancashire County Council's Corporate Human Resources is a member of their LAA Economic Development and Enterprise Theme Group as a key public sector employer. Activity includes addressing the use of agency staff by WorkStart and increasing the number of apprenticeships.

Lancashire County Council spent £7.4m in 2007/08 on agency staff so there was a business case for filling vacancies by using WorkStart. A cost comparison is contained in Table 9. WorkStart is a 30-day public sector work trial, piloted by Lancashire County Council in partnership with JCP and Lancashire Adult Learning. It helps people who are actively seeking work and have been claiming lone parent and incapacity benefits for six months or more.

Those who take part in WorkStart continue to receive benefits during their placement. They are also paid by the host department local travel and lunch expenses throughout the placement (25p a mile by car or reasonable public transport, and £3 a day for lunch).

**Table 9: Business Case for Lancashire County Council Workstart**

LCC Cost Analysis for a Secretarial / Admin Post		
	Agency	Workstart
<b>Cost per hour</b>	£6.15 an hour 56.22% agency mark-up Total hourly charge = £9.60	No hourly rate No agency mark-up Total hourly charge = £0
<b>Cost per day</b>	A standard day of 7 hrs & 24 mins x £9.60 an hour Total daily charge = <b>£71.04</b>	£3 daily lunch allowance Average of £3 daily travel allowance Total daily charge = <b>£6</b>
<b>Cost for 30 days</b>	<b>Total charge for a 30-day placement = £2,131.20</b>	<b>Total charge for a 30-day placement = £180</b>

Creating more apprenticeship opportunities in the public sector is a target in their LAA. Led by the LSC, partners have agreed to work to create and complete 439 Apprenticeships in the public sector organisations by December 2010. The Council is committed to the recruitment of 250 apprenticeships by March 2009.

**4.4.13 The Council's leadership role is critical and we were encouraged learn of the Cabinet Member for Regeneration taking a place on the BEDP, alongside the Chief Executive. However, there is the issue of the new Assistant Director of Employment: this has been a proposal for the year that we have been doing this Review – surely critical in the current economic climate – and yet an advertisement has only just been placed.**

**4.4.14 The Council has taken the lead in developing elements of the work to tackle worklessness: the development of the Integrated Employment and Skills System and the tracking system to be used for participants in WNF schemes. However, we note that the latter would not have been necessary if JCP had been prepared to share data about its clients for tracking purposes.**



## 4.5 Role of the Third Sector

4.5.1 We also received evidence on the important role the third sector plays in ensuring employment programmes are delivered effectively. Evidence received from the Birmingham Voluntary Service Council (BVSC) sets out the advantages of including voluntary and community sector organisations in tackling worklessness both at a strategic and delivery level.

4.5.2 At a strategic level, there is engagement via Be Birmingham. However, evidence from the BVSC suggested that whilst third sector engagement at this level was good, there ought to be more opportunity to engage at an intermediate level, to:

- Determine what services are needed (based on their experience of dealing with a range of issues presented by service users);
- Design those services in ways which are effective and inclusive;
- Contribute to the scrutiny of the services, in order that they can be improved if necessary.

4.5.3 BVSC is therefore advocating for more input by the sector into the partnership of the City Council, Job Centre Plus, and the Learning and Skills Council (the Employment Strategy Group), to facilitate easier and more effective delivery and enable partners to tap into the wealth of experience and information in Birmingham's third sector.

4.5.4 In terms of delivery, the BVSC's evidence stated that, when properly engaged and adequately resourced, the third sector can provide:

- Added delivery capacity;
- Enterprising approaches to service delivery (e.g. social enterprises, which can both serve and employ those who need a route back into work);
- Effective contact with the "hardest to reach";
- A route into the system for those who are mistrustful of civic institutions such as the Council, but who nonetheless need support in getting back on track;
- Social policy input which can be used to further shape services - based upon what it is learning from service users.

4.5.5 The importance of the third sector has been recognised by Be Birmingham, which has allocated £6m of Working Neighbourhoods Fund over three years to support the third sector's infrastructure and its enterprising approach to delivering services.

4.5.6 However, the BVSC's evidence also recounted some of the barriers to this engagement:

- Constraints in funding;
- Miscommunication, and missed communication – although there have been improvements (through the Third Sector Assembly and the new Be Birmingham partnership structures);



- A lack of understanding about certain third sector "positions" – it has been suggested that when third sector agencies point out that not everyone is ready for work, this can be interpreted as an unwillingness to engage with helping people into work, rather than a realistic approach from agencies who regularly deal with people who present multiple problems, and who need sophisticated support;
- A lack of joining up on the sector's own part – agencies do not always spot the opportunities to work with each other. (The Third Sector Assembly is helping here).

4.5.7 The first of these has been exacerbated in recent months with two changes to sources of funding which are, in part, used to commission third sector organisations:

- The switch from Neighbourhood Renewal Fund (NRF) to Working Neighbourhoods Fund (WNF) has left many facing a gap in funding. Relevant organisations were of course aware of the impending end of NRF, and some were able to make alternative arrangements. In addition, after lobbying from Members and other organisations, the City Council has arranged for some transitional funding from WNF. However, this situation has resulted in some closures;
- The reconfiguration of the European Social Fund (ESF) Co-financing arrangements – now managed across the region, rather than just in Birmingham, with the LSC as the accountable body (see section 2.4.15).

4.5.8 Evidence was presented regarding commissioning and the ability of third sector organisations to compete. For example, whilst the LSC has acknowledged the valuable contribution local organisations can make, a report on the ESF Co-financing contracts showed that in Birmingham three (out of 14) contracts awarded thus far were awarded to third sector organisations (with a total value of £975,000).<sup>45</sup>

4.5.9 One explanation for this may lie in the process required to bid for ESF Co-financing funding. The LSC has used a two stage process that required providers to successfully complete a Pre-Qualification Questionnaire before being eligible to respond to an Invitation to Tender. In 2008 across the West Midlands, 100 third sector organisations which included charities, social enterprise and voluntary sector organisations submitted a questionnaire and 83 were successful. Of these, 33 were from the Birmingham and Solihull area.

4.5.10 With regard to ESF, we received evidence from one lead for a local Unemployment Centre, who said that whilst there had been good attendance by third sector organisations at meetings with the LSC, these tended to be dominated by the larger bodies and discussions focused on contracts of over £1million.

4.5.11 In our evidence-gathering, representatives from the LSC did point out that there were opportunities for the third sector organisations to work with prime contractors (as sub-contractors)

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<sup>45</sup> West Midlands ESF Co-Financing Plan for the West Midlands 2007-10, Report for Regeneration Overview & Scrutiny Committee, 21 October 2008.



# Effectiveness of Employment Strategies

or as a Consortium. We were informed that this latter option is currently being explored, but has been very slow moving, and previous experience of this approach has not been positive.<sup>46</sup>

4.5.12 The LSC also informed us that the LSC/WMLGA (West Midlands Local Government Association) Partnership is committed to building the capacity of the third sector. The LSC/WMLGA Technical Assistance application has allocated £110k for capacity building activity. In addition local authorities have been allocated £150k to contribute to capacity building activity.

4.5.13 There are fears that problems with third sector organisations tendering for large scale projects are likely to be repeated. A recent report from DCLG states:

The move to national DWP commissioning and larger contracts with a small number of 'top tier' private providers requires new relationships to be built if these services are to form part of future supply chains. Many smaller providers, especially the voluntary sector, feared that the contractual requirements and prices in the proposed Flexible New Deal (FND) contracts would not be adequate to ensure they had a continued role.<sup>47</sup>

4.5.14 The Social Market Foundation also raises concerns around commissioning under FND. After 12 months jobseekers will be passed on to private and third sector contractors operating the FND programme. As these contracts will be commissioned at a national or regional level, links with smaller, local providers will be via sub-contracts. The Foundation expresses concern that FND allows for an unequal relationship between the prime contractors and sub-contractors, with the former not required to share all information with the latter, yet the latter could be taking on the majority of the risk. This is likely to reduce the participation of such localised and specialised organisations and does not match the aspiration of FND to make the most of third sector involvement in terms of delivery.<sup>48</sup>

## Commentary

**4.5.15 The role of third sector organisations in providing services to assist people into jobs is critical, as outlined above. In addition, we believe that the third sector is often more cost-effective and the money is more likely to go into the local area which is the subject of the programme – often staff costs are the largest cost in running a programme to assist those out of work, and community organisations are much more likely to employ local people.**

**4.5.16 There must of course be safeguards: the framework for participation of community and voluntary organisations must be fair to those organisations – with appropriate support and sympathetic commissioning processes – but also rigorous and challenging**

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<sup>46</sup> Regeneration O&S Committee, 21 October 2008.

<sup>47</sup> Tackling Worklessness: A Review of the contribution and role of local authorities and partnerships Interim Report, Councillor Stephen Houghton, Claire Dove, Iqbal Wahhab for Department for Communities and Local Government, 27 November 2008.

<sup>48</sup> The Flexible New Deal Making It Work, Ian Mulheirn And Verena Menne, The Social Market Foundation, September 2008.



of under performance. Community organisations must be competent and that requires an effective assessment of viability and effectiveness at an early stage.

**4.5.17** However, we have concerns about current commissioning practices. With regards to WNF, a recent review of worklessness recognised that:

The first year of WNF commissioning posed challenges for many local authorities given that details of WNF allocations were released at a late stage to influence 2008/09 spending.<sup>49</sup>

**4.5.18** At the time of writing – ten months after WNF came into being – commissioning had not commenced, and yet this activity is expected to deliver outcomes by March 2009 (according to the NESPs and CESPs).

**4.5.19** We also have concerns relating to ESF Co-financing. As this issue was highlighted as early as December 2007 by this Committee, we are very disappointed to see our fears realised, with so far little evidence that these issues are being adequately addressed even now. The process in practice is clearly not matching the assurance given to this Committee, that third sector organisations would not be disadvantaged. The impression received by our witness from the Unemployment Centre was that smaller providers were considered less important. The LSC's response – that additional support to build capacity is available – to some degree misses the point. What is needed is a level playing field for third sector organisations on which to compete.

**4.5.20** We have had the opportunity to explore this further with representatives from the LSC as part of our role in scrutinising delivery of the LAA targets, to which ESF Co-financing is aligned. It is essential that we continue this dialogue, and will schedule six monthly updates to the Regeneration O&S Committee.

**4.5.21** Whilst the onerous financial liability for primary contractors has made sub-contracting more appealing to third sector organisations, an over-reliance on this is concerning. We have not been able to obtain data on the proportion of funding that goes to a third sector organisation in these circumstances but believe it to be much reduced. One witness suggested to us that funding can go through up to four organisations before reaching the client, each of which require an audit trail creating administration and taking more of the funding from achieving the objectives to pay the administration and management fees:

I end up getting BCC [Birmingham City Council] funding after it has been filtered down in this manner resulting in £50 fee to find someone eligible and do assessment, yet overall £1,200 is allocated for that person through the funding.<sup>50</sup>

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<sup>49</sup> Tackling Worklessness Review, Councillor Stephen Houghton, Claire Dove, Iqbal Wahhab for Department for Communities and Local Government, 27 November 2008

<sup>50</sup> Evidence submitted to Employment Strategies Scrutiny Review Group from Business Insight.



## 4.6 Role of the Business Sector

4.6.1 As can be seen in Figure 2 (Chapter 2), another key group of contributors to this agenda are the in the business sector. The role of businesses as employers and their engagement with programmes to tackle worklessness are considered in the next chapter. However, it is pertinent to consider some of the work being done by the Birmingham Chamber of Commerce, Business Insight and Business Link.

### Birmingham Chamber of Commerce & Industry

- 4.6.2 The Birmingham Chamber of Commerce has places on a number of relevant strategic bodies, including the Birmingham Economic Development Partnership. They noted that whilst the partnership arrangements were improving, employers were poor at articulating their requirements particularly in relation to skills progression and it was their role to assist with this.
- 4.6.3 The Birmingham Chamber is working to increase skills in the city and, together with the Confederation of British Industry (CBI) has set a target that 50% of its members will commit to their employees being trained to a minimum level 2 qualification. The Birmingham Chamber is leading on the Train to Gain with their rate of progress being the fastest and informing their members of this initiative is currently being built into their skills reviews.
- 4.6.4 Birmingham Chamber Training Ltd (BCT) has a large contract for enterprise support, covering the West Midlands, Wales, down to Devon and Cornwall and encompasses 180 job centres. Clients are referred from JobCentre Plus and, where appropriate, can be offered the opportunity to *Test Trade*. This is where claimants can start a business and continue receiving their benefits whilst the business gets established. In total there are approximately 900 clients with 180 located in Birmingham. Each individual receives tailored support provided by people with business experience employed by BCT.
- 4.6.5 Members were informed that the BCT cost per client was £750 per start on their Business Link/NRF contracts, but £3,550 per start on their DWP contract. It is claimed that this reflects the "enterprise-readiness" of the groups being supported within each contract.
- 4.6.6 The Chamber also has a Regeneration and Enterprise Department which provides training, one to one assistance, seminars and small grants. There is also a loan programme which enables enterprising people who have previously been refused a loan access to a small loan. These are generally between £3,500 up to £6,000. Although these do include "risky" businesses, Members were informed the defaults were pretty low with the survival rates being 65%-70%.
- 4.6.7 The Chamber has been involved in 673 business start-ups – this includes the Business Link contract, contracts from regeneration programmes such as Enterprising Communities, and monies invested by Birmingham Chamber. The value of the work in 2007/08 was £1,015k – which gives an average cost per start of £1,500. This includes the Chamber's overheads to manage external



contracts (audit etc) and the cost of all the clients they worked with that did not go on to start a business (about two-thirds of clients).

## **Business Link**

- 4.6.8 Business Link is a free business advice and support service available online and through local advisors. It does not provide all the advice and help itself, rather it fast tracks customers to the expert help they need.
- 4.6.9 Local Business Link services are primarily funded by the Regional Development Agencies (RDAs), supported by a number of other government departments, agencies and local authorities. The online service is managed and funded by HM Revenue & Customs on behalf of the cross-government businesslink.gov programme.
- 4.6.10 The Business Support Simplification Programme is currently working with businesses and the government to streamline the existing amount of publicly funded business support schemes. This initiative aims to reduce the duplication of information and make it simpler to access support, so that businesses can find the support they need more easily.
- 4.6.11 Evidence from Business Link suggested that entrepreneurial activity and start-up are a major contributor to reducing worklessness and to ensure that these opportunities are maximised, they need to collaborate with the Council and partners. However, they suggest that more could be done to raise awareness amongst those who are not in work about the benefits of starting a business and the support available. Ideas proposed include working with JCP to run awareness raising sessions. We were also informed that more could be done to publicise Business Link by having posters, literature and information packs both in Job Centres and in Council Buildings such as libraries, neighbourhood offices and at events etc.

## **Business Insight**

- 4.6.12 Business Insight is a non profit making service, with most services being free and open to all. It caters for any type of business idea and provides services to 16 other local authorities as well as every enterprise provider in the region.
- 4.6.13 Their range of services enable them to provide a complete holistic approach enabling them to work with customers that other agencies cannot cater for (hobby businesses, part time self employment).
- 4.6.14 Over 2004/08 Business Insight had established 2,508 new companies, and assisted through advice and information an average of 40,000 businesses per annum. Their City Council start-up target is 400 per annum which has always been surpassed.
- 4.6.15 Written evidence received from Business Insight stated that worklessness has not been a focus of activity in the past as their remit is enterprise and starting or supporting businesses. However, as with Business Link, they believed that this does contribute to reducing worklessness.



## Commentary

**4.6.16 This Review was not intended to cover business support services, or job creation strategies, as these are subjects large enough to warrant Scrutiny Reviews of their own (indeed, a Scrutiny Review of Support to Small Businesses was completed in September 2006). However, the role of business does need acknowledging – after all, it is business that creates the jobs that are needed. The next chapter considers the role of employers working with the Council and JCP to help people gain appropriate skills and sustainable jobs.**

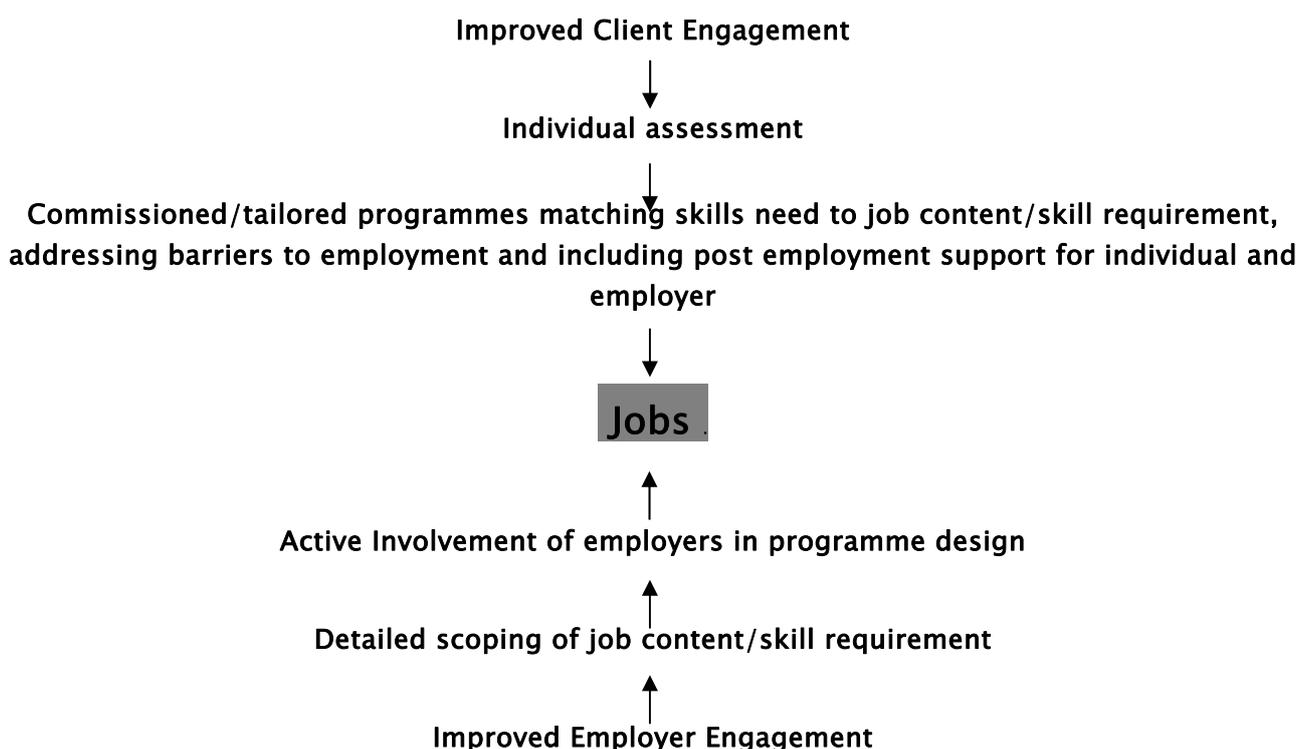


# 5 Findings: Integrated Employment and Skills System

## 5.1 Introduction

- 5.1.1 Having considered governance and delivery frameworks, it is also pertinent to explore the activities which make up the employment strategies and programmes we have been looking at and how these are directed at tackling worklessness.
- 5.1.2 The starting point is the Integrated Employment and Skills System (IES). This is now the primary means by which activity to tackle worklessness will be delivered in the city and is at the heart of the City Strategy and Local Area Agreement (LAA). The IES has been developed over the last few years, assisted by key learning in Birmingham. The City Council, JobCentre Plus (JCP) and the Learning and Skills Council (LSC) have all signed up to using it. The approach – which commenced as a pilot – is now being rolled out across the West Midlands and will be rolled out nationally next year. The importance of having all partners signed up to this one model means that the same approach will be used in all programmes and strategies in the city.
- 5.1.3 The system is outlined in Figure 5 with its steps explored in this chapter.

**Figure 5: The Integrated Employment and Skills System**



Source: Birmingham, Coventry And Black Country City Region, City Strategy Business Plan, June 2007



## 5.2 Working with Employers

5.2.1 Starting with the bottom half of the above diagram, the IES recognises the importance of working with employers:

It is not enough to concentrate on the needs of individuals. Unless projects address local labour market circumstances, they will not successfully secure employment for programme participants.<sup>51</sup>

5.2.2 The IES therefore puts engagement with employers at the heart of the strategy, with a view to:

- Increasing skill levels to ensure that the workforce has the skills to compete in the global economy by delivering an employer led and 'skills for growth' agenda;
- Improving participation and progression across the City Region to allow individuals to progress into and sustain employment with vocational training support;
- Tackling worklessness by enabling employers to understand the benefits of our diverse population and to gain commitment to increasing recruitment from disadvantaged areas and groups.

5.2.3 The activity set out as part of the IES draws from the experience of the Employment Hubs. The Bullring Jobs Hub proved highly successful in raising the profile of Bullring jobs in local communities. 2,604 jobs were filled through their actions (48% were from BME communities and 80% were unemployed).<sup>52</sup> The approach has also been adopted with another major employer, with Aston Pride and the City Council working with Tesco (see shaded box below).

### Working with Employers: Tesco

Targeted recruitment for jobs at the new Tesco store in Aston highlighted the benefits of the new approach: the City Council working with developers; joint work between partners (Birmingham City Council, LSC, Jobcentre Plus and Aston Pride) and clear project management. The LSC put in place an eight-week customised training for Tesco in Birmingham. They aimed to upskill 360 people and focus on progression through 'Train to Gain'. As of March 2008, 243 'priority' residents had been identified as being suitable for Tesco vacancies and 144 took six weeks of bespoke Tesco training before the store opened in April. 99 were matched to available vacancies. Overall, over 65% of the new jobs (including entry level, and supervisor level) were offered to people from priority groups, with over 60% of these offered to people with multiple barriers. This is significantly higher than achieved in previous Tesco Regeneration Partnerships, where the average is 30% recruitment from priority groups. A similar approach is being taken with two new Tesco stores in the Fox & Goose and Yardley areas.

5.2.4 The Learning and Skills Council and Jobcentre Plus have formed a partnership to produce the Employer Offer. The Employer Offer provides the following services:

<sup>51</sup> Local initiatives to help workless people find and keep paid work, Joseph Rowntree Foundation, June 2008.

<sup>52</sup> [http://urbact.eu/fileadmin/subsites/regenera/ppt/Regenera\\_birmingham\\_bullringemployment.ppt](http://urbact.eu/fileadmin/subsites/regenera/ppt/Regenera_birmingham_bullringemployment.ppt).



- Recruitment tailored to employers requirements, delivered by Jobcentre Plus;
- Job scoping and individual skills assessment, to ensure a match between prospective recruits and the skills requirements of the job;
- Free training to address basic literacy, communications and numeracy needs; training employees to their first Level 2 qualification;
- Meeting employers organisational development and training needs to help improve the skills of employees and business performance through the Train to Gain service and the Skills Pledge;
- Bespoke pre- and post- employment training programmes designed by employers to equip prospective recruits with essential skills to be job-ready;
- Work trials and apprenticeships.

5.2.5 Whilst many employers are engaged through JCP's Local Employment Partnerships or direct approach from the City Council, there is a role for outreach work. Enterprising Communities have Employer Link Officers who work in the same way as the Street Advisors (in that they walk round the streets and connect with local businesses face to face). This echoes good practice outlined in the Joseph Rowntree Foundation report:

Bringing employers in is a form of outreach work: it is intensive and requires high levels of interpersonal skills as well as a good organisation to back it up. They must be involved as early as possible, and the process must be simple and streamlined. It can be useful to make use of existing employer networks and build on existing corporate responsibility activity. The key lesson is that it is better to have strong links with a few genuinely committed employers than weak links with many.<sup>53</sup>

5.2.6 We also took evidence from University Hospital Birmingham, as one example of a major employer taking action to both fill vacancies and contribute to reducing worklessness in priority groups (see shaded box overleaf).

## Commentary

**5.2.7 The evidence we received regarding the importance of working with employers and the work currently being done was encouraging. However, regarding the Tesco model, despite this undoubtedly good practice, there were not many other examples suggesting that the partnership has been slow off the mark in building on this success. For example, although this approach was taken with the new Next store in Selly Oak, there are other examples where it was not: e.g. the Tesco store in Quinton nor with other supermarkets (e.g. Aldi at the Maypole). Contrast this with the pro-active approach taken by UHB, anticipating their needs and putting schemes in place.**

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<sup>53</sup> Local initiatives to help workless people find and keep paid work, Joseph Rowntree Foundation, June 2008.



## Employers Taking the Lead: UHB

UHB is one of the biggest employers in Birmingham (the City Council being the biggest). It provides the best health care through medical technology and wants to use its size and influence to reduce disadvantage.

UHB have two needs in relation to jobs: the business need to recruit to entry level jobs e.g. basic level technicians and to improve health in the long-term by getting people into work. There are two schemes:

- ACTIVATE;
- Building Health.

**ACTIVATE** is placement based, comprising of three weeks induction followed by three weeks placement. Both the individual and the Manager have a say over the placement choice and skills and needs are matched. This has resulted in helping 400 people into work over 2 years with a 50– 60% success rate. Former MG Rover employees were referred with an almost 100% success rate, although some had a number of placements before they were successful.

**Building Health** has been in operation for just over two years and is a hub based model, similar to the Bullring (see above) focusing on health and construction jobs (both new jobs and turnover). It is a one stop shop providing a range of services. Officers from JCP and LSC have been seconded to assist with this.

When looking to fill jobs, community engagement is the first step, eliciting expressions of interest from individuals, from which a training plan is developed. Pre-employment training then follows for one week which is employer led e.g. infection control. The pre-employment training guarantees an interview but the job is then open to competition. The quality of the trainers is very important and it is worth noting that not all LSC approved trainers are of a high quality. The scheme also works with other employers, such as with Heartlands Hospital, where there are multiple jobs (usually 10 jobs which are relatively similar).

The scheme has helped 350-360 people into work which equates to 80% of the people who undertake the pre-employment training.

The UHB Trust puts its own money into these schemes and also received European Social Fund (ESF) and Neighbourhood Renewal Fund (NRF) funds (now finished), plus LSC concessionary and New Deal for Communities (NDC) funding. They are also hoping to get funding from the Working Neighbourhood Fund (WNF).

**5.2.8 We were informed that although capturing new jobs via hubs such as the Bullring and new stores opening were important and in some cases very successful, the majority of jobs are as a result of “churn” (i.e. turnover of jobs) and therefore capturing these are also important.**



## 5.3 Improved Client Engagement

5.3.1 As can be seen from Figure 5, there are a number of steps to engaging with those in need of assistance:

- Initial engagement;
- Individual assessments;
- Jobs and Skills Matching.

5.3.2 This section will consider these in turn. The IES also seeks to combat barriers to employment and to providing post-employment support – these are considered in later sections.

### Initial Engagement

5.3.3 The first step is to ensure those who are out of work are aware of the programmes. Currently JobCentre Plus does not share the data on individuals claiming benefit with other partners or programmes because of data protection concerns and there is no referral to area-based programmes – for example, a person signing on in Aston ward would not be signposted to Aston Pride as claims are not processed in the local job centre. Many City Council and area-based initiatives rely on referral processes to be established under the City Strategy among local organisations (including the voluntary and community sector, providers and other organisations in contact with target clients e.g. GPs, Sure Start) and outreach work to reach the long-term unemployed or those with particular problems accessing employment.

5.3.4 The LAA Delivery Plan also picks this up, promoting enhanced neighbourhood outreach (for example street advisers, mobile skills bus, targeting of households) and improved signposting and referral by Birmingham City Council services and other agencies. Neighbourhood Employment and Skills Plans (NESPs) and Constituency Employment and Skills Plans (CESPs) across the city contain proposals for interventions to bring people into programmes to help them get a job

5.3.5 There are positive benefits to outreach work: research suggests that outreach work is an important way of overcoming some of the reluctance to engage with organisations that might be able to help. For example, research by the LSC suggests that the use of outreach and flexible approaches to engage with ethnic minority communities can increase the take-up of services for which they are eligible:

... these initiatives were effective at reaching those who had not previously made use of Jobcentre Plus services, although not all [Jobcentre Plus Ethnic Minority Outreach Programme] clients wanted to register with Jobcentre Plus. Overall, the evaluation concluded that [the programme] was judged to have had a major impact in increasing minority ethnic awareness of employment and training opportunities, especially among Indian and Pakistani women <sup>54</sup>

<sup>54</sup> Towards Skills for Jobs: 'What Works' in Tackling Worklessness? - Rapid Review of Evidence, LSC, May 2007.



# Effectiveness of Employment Strategies

- 5.3.6 Both Enterprising Communities and Aston Pride have used an outreach approach. Aston Pride is supporting Aston Ascend, an initiative to target young Aston Pride residents Not in Education Employment or Training (NEET). Project outreach will be linked with the Mobile Skills for Life Centre and preventative work will also be undertaken within local schools to target young people who are at risk of becoming NEET – 105 young people in the Aston Pride area have been identified as being in the NEET group and will be targeted by this programme. To date the project has spent £104,000, projected total spend for the project is £203,000.
- 5.3.7 Enterprising Communities run the Street Advisors programme, at a cost of £350,000 (including events, jobs fairs). Figures for the pilot for this programme illustrate the effectiveness of knocking on doors to engage people in employment support: advisors knocked on 337 doors. Only 156 doors were answered and 98 of those were engaged in conversation. That then resulted in 39 or 60% receiving assistance.
- 5.3.8 The experience of the closure of MG Rover demonstrates the importance of earlier and targeted advice and referral arrangements for companies and individuals facing redundancy. In September 2002, the Employment Strategy Group (ESG) endorsed the work of Birmingham and Solihull Jobcentre Plus and Birmingham and Solihull Learning and Skills Council in developing a Job Losses protocol for large scale redundancies in the Birmingham and Solihull area. This provides a clear and coordinated operating framework for partner agencies to work with companies, individuals and third-party agents.

## Individual Assessment of Needs

- 5.3.9 A key component of any activity to get people into work is a good assessment of their needs. Individual circumstances will determine whether an individual can take up work straightaway, or whether s/he requires training or other assistance. There are a range of people out of work: from those recently unemployed with perhaps relatively minor problems in getting employment to those who have been out of work longer and need more help in obtaining and retaining work. Those out of work for longer periods are more likely to be disadvantaged by poor information networks, low self-esteem and negative attitudes towards paid work.<sup>55</sup>
- 5.3.10 It is also recognised that there are certain groups more disadvantaged in the labour market than others and that these may need particular help. Both the Joseph Rowntree Foundation and research by the LSC<sup>56</sup> make clear that there is no single model of intervention or mode of delivery that will meet all these needs, although research has shown benefits in taking an individualised approach. Each group however does have different needs:
- **People with Disabilities and Health Problems:** a range of measures are needed to reflect the range of need – those who are disabled as children or young people frequently have lower educational attainments than otherwise similar non-disabled young people, whilst some people

<sup>55</sup> Local initiatives to help workless people find and keep paid work, Joseph Rowntree Foundation (JRF), June 2008.

<sup>56</sup> Towards Skills for Jobs: 'What Works' in Tackling Worklessness? - Rapid Review of Evidence, LSC May 2007 and JRF (ibid).



may not consider themselves disabled whilst in work but should they lose that job, face barriers to gaining certain types of work.;

- **People Over 50:** an understanding of 'what works' in terms of training older people is generally lacking, nevertheless, evidence generally suggests that early advice and guidance can help offset loss of self-confidence and help overcome employer age discrimination;
- **Lone Parents:** evidence on the effectiveness of the New Deal for Lone Parents (NDLP) indicates that employment chances for those who take part in the programme are significantly increased and the rate at which lone parents leave benefit increased. Key factors identified in the effectiveness of NDLP include highly motivated and committed personal; improving basic skills and workplace flexibility policies;
- **Ethnic Minority Groups:** whilst being a member of a minority ethnic community may make labour market disadvantage more likely, it is not an automatic indicator of disadvantage. Research evidence suggests:
  - The use of outreach and flexible approaches to engage with ethnic minority communities increases the take-up of services for which they are eligible;
  - Ethnic minority customers place particular importance on aspects of human interaction and the friendliness of staff with whom they come into contact;
  - Black and minority ethnic (BME) communities may also find it difficult to access the social networks which are an important part of finding jobs and this may be due in part to residential segregation. There may be high levels of trust in networks within the community, but less trust in external networks.

5.3.11 Under the IES model, clients will be referred to an Employment and Skills Coach and from there a Jobs and Skills Action Plan drawn up, which could include bespoke training and personal support.

## Job and Skills Matching

5.3.12 Research and experience tells us that it is no good to simply get someone into a job no matter what: if the job is wrong the individual will leave, or the employer may be forced to dismiss them. This results in people simply going through the "revolving door" of employment and training, and reduces confidence in the credibility of any interventions. Therefore an effective means of connecting people with appropriate jobs is important.

5.3.13 For the same reason, training opportunities should be closely related to available jobs – the approach Aston Pride has taken with two of its projects:

- **Rapid Response Fund:** supports individuals or groups to accelerate them into employment through tailored support related to identified jobs, where assistance is required at short notice and is not funded through other means. To date 218 applications have been supported and of these at least 130 have now secured employment. Spend to date is £55,000, out of a total of £70,000 allocated to the fund. This scheme is due to continue until March 2011.



# Effectiveness of Employment Strategies

- **Transport Logistics Learning into Employment:** a pre-employment project for Passenger Carrying Vehicles driving, light goods vehicle and forklift drivers leading to securing employment in the transport and logistics sector. The project also supported participants with Basic Skills and ESOL (English for Speakers of Other Languages) needs into sustainable employment. This project is now complete and a total of 40 people were supported into employment. Total project spend forecast for the end of March 2009 is £83,000.

5.3.14 Enterprising Communities also sift and match clients to job vacancies but this is time consuming and providers are often met with expectations that do not match the jobs available. For example there is a huge over-supply in the number of unemployed people offering themselves for employment in the certain occupations (such as industrial labourers, assemblers/packers and road drivers) compared to the number of local Job Centre vacancies.<sup>57</sup>

5.3.15 Job and skills matching can also be beneficial to smaller businesses, as these organisations can find recruitment expensive. An example includes Employer Recruitment Plus!, part of Aston Pride. This project supports the recruitment of Aston Pride residents to job vacancies, paying a minimum of £12,000 p.a., by offering employers a flexible recruitment and post-employment retention support package, including a £4000 wage/training subsidy to employers for each beneficiary. The scheme enables employers to access work ready residents and trains them in specific job skills and will include personal development support. To date 95 people have been supported into employment through this project and are still in work. Total spend on this project to date is £270,000. Projected total spend for the project is £600,000.

## Commentary

**5.3.16 The IES approach in working closely with people on an individual basis is welcomed. However, there are still signs that the approach is not seamless. For example the reliance on outreach work to get people onto the programmes could be reduced by greater co-operation between partners.**

**5.3.17 Whilst outreach can have positive benefits, it is by its nature scatter-gun. A more efficient approach would be for these organisations to be able to contact the individuals claiming benefits directly, or have JobCentre Plus refer them, but despite JCP's involvement in the IES, there will only be direct referrals to LAA provision where other mandatory programmes do not take precedence or where alternative provision is not applicable.<sup>58</sup>**

**5.3.18 This is a return to the issue raised earlier in the report about data sharing between partners. Individuals coming through the IES will be tracked by the Caseload Tracking Team (based in JCP) facilitated via informed consent forms to gain client permission**

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<sup>57</sup> Vacancy trends summary – September 2008 – half yearly publication produced by BEIC using Job Centre vacancy data from ONS – [www.birminghameconomy.org.uk](http://www.birminghameconomy.org.uk).

<sup>58</sup> The reason given for this is that JCP have agreed with partners that where existing mainstream services can be used to meet an individual's needs they should be used in the first instance. The LAA provision is therefore intended to fill gaps and complement existing provision. Indeed, some JCP programmes are mandatory and individuals must participate as a condition of receiving the benefit. However, where rules allow and it is in that individual's interest, JCP may refer to other provision, including that commissioned under the LAA.



for tracking of progress and any associated data sharing that is required as part of the City Strategy. However, the City Strategy goes on to note:

**This would be aided if: initial information on claimants could be provided by DWP [Department for Work and Pensions]; and if JCP systems and rules could be amended to ensure that customers are entitled to exercise discretion about the use of data about them stored by JCP<sup>59</sup>.**

**5.3.19 Matching skills and skills training to jobs is also fundamental, and working with employers, as discussed in section 5.2 is critical. More generally, we need to work with universities, colleges and schools to ensure young people are being equipped with the right skills for jobs.**

## **5.4 Barriers to Employment**

5.4.1 Even where individuals can be matched to a suitable job with support, there are some wider issues that act as a disincentive to accepting that job. These include:

- The financial value of work is often significantly offset by the way in which the benefit system works and in some cases there is potential for being less well off than if on benefits;
- Transport issues;
- Childcare concerns.

5.4.2 Indeed, knowledge that these barriers are there often put people off engaging with support schemes in the first place and can also be reasons for leaving jobs. Therefore both the City Strategy and the LAA Delivery Plan contains some measures to assist individuals facing these barriers.

### **Benefit System**

The evidence suggests that workless people are not well informed about the availability of working tax credit, childcare tax credit, housing benefit and other forms of in-work support. Even where they have some knowledge, the calculations of the net income available at particular wage rates are complex and depend on family circumstances.<sup>60</sup>

5.4.3 As part of our evidence gathering, we spoke to the Strategy and Technical Manager from the Benefits Service and discussed how the benefits system could potentially work against family members gaining employment. Factors include:

- Non-dependent children's income in families is taken into account and can affect their parents housing benefit and council tax benefit;

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<sup>59</sup> Birmingham, Coventry And Black Country City Region City Strategy Business Plan, June 2007 Update.

<sup>60</sup> Local initiatives to help workless people find and keep paid work, Joseph Rowntree Foundation, June 2008.



# Effectiveness of Employment Strategies

- Taking work can additionally have the effect of removing entitlement to other free services such as free prescriptions etc.
- 5.4.4 The core of the issue is that the government sets the minimum allowance someone can survive on and for every pound of income above this amount, housing benefit is reduced by 65 pence each week and Council Tax Benefit by 20 pence. These taper rates – the withdrawal rates from maximum benefit which apply to Housing Benefit and Council Tax Benefit – do appear to be too high and a sliding scale may be more appropriate.
- 5.4.5 There is an Extended Payment Scheme within the Housing Benefit and Council Tax Benefit Regulations which provides payments for housing benefit and council tax benefit for four weeks at the rate prior to starting work. However it only applies to people who have been on certain benefits continuously for 26 weeks and who take a job for at least five weeks and so is a disincentive for people to try short-term work.
- 5.4.6 Benefits are complex, depending on the number of dependent children and rent (and whether the property is privately or publicly owned) can also affect Housing Benefit. Members have been provided with some models showing the financial impact on families where individuals have obtained work and this shows the particular issue affecting worklessness households. A number of scenarios were developed for our Review (contained in Appendix 4) and each shows that moving from benefits to a low-paid job can result in only small weekly increases once adjustments have been made for Council Tax and Housing Benefit, particularly for larger households.
- 5.4.7 The “benefit trap” also works in respect of those who are considering employment and are unaware of what type of employment they would like or would be suited to, and are therefore afraid of becoming trapped in unsuitable employment and of losing eligibility to current benefits. Additionally, some claimants are not allowed to participate in employment/training programmes for more than 16 hours per week without it affecting their benefit entitlement – a key barrier in terms of supporting and preparing people for employment. Under the City Strategy however, a regional exemption for this has been obtained.
- 5.4.8 There can also be problems once a person has accepted a job. Often taking a job can mean a gap between benefits stopping or decreasing, to pay day, which may be a month in arrears. Add to that the immediate costs of travel and new work clothes, then a newly employed person can find themselves in difficulty.
- 5.4.9 Nationally, there have been some efforts to address this: the pilot In-Work Emergency Fund operated by Jobcentre Plus has helped people paid monthly in arrears.<sup>61</sup>
- 5.4.10 Research has shown generally available measures to improve incomes while in paid employment (such as the Working Tax Credit) have the effect of improving job retention, even though they are

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<sup>61</sup> However, the JRF report notes that “personal advisers in the pilot areas were not supposed to promote its availability. They could only offer help from the fund to those who faced a financial bridging problem which risked them returning to Income Support. It was also only supposed to be available for one-off, individual financial emergencies, and not for relatively common problems, such as a delay in receiving tax credit payments or the need to pay for initial travel to work costs”.



generally regarded as anti-poverty measures rather than labour market measures<sup>62</sup>. However, such incentives are likely to be ineffective unless people are aware of their availability and understand what impact a successful claim is likely to have on their income.

5.4.11 Under the City Strategy, there is the intention to:

- Work with Credit Unions and other voluntary sector financial advisers and Local Authority debt advisers to remove the burden of debt that workless families often face;
- Extend the Work Trials programme to all workless individuals within the City Strategy target wards to combat fears of those who are considering employment. This would allow:

... individuals within the target caseload and wards to try particular forms of employment for 15 working days whilst retaining receipt of and entitlement to benefit. Individuals would also be supported with travels costs. This flexibility would also allow employers to try out individuals for a job and be sure of their suitability. This would be offered as part of a wider bespoke training and personal support programme.<sup>63</sup>

5.4.12 Work trials would be offered with employers who have identified vacancies and therefore have a link to sustained employment. Tracking of the target caseloads would provide an assessment of the effectiveness of this extension.

5.4.13 On 12 January 2009, Cabinet approved an application for Working Neighbourhoods Fund to extend the current eligibility criteria under which people may receive transitional support and also the length of time that support is available. This will be achieved through the payment of Discretionary Housing Payments (DHP's).<sup>64</sup> The additional funding will be targeted and ring fenced specifically to people starting work in the priority areas. A total of £2.26 million, subject to a mid term review, has been provisionally agreed subject to a formal review in September 2009. Total expenditure for the project will be £2,264,400. The majority of this (£2.1 million or 93%) will be turned into direct payments to individuals, with the balance for 2 project workers to enable us to fund independent evaluation at the conclusion of the project. The Revenues and Benefits Division is supporting management and set up costs from its own budget.

5.4.14 There has been some work around whether financial incentives can help people remain in work. A national pilot scheme is being run in six Jobcentre Plus districts called the Employment Retention and Advancement Demonstration (ERAD). The programme offers ongoing support for up to two years from a personal adviser once a person has entered work. Retention bonuses of £400 are offered if they remain in work beyond 13 weeks. They also have access to financial help to cover emergencies. The evaluation found that:

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<sup>62</sup> Local initiatives to help workless people find and keep paid work, Joseph Rowntree Foundation, June 2008.

<sup>63</sup> Local initiatives to help workless people find and keep paid work, Joseph Rowntree Foundation, June 2008.

<sup>64</sup> A discretionary scheme whereby Local Authorities may award payments to an individual or groups of individuals over and above their normal entitlement to Housing Benefit or indeed Council Tax Benefit.



# Effectiveness of Employment Strategies

- Lone parents receiving ERAD support earned considerably more than control group parents, mainly because they were much more likely to be working full-time rather than part-time;
- Although there was no difference in the overall employment rate of the two groups at the 12-month point, lone parents who had received ERAD support had spent a higher proportion of the year in paid work. The impact on the other two client groups (New Deal 25+ clients and employed lone parents receiving Working Tax Credits) was small.<sup>65</sup>

5.4.15 The authors of the evaluation attribute the impact of the Employment Retention and Advancement Demonstration project on lone parents to the availability of bonus payments.

5.4.16 The Joseph Rowntree Foundation also quotes an evaluation of Employment Zones in Britain which stressed the importance of financial support once in work as a means of aiding job retention:

both in terms of generally available support, such as the Working Tax Credit, and in terms of providing direct incentives, such as providing driving lessons or even cash payments for those who stay in their jobs for 13 weeks or more.<sup>66</sup>

5.4.17 A new “better off in work credit” scheme is being piloted from October 2008. The new payment will be available to those on income support, Job Seeker Allowance (JSA) or employment and support allowance for 26 weeks who move into full time work. Under the scheme, they will receive an in-work income (including in-work benefits and working tax credit) of at least £25 a week more than they received from their out-of work benefits.

## Transport Issues

Most people in Britain look for work within a limited geographical area<sup>67</sup>

5.4.18 A recurring finding of our Review was that people were reluctant to travel even relatively small distances to jobs – and indeed sometimes could not do so because of limited public transport options. These assertions – made by several witnesses (including JCP) – are supported by the example of Family Learning Centres in Leeds, a key reason for their achieving Beacon Status for the ‘Removing barriers to work’ theme. Although they opened four such centres, three closed because people were unwilling to travel to attend the main centres.

5.4.19 Although we have no local research on this, it is supported by national research, as summarised in the Joseph Rowntree Foundation’s 2008 report:

- Those with higher skill levels are more likely to travel to work: those in elementary and personal service occupations have the lowest median travel to work distance (less than three kilometres) while those in professional occupations have the highest (around seven kilometres);

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<sup>65</sup> Local initiatives to help workless people find and keep paid work, Joseph Rowntree Foundation, June 2008.

<sup>66</sup> Local initiatives to help workless people find and keep paid work, Joseph Rowntree Foundation, June 2008.

<sup>67</sup> Local initiatives to help workless people find and keep paid work, Joseph Rowntree Foundation, June 2008.



- Travel distances tend to be lower in the inner cities, which is often where workless people with low skill levels are concentrated;
- An issue commonly raised is the pattern of bus routes, which increasingly operate on a hub and spoke pattern, which means that even where transport is available, people have to change buses in the town centre in order to get to work.

5.4.20 There are programmes which specifically address this, for example the Access to Work programme helps disabled people with the costs of travel to work amongst other things and the evaluation suggests that this is the most helpful part of the package.

5.4.21 Assistance with travel is available under some City Strategy initiatives, e.g. Work Trials, and travel needs will be assessed as part of the Jobs and Skills Action Plan. Also the East Birmingham and North Solihull Regeneration Zone have worked with Centro and other partners to support the Workwise and “Busterwerkenbak” schemes that help zone residents access new job opportunities both within and outside the regeneration zone.

5.4.22 Holding events locally can also be positive: as a result of JCP work in Washwood Heath, the Pak Supermarket held an open day where over 350 people turned up to consider employment opportunities there.

## Reliable and affordable childcare

Childcare problems (availability, flexibility and cost) are one of the most important reasons why parents (more particularly mothers, whether or not they live with a partner) leave their jobs.<sup>68</sup>

5.4.23 The Joseph Rowntree Foundation points to evidence that informal childcare is more likely to break down than formal arrangements, although informal childcare is cheaper and often more trusted by parents. However, child care costs are only paid for registered child minders and this can act as a disincentive to use these informal arrangements.

5.4.24 Research has found that 23% of all nonworking mothers cited lack of free or cheap childcare as a reason for not working, with 63% saying that they would prefer to go out to work if they had access to good-quality, convenient, reliable and affordable childcare. Nearly a half (47%) of parents thought there were not enough childcare places in their locality.<sup>69</sup>

5.4.25 Accessible, affordable child care provision is an issue but there is also the issue of flexibility. Working with local employers is critical here as lone parents are even less likely to want to travel to work, so links with local traders for example would help. We were advised that the LEP was creating more links and there would be more liaison with small and medium sized enterprises (SMEs)<sup>70</sup> where flexibility would be discussed.

<sup>68</sup> Local initiatives to help workless people find and keep paid work, Joseph Rowntree Foundation, June 2008.

<sup>69</sup> DWP - Workless Couples and Benefit Claimants: A Review of the Evidence – 2005.

<sup>70</sup> SMEs are companies with less than 250 employees (and a turnover of less than £11.2m; a balance sheet of less than £5.6m) – West Midlands Economic Strategy.



# Effectiveness of Employment Strategies

5.4.26 Childcare needs will be assessed as part of the Jobs and Skills Action Plan under the City Strategy, and the expansion and awareness raising of the availability of local childcare is being explored.

## Language

5.4.27 Another barrier exists for those who come into this country and require English language lessons to enable them to work and to progress. The LAA Delivery Plan promises “enhanced English Language skills and Language support, including vocationally specific ESOL and numeracy” and this will be delivered via a commissioned project to increase the volume of support available and linking this directly to vocational areas.

5.4.28 However, there have been changes to the funding regime which has reduced accessibility to ESOL generally. Individuals eligible for JobSeekers Allowance or in receipt of income-related benefits will continue to access free English lessons (ESOL) through standard LSC provision. Those who have “no recourse to public funds” – for example spouses of those who have come here to work – now have to wait for 2 years to access ESOL provision. Workers on very low wages and not in receipt of Working Tax Credit are also in the same position.

## Commentary

**5.4.29 The IES rightly recognises some of the key barriers faced by those who are workless when considering employment and there is activity planned to tackle these, both within the City Strategy and LAA. The issues relating to benefits are particularly important as this can act as a real disincentive.**

**5.4.30 Where there is support available, people are often unaware of this. The availability of quality advice and assistance is necessary, and the third sector often fills gaps left by statutory agencies. Closer working with Neighbourhood Offices could be one way to approach this – Neighbourhood Officers can already give advice on benefits – particularly as the complexity of the claim forms can also act as a disincentive (see previous chapter).**

**5.4.31 When placing people in jobs, travel should be a consideration so as to ensure that the employment is sustainable. And it is not just jobs that need to be local, but support mechanisms too – as discussed above, outreach services often work better at encouraging people to accept help.**

**5.4.32 We welcome the efforts to support those entering work via use of DHP, though are concerned that it took 12 months for this to be implemented.**

**5.4.33 A further step the Council could consider would be to offer loans for those who start work and face a gap between benefits ending and the first pay packet being received. Limited crisis loans are available from JCP and the City Council, but these are dependent on proving imminent emergency or disaster. An approach that allowed those going into work from benefits to receive a short loan to bridge that gap could**



help prevent people reaching that stage in the first place and could help people to stay in work longer.

**5.4.34 Language issues must also be addressed and the danger is that individuals who are now excluded from ESOL funding are prevented from working or progressing and so could become unemployed for considerable periods.**

## 5.5 Post Employment Support

5.5.1 A major concern of this Review was that whilst some of the employment strategies we considered had been successful in placing people into jobs, there was little evidence as to how long people stayed in these jobs. (National research undertaken with long-term unemployed people who leave Jobseeker's Allowance for work saw more than half return within 13 weeks – most quit voluntarily, as opposed to being dismissed or coming to the end of temporary jobs. Most said that the job did not suit them.<sup>71</sup>)

5.5.2 Previously, little work had been done to promote retention and progression once people were placed into jobs, however it is now recognised nationally as a critical element of tackling worklessness and is a key element of the LAA Delivery Plan. Locally, organisations such as JCP and programmes such as Aston Pride are now working not only to measure job sustainability more effectively (see Chapter 2) but also support individuals once in employment. "After care" support for employers can be as important, as employers may experience difficulties with disadvantaged new employees and would appreciate help and advice rather than dismissal. Post-employment job specific training will be provided through Train to Gain.

5.5.3 There are a number of elements to consider in promoting retention and progression. Some, such as transport, childcare, and financial support and incentives have been discussed in the previous section. Also important however, is workplace support. This can make a real difference, but both lack of awareness and reluctance to seek help are barriers to people in work obtaining assistance after they have gained employment. As the Joseph Rowntree Fund notes: "often they do not see it as relevant to their needs in their new situation, and may regard it as a threat to their new-found sense of independence, even when they are struggling". So good quality, sensitive, well trained staff are essential.

5.5.4 Some employers recognise this, and Tesco, as part of their participation in schemes to place long term unemployed into jobs, have their Store Manager support people whilst in work, as the routine of going to work and learning what is expected from them can be quite a change. Tesco believe that if they can sustain them in employment for 3 months the likelihood is they will stay. To further assist, Tesco were reviewing their policy that new employees cannot have a holiday for the first 3 months and also considering how they can help employees progress by either a trainer coming back to the store or receiving outside training.

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<sup>71</sup> Local initiatives to help workless people find and keep paid work, Joseph Rowntree Foundation, June 2008.



# Effectiveness of Employment Strategies

- 5.5.5 Mentoring and peer support is a key support mechanism to be explored: Joseph Rowntree Foundation report that “difficulties in relationships with colleagues are one of the most common sources of job breakdown” and “workplace mentors can help new employees develop a sense of belonging to their employing organisation, and ... negotiate problems in the workplace”.
- 5.5.6 Opportunities to develop skills while working – i.e. employer-supported training and independent study are an important way of securing advancement.



## 6 Conclusions and Recommendations

### 6.1 Introduction

6.1.1 This Review was started at the end of a prolonged period of economic growth with relatively high employment. However, not all areas of the city had prospered: some of our wards had persistently high unemployment and a high number of people on benefits. As worklessness and low skills are correlated with child poverty, poor health, low educational attainment and crime, this merited greater attention.

6.1.2 The number and variety of strategies to enhance the employment opportunities for people in those more deprived areas had long been of interest to the Regeneration O&S Committee. Primarily we were concerned that we were seeing a number of reports promoting the success of different schemes, but not seeing any real impact on worklessness rates in those areas.

6.1.3 We therefore commenced this Review to explore in detail:

How effective are strategies to increase employment in priority wards in narrowing the gap in worklessness rates with the city average?

6.1.4 As our evidence gathering progressed, so the economic situation altered. However, we have not been deflected from our key area of concern: that persistent and multi-generational worklessness should be challenged and people helped back into suitable and sustainable employment.

### 6.2 How Effective are Employment Strategies?

6.2.1 We started our inquiry by looking at worklessness trends across the city and in those wards which had the highest levels of worklessness. We found that whilst worklessness had been decreasing, the gap between those wards with the highest worklessness rates and the city average had not closed – in fact, at the end of 2007/08 the gap had widened.

6.2.2 We cannot therefore conclude that any employment strategy has been effective in “narrowing the gap” in worklessness rates between the priority wards and the city average. However, as worklessness has decreased, we did consider whether they have been effective in contributing to that decrease – in other words, how much of that decrease was attributable to the employment strategies deployed and how much a reflection of the prevailing economic conditions?

6.2.3 The evidence received as part of this Review was not sufficient to answer that question. Performance management of the individual programmes focused on measures such as numbers of people assisted into work or into training, or job creation. Whilst valid output measures, these are inadequate in measuring outcomes, particularly where no information is available on the long term impact for that individual (i.e. are they still in that job 6 or 12 months later). Schemes are



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generally achieving their outputs but these are not translating into real outcomes – there is no net effect.

6.2.4 Our evidence gathering also showed that significant resources have been focused on these priority areas – by the Council, by Government and by JobCentre Plus (JCP) and the Learning and Skills Council (LSC). It is not possible to quantify definitely the amount of public money directed at or aligned to tackling unemployment and worklessness as neither JCP nor LSC provide figures at a city level. Plus as there is a variety of what activity could be included under “tackling worklessness”, definitions can vary. However the figures we have obtained indicate the amount of public money currently involved. These include:

- JobCentre Plus: *programmes* budget of just under £38m for Birmingham and Solihull for 2008/09;
- LSC: approximate *overall* budget £250m for Birmingham and Solihull LSC (2007/08);
- Birmingham City Council: £5m for Employment Development Team, Employment Access Team and Disability Employment Services (2008/9);
- European Social Fund (ESF) Co-financing: £250 million for the West Midlands, an indicative budget of around £80 million could be deployed in Birmingham over 6 years (2007-13);
- Working Neighbourhoods Fund: £57 million from the overall £114m budget will be spent on worklessness in Birmingham over 3 years (2008-11);
- Area-Based Regeneration Initiatives including Aston Pride (£12m); Neighbourhood Renewal Fund (£8.7m) and Enterprising Communities (£13m over 5 years).

6.2.5 And yet the contribution this investment makes to reducing worklessness cannot, with any certainty, be quantified.

6.2.6 Getting the right measures is therefore essential. To demonstrate success therefore, the focus must be on the “value added”. National evaluations of both JCP and LSC programmes – although showing high degrees of satisfaction<sup>72</sup> – throw doubt on the “value- added” by the investment. With the area-based initiatives, it is uncertain as to whether some of the individuals assisted into employment would have obtained employment without the assistance.

6.2.7 We therefore believe that measuring the gap between the city average and those areas which are receiving the additional support is the crucial measurement, to demonstrate how these areas which are receiving additional help are performing against the overall trend in the city.

6.2.8 This helps sidestep the issue of people moving on and off benefits all the time, which makes baseline comparisons extremely difficult – an issue that will become even more relevant as unemployment rises. Setting realistic targets within the economic circumstances would also allow us to take into account the fact that more deprived areas – which tend to have people with lower skills levels – are hit first and hardest by any economic downturn.

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<sup>72</sup> Tackling Worklessness: A Review of the contribution and role of local authorities and partnerships Interim Report; Councillor Stephen Houghton, Claire Dove, Iqbal Wahhab for Department for Communities and Local Government, 27 November 2008 (page 3).



- 6.2.9 The Local Area Agreement (LAA) target is based on a percentage reduction in the number of people who are workless and this is reflected in Neighbourhood Employment and Skills Plans (NESP) and Constituency Employment and Skills Plans (CESP), where the measure becomes an absolute value: i.e. a net reduction of people from the worklessness figures. Whilst the overall approach of NESP and CESP using a more "spatially targeted" approach is welcome, it is disappointing that the plans will be measured using these flawed targets.
- 6.2.10 Alongside measuring the differential, we also need to have better data on those who are assisted into work. Simply counting those helped into a job takes no account of what that individual's starting point is in terms of "job readiness" nor of what happens next – i.e. how long is that person in that job and what are their prospects of progression.
- 6.2.11 Tracking of individuals is therefore required, so it can be seen how many "new" people are being helped and what paths people are taking, ensuring there is no duplication and monitoring the sustainability of employment gained. This will also help us better understand how to help others in similar circumstances.
- 6.2.12 We do not believe that the data protection issues relating to this are insurmountable. Partners working together to achieve the same aims should be able to share certain information – with of course tight controls – to enable those running employment programmes to better target their resources.
- 6.2.13 There should also be means to recognise the hard work done by those who work with those individuals who have been claiming benefits for a long time are less "job ready". These people often need intensive and on-going support and this would not be recognised by simply tallying the number of people helped. Indeed, to ignore this element risks a "quick win" approach – if, as is predicted, increasing numbers of people become unemployed, it may be that, in order to meet targets, people who are already ready to get back to work will be moved quickly into the jobs, and those who have a further journey to undertake will be left behind.
- 6.2.14 It could be argued that this is not an unreasonable approach – if there are limited jobs available, those who are more immediately able to do that work should get those jobs. However, it is important that neither people nor communities are left behind. If interventions to tackle worklessness are to be continued, then we need to have the confidence that resources are appropriately targeted.

## Conclusions

- 1. Worklessness decreased in Birmingham between 2004 and mid-2008, although the gap between those wards with the highest worklessness rates and the city average did not close. We cannot therefore conclude that any employment strategy has been effective in "narrowing the gap" in worklessness rates between the priority wards and the city average.**



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2. Looking at the effectiveness of the strategies in reducing worklessness, it is not possible to quantify the contribution being made. However, it is critical that proper assessment is made and reported to give the work credibility and to assure the public that their money is being well spent.
3. It is therefore essential to have the right measures in place. A useful measure is to look at the gap between the city average and those areas with higher rates of worklessness and how that changes with the application of additional resources.
4. To ensure the data is meaningful, it is imperative that we receive better information on the individuals participating in employment schemes. Tracking of individuals is therefore required, to ensure there is no duplication and to monitor sustainability of employment gained. Data protection is a consideration, but should not be a barrier to achieving this.
5. There are now significant challenges facing the city, due to worsening economic conditions. Understanding the effects of our efforts to tackle worklessness is therefore even more important, and as even greater strain is placed on City Council and partner resources it is imperative that we learn quickly from past experience and deploy effective and efficient measures.

	Recommendation	Responsibility	Completion Date
R01	a) That Be Birmingham request renegotiation (through the LAA process) for a new indicator relating to worklessness to measure differentials between deprived areas and the city average; and b) That given the current economic climate and the predicted growth in worklessness, the Working Neighbourhood Fund target long term worklessness and monitor the interventions against the differential impact achieved.	Cabinet Member for Regeneration	June 2009
R02	All City Council funded employment strategies (and all those for which the City Council is the accountable body) to have robust mechanisms to track individuals in place. These should include tracking individuals in employment after 9 and 15 months.	Cabinet Member for Regeneration	October 2009



## 6.3 Governance and Delivery

- 6.3.1 Looking ahead to what we can achieve practically to tackle long-term worklessness in the future, we considered how governance and delivery frameworks could be improved.
- 6.3.2 A key element was the level at which accountability and control of strategies is held. Evidence collated by the Joseph Rowntree Foundation strongly corroborates the view that delivery of worklessness programmes is best done at a local level.<sup>73</sup> Whilst the Government has made some moves to devolving responsibility in this area, there is still the tendency to centralise and put the majority of resource into largely uniform, national programmes.

### Partnerships

- 6.3.3 Co-ordination is intended to take place at a local level and we have heard evidence from JCP, LSC, Business Insight and the Chamber of Commerce that partnerships have improved over recent years and that “as a result they are coming up with better solutions for the client”.<sup>74</sup>
- 6.3.4 However, we still have a number of concerns. The first is around clarity: whilst the signing of the City Strategy, agreement under the LAA and the Worklessness Protocol have to some degree elucidated commitments and clarified how alignment is to be effected, lines of accountability are still complex.
- 6.3.5 However, we still have two strategies – the City Strategy and the LAA – focusing on different areas. We have been assured that delivery will be focused on the Super Output Areas identified in the LAA, but are unclear as to where this leaves commitments under the City Strategy.
- 6.3.6 Greater clarity would help those trying to access assistance and also those employers who can find the system bewildering, particularly when faced with a number of organisations offering services. Clear and shared long term goals would also help avoid inconsistent local programme monitoring and evaluation. Clarity and consistency on the focus on priority areas will ensure that help is targeted where it is most needed.
- 6.3.7 Stability is also important: a feature of activity to tackle worklessness in recent years has been the turnover of strategies which changed regularly without meeting all the set targets. For example Employment Floor Target Action Plan (EFTAP) was drawn up in 2005 to answer concerns about the contribution NRF was making to tackling worklessness. This was then superseded when Birmingham became part of the City Strategy in 2007. The City Strategy was to be in place to 2009, but that has now been extended. The LAA was refreshed in 2008.
- 6.3.8 This can give an impression of shifting goalposts – although many of the aims remain the same, targets alter. A period of stability is required and the inception of the City Strategy and new LAA is an opportunity and so we need to stick with it, allow it to bed in and report on outcomes. This will also allow linkages with programmes with short term funding to long term objectives, and help

<sup>73</sup> Local initiatives to help workless people find and keep paid work, Joseph Rowntree Foundation June 2008.

<sup>74</sup> Verbal evidence from Jerry Blackett, Chamber of Commerce.



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match projects that on their own are of insufficient size and/or not sufficiently related to each other to make a larger difference.

- 6.3.9 This onus on partnerships and co-operation underlines the need for trust between the organisations, particularly where pooled funding is also a feature of the agreements (though not that of Department for Work and Pensions (DWP)/JCP mainstream provision). Members were informed that the partnership between the City Council, JCP and LSC was stronger than it had been previously. There is still work to be done in particular around information sharing. There is the possibility that the city could be a pilot for a Memorandum of Understanding between DWP and the City Council which would give access to some limited data. This is currently being explored.

## Member Involvement

- 6.3.10 Greater control at a local level would also give greater scope to address the “democratic deficit” in relation to public expenditure on worklessness issues as the Local Government Association (LGA) suggests.<sup>75</sup> This issue has been noted by Members of this Council and the LGA’s report confirms that a lack of democratic accountability is not just a Birmingham issue. However, we are concerned at the lack of accountability to Elected Members, particularly as in the case of ESF Co-financing the City Council moved from being a Co-financing organisation to being one of a number of organisations influencing a regional ESF fund. This has meant a loss of control over how money is spent in Birmingham. Instead the Council has influence over how the regional ESF is spent.
- 6.3.11 Local Member involvement in developing plans is also crucial: they have the local knowledge and links to make the NESPs and CESPs meaningful. Members had been assured that NESPs and CESPs would be agreed through Constituency Committees. However, the language can be somewhat vague – sometimes referred to as formal consultation, but on another occasion it was said that Ward and Constituency Committees would “formally note” Member comments. Members on Area Based Initiative Boards and local forums have in some cases been more involved.
- 6.3.12 More worryingly, at the time of writing this report, this was simply not happening in all Constituencies, nor does practice appear to be consistent across Constituencies. Not all Constituencies which have a CESP have seen them at a Constituency Committee or Constituency Strategic Partnership meeting and future timescales are vague. Those that have been presented at Committees have been delayed. Crucially, the interaction between NESPs and CESPs is unclear – as activity within NESPs are included in the relevant CESP, there needs to be clear oversight by the Constituency Committee of NESPs within that Constituency. It is critical that Members are formally involved and ideally Constituencies should act as an Advisory Board and feed back to Be Birmingham. Preferably a clear process, including the key principles of involvement and how the plans are to be approved, should be clearly set out.
- 6.3.13 We have also expressed concern at the content of the plans: those that have been seen have had some local tailoring, but appear to be largely generic.

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<sup>75</sup> The Integration Gap: Developing a Devolved Welfare and Skills System, Local Government Association, June 2008.



- 6.3.14 It is also expected that Ward Committees and Constituencies will play an ongoing valuable role in the performance management and review of these Action Plans to ensure a significant impact on reducing worklessness. Progress reports on the NESP/CESPs will be reported regularly to Ward and Constituency Committees, with opportunity for comment and involvement in reviewing the plans. Timetables are yet to be confirmed.

## Local Management

- 6.3.15 Local control and accountability would also facilitate closer monitoring of local programmes and clearer, less elongated lines of accountability. From the four Departments comes a number of funding streams – New Deal, Working Neighbourhoods Fund etc – with different targets and accountability structures, but which can very often end up going to the same providers for the same groups of people. This results in a lack of co-ordination and duplication for individuals and different bidding and reporting mechanisms for providers.
- 6.3.16 Another issue is how the experience from time-limited initiatives is captured once the project comes to an end. For example, we were told that one of the positive aspects of the Single Regeneration Budget (SRB) 6 was that the Partnership Board developed into “a more effective, coherent unit” – better able to deliver. However, at the end of the funding, the Board was disbanded and much of the expertise lost. This does not have to be the case: Enterprising Communities grew out of a former SRB programme and kept going as a board, and this model should be considered as area-based programmes come to an end.
- 6.3.17 Some benefits of local management can be seen with the City Strategy having led to the delegation of greater flexibilities and freedoms such as changes to the so-called 16 hour rule. As the LGA report noted, the impact of the 16-hour rule on Job Seeker Allowance (JSA) claimants badly affects people’s willingness to take on work and training and we welcome the relaxation of the 16 hour rule within the West Midlands for some specific client groups (providing a business case can be made).

## Local Delivery

- 6.3.18 Delivery can and should be local. We therefore believe commissioning should be focused at a city or even Constituency level. This does present some challenges, for instance many wards spent little NRF money on worklessness schemes. However, this was not a universal experience – Hall Green Constituency spent around a quarter of its NRF on worklessness and was able to maximise this using match funding with Enterprising Communities. Delivery via commissioning at a local, targeted level can be achieved if there is a determined policy to do so.
- 6.3.19 That includes making full use of local third sector organisations. We believe these organisations are more likely to reinforce the efforts to combat deprivation made as part of the programme by actually spending money in the area they are helping. For many of these programmes, a large proportion of the costs are staff costs and if staff are employed from inside the area, then that money is coming back to the local community. It has also been suggested that there is a greater role for community and voluntary organisations at a strategic level and this should be explored.



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6.3.20 These organisations should be supported via fair and sympathetic commissioning processes. The scale of commissioning is fundamental to ensuring that (properly managed) third sector organisations have a reasonable chance of competing. The transition from NRF to Working Neighbourhood Fund (WNF) has seen some organisations close because of the gap in funding. Whilst the need for clear and timely exit strategies must be recognised by organisations reliant of short-term funding, we were concerned at the length of time it is taking for WNF commissioning to start and the impact this has had.

## The City Council

6.3.21 The unique role the City Council can play in tackling worklessness has been recognised. It is well placed to join services, agencies and employers together, so crucial because many people face multiple barriers to work and so need the help of more than one public sector agency.

6.3.22 One area is in procurement and planning – it has been suggested that it is possible to provide help to those in a worklessness position through clauses in procurement and planning contracts which specify a percentage of local, worklessness people who must be used.

6.3.23 The City Council could also consider offering in-work loans to those who enter work from benefits and experience financial difficulties during the period between benefits ending and the first pay packet being received. A crisis loan scheme is currently available from the City Council (and from JCP), but is relatively small and dependent on an emergency situation occurring.

6.3.24 In the case of support with childcare, childcare tasters are offered to lone parents under a government pilot scheme. The Family Information Service, within Children, Young People and Families Directorate, offers parents and carers information including a list of child care providers in local areas.

6.3.25 With regard to the Council's work with statutory partners, and its own processes, a critical focus should be any commissioning processes with which the Council is involved.

6.3.26 We have also considered the role the Council's recruitment policy could play, and we should be looking closely at innovative approaches – such as those employed by UHB – to engage more long-term unemployed in programmes to fill vacancies.

## Conclusions

**6. Local initiatives tailored to individual needs are the best way of tackling worklessness. We welcome the move to a neighbourhood approach in tackling worklessness (through NESPs and CESP) as this enables a greater understanding of local need and better targeting of resources.**

**7. Following this through, commissioning at City Region level does not suit a diverse city such as Birmingham, with the variety of different backgrounds, different levels of attainment and the different needs of communities. This leads to a range of complex barriers requiring tailored support.**



8. Local communities and Elected Members should be fully involved in this work as local knowledge is essential to the success of any scheme. Local engagement will ensure full advantage is taken of local networks and reduce the potential for duplication. It will also help build confidence and encourage participation.
9. Engaging with third sector organisations is vital to getting this local knowledge, experience and the “multiplier effect” of spending the programme funding locally. These organisations, whilst subject to the rigorous monitoring that all publicly funded bodies should be, should also be given the opportunity to compete for contracts fairly. The scale of commissioning is fundamental to this. We are concerned that this is not happening with ESF Co-financing contracts.
10. Although progress has been made, greater clarity is needed on governance arrangements and lines of accountability. Partnership working is critical to resolving these issues and we have been told that much progress has been made here. However, we remain to be convinced that sufficient progress is being made against number of issues, in particular that of data sharing.
11. The LGA’s proposals on addressing the lack of democratic accountability are welcomed. However, in Birmingham the involvement of Elected Members at all levels could be strengthened. This would give a clear message to all Council services as to the significance of this issue and, on a local level, ensure that local knowledge is absorbed into NESPs and CESP’s
12. Although the City Council is not one of the main deliverers of activity to tackle worklessness, there is a clear leadership role for the Council and many more Council services could be contributing more. The Council should also seek to influence statutory partners in maximising opportunities to tackle worklessness. This includes working with developers to ensure new job opportunities are captured.
13. To support efforts to tackle worklessness further, the City Council should also look to its own recruitment policies and strengthen opportunities for people from priority areas and from priority groups to gain employment in the City Council (whilst remaining in line with existing policy to recruit the best person for the job).



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	<b>Recommendation</b>	<b>Responsibility</b>	<b>Completion Date</b>
<b>R03</b>	That all the initiatives to tackle worklessness within the wards / SOA's are mapped across the city and these are reflected in the NESP and CESP's.	Cabinet Member for Regeneration	June 2009
<b>R04</b>	The Cabinet Member for Regeneration should work with the LSC to review the commissioning process used for ESF Co-financing contracts immediately, in particular looking at how the process in practice matches the pledge that third sector organisations would not be disadvantaged.  The LSC should be requested to report back to this Committee at six monthly intervals to update Members on progress.	Cabinet Member for Regeneration	March 2010
<b>R05</b>	All City Council funded employment programmes (and all those for which the City Council is the accountable body) should have commissioning set at an appropriate scale so that third sector organisations have a reasonable chance of succeeding.	Cabinet Member for Regeneration	June 2009
<b>R06</b>	The involvement of Elected Members in NESP's/CESP's should be clarified and strengthened. The Plans should be signed off at the appropriate level of accountability (whether Ward or Constituency Committee). Evidence of this should be brought to the Regeneration O&S Committee in July 2009. There should be on-going involvement in the performance management and review, and a clear timetable for this involvement should be set out.	Cabinet Member for Regeneration	July 2009
<b>R07</b>	a) The Cabinet Member for Regeneration to work with JCP to identify ways in which client data can be shared between partners as a priority, and b) The Leader of the Council (as Chairman of the City Region Growth Board) lobbies Central Government for this to be addressed urgently.	a) Cabinet Member for Regeneration  b) Leader	June 2009
<b>R08</b>	The Cabinet Member for Regeneration should work with partners, particularly JCP and LSC, to agree a common spatial level to record and share data at the local level. The Cabinet Member should also write to the relevant Government departments to request that this is achieved.	Cabinet Member for Regeneration	October 2009



	<b>Recommendation</b>	<b>Responsibility</b>	<b>Completion Date</b>
<b>R09</b>	Investigate whether the planning process can be utilised to capture more jobs for local people e.g. extending the 'partnership stores' principle and agreeing the process for replacing staff in the stores / organisations so that it benefits more local people.	Cabinet Member for Regeneration and Chairman, Planning Committee	June 2009
<b>R10</b>	<p>The Cabinet Member for Equalities and Human Resources should investigate how the City Council recruitment practices can be enhanced to ensure key worklessness groups within Birmingham are assisted in being recruited to City Council vacancies. This should include:</p> <ul style="list-style-type: none"> <li>• Closer working between Corporate HR and the Employment Access Team to optimise local recruitment;</li> <li>• The use of targeted recruitment campaigns;</li> <li>• Consideration of allowing third sector organisations and delivery organisations commissioned to tackle worklessness access to vacancies and opportunities from the City Council within relevant areas;</li> <li>• HR to work with these organisations to identify under-represented or hard to fill vacancies to help residents into employment;</li> <li>• The Council taking a lead on the use of apprenticeships and encouraging apprenticeships within contracts for the procurement, services, products and capital programmes.</li> </ul> <p>Recruitment policy should be reviewed to ensure it is in line with requirements under the City Strategy and Worklessness Protocol.</p>	Cabinet Member for Equalities and Human Resources	October 2009

## 6.4 Integrated Employment and Skills System (IES)

6.4.1 The Integrated Employment and Skills System (IES) sets out the way in which activity to tackle worklessness will be delivered in the city. Addressing problems on an individual basis is at the heart of the City Strategy and this is welcome. However, its efficacy is limited as long as there is reluctance to share relevant data amongst the partners. Effectively targeting resources is of paramount importance and whilst some organisations have to employ wide-ranging techniques to engage people, resources are being lost.

6.4.2 When it comes to finding jobs, employer engagement is critical, particularly the need for local employers to be involved. We have come across some excellent work being undertaken by employers, notably the University Hospital Birmingham and also by the Chamber of Commerce. Greater consideration could be given to offering enhanced services to small and medium-sized



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organisations which would otherwise perhaps be less interested in engaging in such schemes because of the perceived greater risks.

- 6.4.3 Alongside assisting individuals, the IES rightly recognises the importance of work to overcome wider barriers to work:
- Benefits: the complexity of the benefits and tax credit system acts as a disincentive to many. Support here is critical and the role of our Neighbourhood Offices could be useful here. We welcome the proposals put forward by the Neighbourhood Advice and Information Service to develop the role of Neighbourhood Offices in providing advice and guidance;
  - Travel: more work with transport companies and Centro is needed to ensure transport links are supporting people who wish to travel from deprived areas to areas where jobs are located;
  - Childcare: the availability of affordable, convenient childcare remains a huge barrier particularly for lone parents, yet receives little attention in the City Strategy. It would also be worth considering how informal childcare arrangements could be better supported.
- 6.4.4 We are also concerned at the reduced funding to ESOL classes (English for Speakers of Other Languages) to some groups and believe the City Council should be working to restore funding, so that they are able to get into work sooner.
- 6.4.5 Helping people into work could take more innovative forms. A proposal (stemming from a recent Third Sector Assembly meeting) put forward by the Birmingham Voluntary Service Council (BVSC) was that better use could be made of volunteering. As well as contributing to the Community Strategy's strategic objective of encouraging everyone to "make a contribution", it would act as a path for those who are not yet "work ready" and would therefore find it difficult to stay in paid employment. This would of course need to be accompanied by appropriate training, but would help build confidence and self-esteem, as well as giving people the opportunity to develop the "softer" skills necessary to remain in employment.
- 6.4.6 The next logical step to this is to recognise that becoming more active in the community is valued by introducing a 'credit system' so that people are able to demonstrate they are not in the 'worklessness' category, but more simply, not in the 'paid work' category – to avoid volunteering being devalued by the term 'workless'.
- 6.4.7 Recognising that those it is easier for those who have been more recently employed to get back into work, swift action following major job losses is critical – as happened following the closure of MG Rover in 2005. Embedding the use of the Job Losses Protocol is critical.

## Conclusions

- 14. There are some people in the population more disadvantaged in the labour market than others and tailored support is even more important here.**
- 15. We need to ensure we are engaging with those most in need of help, and that includes going out to people in their communities to encourage them to take**



up help (alongside receiving targeted data from JCP as above). Evidence both nationally and locally has shown that outreach work is an effective ways of doing this.

16. Whilst worklessness activity should focus on those who need most help, that is not to say those who are more “work ready” should be ignored – particularly where there are large scale job losses. The experience of MG Rover has proved a successful model and the knowledge and expertise gained from that event should be retained, ready to be used again where appropriate.
17. It is not enough to simply help people get a job – very often, for the long term unemployed, their need for support continues after starting employment.
18. The benefit system is complex and hugely complicated and therefore access to quality advice and assistance is essential. Previous Scrutiny Reviews have documented the unique role our Neighbourhood Offices play and we welcome the proposals to increase their role here [see previous section].
19. The benefit system can be a disincentive for people to gain employment and the City Council should be working, firstly to offer schemes to assist those who accept and stay in work, secondly to lobby Government to address these issues.
20. Those who enter work from benefits can experience financial difficulties during the period between benefits ending and the first pay packet being received. The City Council could offer assistance in this scenario, with the offer of in-work loans.
21. More work with transport companies and Centro is needed to ensure transport links are supporting people who wish to travel from deprived areas to areas where jobs are located. An opportunity for this will be the future review of all bus routes by Centro.
22. Volunteering is a useful activity for people wishing to become job ready.



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	<b>Recommendation</b>	<b>Responsibility</b>	<b>Completion Date</b>
<b>R11</b>	All City Council funded employment programmes (and all those for which the City Council is the accountable body) should show how they are targeting those groups most in need of assistance, for example people with disabilities, lone parents, over 50, ethnic minorities, no/low qualifications etc.	Cabinet Member for Regeneration	June 2009
<b>R12</b>	The Cabinet Member for Regeneration should bring forward an update on the proposals from the Neighbourhood Advice and Information Service to support the Integrated Employment and Skills System.	Cabinet Member for Regeneration	June 2009
<b>R13</b>	The Cabinet Member for Transportation and Street Services together with the Lead Member in Birmingham of the West Midlands Passenger Transport Authority (PTA) work together to review work undertaken to date by the City Council and the PTA to address difficulties for local people in travelling to and from work on public transport and determine whether any further work is needed. Cycling and walking access to specific employment sites should be considered where appropriate.	Cabinet Member for Transportation and Street Services  Lead Member in Birmingham, PTA	October 2009
<b>R14</b>	The Cabinet Member for Regeneration should lobby Government to change rules on access to funding for ESOL for those newly entering the country so that those who need English classes in order to find work are not disadvantaged.	Cabinet Member for Regeneration in consultation with the Cabinet Member for Adults and Communities	October 2009
<b>R15</b>	The Cabinet Member for Regeneration should explore extending the current crisis loan available from the City Council to cover those who enter work from benefits to provide a bridge between benefits ending and the first salary payment. This should include the availability of the equivalent of the first month's pay to be repaid over six months.	Cabinet Member for Regeneration	October 2009
<b>R16</b>	Progress towards achievement of these recommendations should be reported to the Regeneration Overview and Scrutiny Committee in October 2009. Subsequent progress reports will be scheduled by the Committee thereafter, until all recommendations are implemented.	Cabinet Member for Regeneration	October 2009



# Appendix 1: Government Papers on Worklessness

There have been numerous papers and policies that have been produced to tackle worklessness, including:

## **Leitch Review of Skills, Prosperity for all in the global economy – world class skills**

This paper was commissioned by the Chancellor of the Exchequer and the Secretary of State for Education and Skills and published on 5th December 2006. Lord Leitch's remit was to identify the UK's optimal skills mix in 2020 to maximise economic growth, productivity and social justice, and to consider the policy implications of achieving the level of change required. It highlights the need to:

- Increase adult skills across all levels;
- Route all public funding for adult vocational skills in England, apart from community learning, through Train to Gain and Learner Accounts by 2010;
- Strengthen employer voice;
- Increase employer engagement and investment in skills;
- Launch a new 'Pledge' for employers to voluntarily commit to train all eligible employees up to Level 2 in the workplace;
- Increase employer investment in Level 3 and 4 qualifications in the workplace;
- Increase people's aspirations and awareness of the value of skills to them and their families;
- Create a new integrated employment and skills service.

## **Reducing dependency, increasing opportunity: options for the future of welfare to work**

This independent report by David **Freud** was commissioned by DWP and published on March 2007. This report makes a series of recommendations to reduce the number of the most socially disadvantaged people in the country. The proposals aim to achieve this outcome at minimal effective cost and risk to the State:

- Contracting support for the hardest to help;
- Modelling outcome-based contracting for long-term worklessness;
- Rights and responsibilities;
- Benefit reform – a single system; and
- Streamlined, mass market provision based on Jobcentre Plus.

## **Opportunity, Employment & Progression: Making Skills Work**

This joint White Paper from the DIUS and DWP was published in November 2007 and examines the case for reform of welfare and skills provisions in England. The Paper sets out how an integrated employment



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and skills welfare system, where the individual is helped to sustainable employment and progression in work and in learning, might work. Issues include:

- A stronger framework of rights and responsibilities;
- A personalised, responsive and more effective approach;
- Not just jobs, but jobs that pay and offer retention and progression;
- Partnership – the private, public and third sectors working together; and
- Targeting areas of high worklessness by devolving and empowering communities.

## Ready for work: full employment in our generation

This paper was published in December 2007 by DWP and sets out the steps the Government will take to reach the goals of an 80 per cent employment rate and working people with world class skills:

- Making work pay, including a new better off in work credit to ensure that all long-term claimants see a significant rise in their incomes when they take a job.
- Rights and responsibilities of lone parents:
  - Lone parents with older children, who are claiming benefits and **who can work**, will have to actively seek work (introducing lowering the youngest child age);
  - Pre-work preparation and in work support, including skills, built into a flexible system;
  - Availability of affordable childcare to be a key part of the assessment by JCP staff;
  - Increase the child maintenance disregard in the main income-related benefits to £40 per week from April 2010.
- Modernisation of the New Deals through flexible New Deal:
  - Jobcentre Plus to lead jobsearch for the first 12 months;
  - Entrance into the new **Gateway** stage after six months, common to everyone and building on the current New Deal gateways, leading to more intense jobsearch activity and skills assessment, with the most disadvantaged people being fast-tracked;
  - People still looking for work after 2 months to be referred to a specialist provider.
- Support for disabled people and people with health conditions:
  - Employment and Support Allowance to replace Incapacity Benefit for new/repeat claimants;
  - From April 2008 everyone on incapacity benefits in Britain will have access to the Pathways to Work programme;
  - A Work Capability Assessment to replace the Personal Capability Assessment, focusing on what people can do rather than what they can't;
  - Improving support to help people to stay in work particularly those with mental health conditions;



- Removing the Housing Benefit rule that prevents short-term Incapacity Benefit claimants from studying for more than 16 hours per week.
- Partnership approach to delivery:
  - Jobcentre Plus will remain at the heart of the system working alongside:
    - public, private and third sector specialist providers;
    - employers through Local Employment Partnerships and in other ways;
    - local communities through LSPs, the City Strategy and the WNF; and
    - Connexions, (now local authorities) helping to get young people into work/ training.
- Integrated employment and skills provision:
  - Basic skills screening for all new claimants and full Skills Health Checks;
  - Tailored provision for those with basic skills needs with a work focus, through the new Employability Skills Programme;
  - New adult advancement and careers service;
  - Extension of Train to Gain;
  - Increasing access to training allowances for Jobseeker's Allowance customers which allows them to participate full time for up to eight weeks in employability focused training;
  - Exploring ways we can support specific vulnerable groups undertaking full-time training, such as young people living in supported accommodation;
  - Activity Agreements for 16-17 year olds in receipt of Jobseeker's Allowance.

### **Raising Expectations: Enabling the System to Deliver**

This white paper was published by the DCSF & DIUS in March 2008 and consulted on a number of issues:

- The new 16-19 arrangements (transfer of funding to local authorities and raising the participation age of those learning to 18 by 2015);
- The LSC to be replaced by the Young People's Learning Agency (YPLA) and the Skills Funding Agency (SFA).

### **No-one Written Off: Reforming Welfare to Reward Responsibility**

This Green Paper was published by DWP on July 2008 and was a wide ranging consultation on the future of welfare. It set out plans for improving support and work incentives to create a system that rewards responsibility and delivers greater choice and control over the support that is provided:

- Tougher sanctions for those who fail to take steps to get back into work or refuse to take a job;



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- A requirement for those identified as having problems with crack cocaine or opiates to taken action to stabilise their drug habit and to take steps towards employment, in return for receiving benefits;
- Take forward plans to move existing IB claimants onto ESA. Between 2009 and 2013, all incapacity benefits claimants will be reassessed using a medical assessment called the Work Capability Assessment (WCA).

## Appendix 2 Employee Analysis (Core Cities)

Table A: Employee Analysis (Core Cities)

Area	Agriculture & fishing	Manufacturing	Construction	Distribution, hotels & restaurants	Transport & comms.	Banking, finance and insurance, etc	Public admin., education & health
Birmingham	0.03%	12%	4%	25%	5%	22%	32%
Bristol	0.10%	6%	4%	22%	5%	32%	31%
Leeds	0.20%	10%	6%	21%	6%	28%	28%
Liverpool	0.04%	6%	3%	22%	6%	22%	41%
Manchester	0.05%	5%	2%	20%	11%	32%	30%
Newcastle	0.04%	6%	3%	20%	6%	24%	40%
Nottingham	*!	8%	4%	21%	4%	31%	32%
Sheffield	0.10%	13%	5%	24%	5%	21%	33%
England	0.83%	12%	5%	25%	6%	23%	28%

! Confidential Data: 1947 Statistics of Trade Act and \* figure are aggregates from which agriculture class 0100 (1992 SIC have been excluded). Energy and water have been excluded due to lack of data.



# Appendix 3: Other Local Authorities

## Introduction

Part of our remit for this Review was to look at success in other parts of the country. Our research indicates that no one area has got all the answers, but does reinforce the point that the causes, extent and nature of worklessness and exclusion are complex and vary between areas, requiring solutions that are flexible and tailored to individual geographic needs.

It is also difficult to benchmark Birmingham against other Local Authorities due to its size and different demographics. We have therefore not attempted to undertake specific comparisons between areas but it is always useful to compare ourselves with other authorities in terms of activity undertaken as both a challenge and a reassurance.

This chapter highlights three Local Authorities who received Beacon Status<sup>76</sup> for the 'Removing barriers to work' theme.

## Leeds City Council

Leeds is the third largest City in the UK (after London and Birmingham) and has the lowest worklessness rate of the major cities (13.1% in February 2008)<sup>77</sup> though still well above national rates. In removing barriers to work, Leeds City Council has established strong partnerships throughout the city, with providers, voluntary organisations, employers and JobCentre Plus.

When awarded Beacon Status in 2003/04 Leeds City Council stated that a key plank was the development of a Family Learning Centre. This was tested in one deprived area of the city and its success led to the establishment of three other centres.

These Family Learning Centres were to provide 'cradle to grave' programmes, each centre having free childcare provision, JobCentre Plus Labour Market System terminals and extensive JobSearch support, with them being located in areas of high deprivation and supplemented by satellite venues serving particular communities.

At the time of writing this report three of the four Family Learning Centres have closed. Key reasons for these closures were loss of funding and people's unwillingness to travel to attend the main centres.

The Jobs and Skills Service still work with partners to provide learning, training and employment opportunities but this takes place in smaller community venues and by outreach work.

There are a number of Jobshops where they offer advice on jobs and training opportunities, as well as providing help with preparing or updating a curriculum vitae (CV), support with completing application forms, information, advice and guidance (IAG) and internet access for employment and jobsearch. They also provide Jobshop sessions at venues across the city.

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<sup>76</sup> Beacon status is granted to those authorities who can demonstrate a clear vision, excellent services and a willingness to innovate within a theme.

<sup>77</sup> DWP - [http://83.244.183.180/100pc/wapop/tabtool\\_wapop.html](http://83.244.183.180/100pc/wapop/tabtool_wapop.html).



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Service delivery tips from Leeds City Council as part of the Beacon Scheme award were:

- Utilise Geographical Information Systems, social profiling and data sharing protocols in order to get to know your city;
- Establish a clear vision and targets for removing barriers to work and champion at the highest level;
- Only a partnership approach will harness the components required to tackle multiple barriers;
- Work with JobCentre Plus at the strategic Community Planning level and collaborate on the operational, service delivery aspects of your work;
- Encourage employers to change their recruitment practices not out of benevolence but because there is a very good business case for doing so;
- Provide leadership and practice what you are asking others to do;
- Commit to demanding targets as an employer for the recruitment of disadvantaged groups and provide the necessary support for them to succeed.

## **Knowsley Metropolitan Borough Council**

The worklessness rate in Knowsley is 26.5% (February 2008) in comparison to Birmingham's 20.8% worklessness rate.

Knowsley MBC achieved Beacon Status through innovative approaches to partnerships, community engagement, performance management, leadership and a change in the way that chief officers and the organisation work. They worked with some of the hardest to reach groups in the borough, including 16–24 year olds; lone parents; long-term unemployed; disabled people; substance mis-users and ex-offenders.

The Knowsley approach had been in partnership and collaboration with agencies and organisations that are also involved in supporting hard to help groups. Some of these initiatives have included pre-employment training, work preparation, job rotation, positive action training and personal development.

Knowsley focused on the development of 'people based' skills and development programmes to support local people in to local jobs. It has a long established and vibrant Economic Forum and:

- A Community Plan which recognises the importance of the economy and employment as a major driver for social change;
- Specific interventions through European and other regeneration programmes aimed at their most disadvantaged communities;
- A Neighbourhood Renewal Strategy for the borough that targets their most deprived communities.

They developed a number of key drivers in promoting best practice in 'removing barriers to work':

- Through the Knowsley Economic Forum, listening to the needs of Knowsley businesses as the key drivers for job creation and the main providers for Knowsley residents seeking work;



- Work in partnership with key agencies within the public, private, voluntary and statutory sectors to maximise impact and promote joint working;
- Learn from your mistakes, e.g. project outputs that may be unrealistic to attain – such lessons should be reflected in developing new projects;
- Involve all partners at the start of a project's development, and maintain effective contact with partners at all stages of project delivery;
- Ensure that all stakeholders are integral to the planning and implementation of people-focused projects addressing specific employment barriers for Knowsley residents;
- Challenge accepted practices based on experiences of local need and circumstances.

### Nottinghamshire County Council (NCC)

The seven district and borough councils that come under Nottinghamshire County Council have worklessness rates of: Ashfield (16.7%); Bassetlaw (15.7%), Broxtowe (10.6%); Gedling (11.7%); Mansfield (19.9%); Newark & Sherwood (13.3%) and Rushcliffe (7.3%)<sup>78</sup>.

Nottinghamshire County Council in partnership with the seven district and borough councils had for a number of years been working together to address the impact of structural economic change – mainly due to the loss of nearly 40,000 jobs in the mining industry. They delivered or supported a wide-array of activities that link with the theme of Removing Barriers to Work either by supporting individual learners and jobseekers or assisting businesses in the local community.

Specific activities linked with the Beacon theme included:

- **New deal employer option** – the authority employed 85 people and signed a Public Sector Agreement to help recruit 200 people in to Nottinghamshire's public sector over three years;
- **New deal Environment Task Force (ETF)/Intermediate labour market (ILM) provision** – established one of the first ILM programmes in the country. They have a unique partnership structure which has the county council delivering support and guidance for providers who deliver high quality job outcomes;
- **Adult and community learning service** – the council believed that the development of lifelong learning underpins many of their wider social and economic goals. To help them with this they had a team of dedicated individuals working in local communities helping raise aspirations and achievement levels of people of all ages. By July 2002 over 14,650 people had enrolled on over 1600 courses at over 300 venues in the county;
- **Nottinghamshire training opportunity** – this innovative programme sought to link the unemployed people of the county to their growing small to medium enterprises – they helped over 1200 companies and 3600 individual jobseekers;

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<sup>78</sup> DWP – Feb 08



# Effectiveness of Employment Strategies

- **Connect project for the call centre industry** – an employer-led training initiative, established to respond to the growing number of opportunities in this service sector. They placed over 400 people in to contact sector jobs and helped over 35 companies with their recruitment and training needs;
- **Training partnership** – provided training opportunities for over 100 young people from age 16–18 – their provision included Advanced Modern Apprenticeships, Foundation Modern Apprenticeships, Entry to Employment and specialist help for young people with special needs;
- **Supported employment programme** – programme for 170 people with disabilities, with the aim to help people with disabilities into unsupported employment. They agreed a Public Service Agreement which aimed to increase both the number of people helped and the proportion moving in to unsupported employment;
- **Care leaver programme** – recognised the additional help required by young people leaving care and have put in place a dedicated team who work with young people in care to help them move from care into further education or employment;
- **Basic skills pathfinder** – it is estimated that over one in five adults in Nottinghamshire had poor literacy skills and over 20,000 had poor numeracy skills. The council, in partnership, trialled a new framework for delivering basic skills. Nearly 2,000 people enrolled on the courses with over 90% completing, and 80% of those taking tests were successful;
- **Inward Investment and enterprise support** - working with their partners to promote a local economy where skills, wage levels and enterprise match or exceed national averages.

Service delivery tips from Nottinghamshire County Council included:

- Being clear about the role of the local authority. NCC established a framework with three levels:
  - Strategic leader acting as the local leader in joining up strategies and policies at a local level;
  - Champion of the user representing the needs of local people;
  - Deliverer/enabler of high quality programmes providing either directly or through commissioning high added value services;
- Develop plans and programmes which have had the input of all stakeholders – service users, elected members, partner organisations and internal departments;
- Look to connect activities – an integrated approach to learning and work, from first step learning through to employability programmes and on to business support;
- Set an example, as one of the largest employers in the area local authorities must lead the way by recruiting, retaining and developing local unemployed people;
- Recognise that provision needs to reflect what the current or future labour market requires – make use of local labour market information.



## Appendix 4: Benefits Scenarios

### Briefing Note to Overview and Scrutiny Committee: Effect On Housing Benefit And Council Tax Benefit Entitlement From Starting Work

Arising from this paper Members asked for some examples highlighting some of the effects on benefit entitlement from starting work and in particular where these might be viewed as disincentives to taking up employment opportunities.

This report presents a number of illustrative examples. For ease of reference, a notional £100 per week rent figure has been used throughout and an annual council tax bill of £1000.

The examples relate to different types of households and compare the overall household position before and after work. Again for ease of reference it is assumed that adults are claiming the means tested element of Job Seekers Allowance before finding work.

Wages and tax credit calculations are based on existing rules but are estimates of entitlement and may not be fully accurate. They should nonetheless be indicative of likely levels of entitlement.

In all cases full time working rules (more than 30 hours per week) have been applied.

*Calculation 1 – Childless couple both claiming JSA: One starts work with a weekly wage of approximately £250 gross and £193 take home. Rent is £100 per week and council tax £1000 for the year.*

Before	Amounts	After	Amounts
JSA Couple	£92.80	Earnings	£193.00
Housing Benefit	£100.00	Housing Benefit	£35.70
Council Tax Benefit	£19.18	Council Tax Benefit	£0.00
		Working Tax Credit	£24.16
<b>Total</b>	<b>£211.98</b>	<b>Total</b>	<b>£252.86</b>

In this example the couple's income has increased by £124.36 (wages plus WTC minus JSA) but the overall effect in terms of loss of HB and CTB reduces this to £40.88. In addition, before work the couple would have been entitled to free prescriptions, dental treatment and eye tests. In work, these will be payable.

*Calculation 2 – Couple with 2 dependant children and one grown up non-dependant: All 3 adults are claiming JSA. The grown up child starts work with a wage of £250 gross per week. Rent is £100 per week and council tax £1000 for the year.*

In this example the non-dependant's income has increased by £135.85 but the net effect on the 'household' situation is less dramatic as the reductions in HB and CTB are due to higher non-dependant charges becoming applicable. Overall the 'household' is just under £100 better off but the increased income belongs to the non-dependant while the HB/CTB reductions are on his/her mother and father's claims.

The non-dependant loses entitlement to free health benefits but the rest of the family retain these along with free school meals for the two dependant children.



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Before		Amounts		After		Amounts	
JSA Couple	£92.80			JSA Couple	£92.80		
Child tax credit	£81.44			Child tax credit	£81.44		
Child benefit	£30.20			Child benefit	£30.20		
JSA single	£59.15			Earnings	£193.00		
Housing Benefit	£92.60			Housing Benefit	£61.80		
Council Tax Benefit	£19.18			Council Tax Benefit	£14.58		
<b>Total</b>	<b>£375.37</b>			<b>Total</b>	<b>£473.82</b>		

*Calculation 3 – This is the same situation as 2 above but now one of the parents has also started work at the same place and same rate as the non-dependant*

The position following the non-dependant starting work compared with that, which applies when one of the HB/CTB also starts work, is:

Before		Amounts		After		Amounts	
JSA Couple	£92.80			Earnings couple	£193.00		
Child tax credit	£81.44			CTC and WTC	£105.60		
Child benefit	£30.20			Child benefit	£30.20		
Earnings	£193.00			Earnings	£193.00		
Housing Benefit	£61.80			Housing Benefit	£0.00		
Council Tax Benefit	£14.58			Council Tax Benefit	£0.00		
<b>Total</b>	<b>£473.82</b>			<b>Total</b>	<b>521.80</b>		

Following the second person starting work the family has become entitled to some Working Tax credits which has increased their Tax Credit income by £24.16 along with additional earnings equating to a net increase of £100.20.

The increased income however now means that the family are no longer entitled to HB and CTB reducing the overall household gain to £47.98. In addition the couple will no longer be entitled to free health benefits and to free school meals.

Compared with the pre work situation the two jobs have increased the family's net income by £146.43.

*Calculation 4 – this is again the same family back at 2 above. This calculation shows the position had just one of the couple started work at £250 gross per week.*

Before		Amounts		After		Amounts	
JSA Couple	£92.80			Earnings couple	£193.00		
Child tax credit	£81.44			Tax credits	£105.60		
Child benefit	£30.20			Child benefit	£30.20		
JSA single	£59.15			JSA single	£59.15		
Housing Benefit	£92.60			Housing Benefit	£27.67		
Council Tax Benefit	£19.18			Council Tax Benefit	£0.00		
<b>Total</b>	<b>£375.37</b>			<b>Total</b>	<b>£415.62</b>		

Although there is still some entitlement to HB, all CTB has been lost. Increased income from earnings and tax credits overall is therefore £40.25.



*Calculation 5 – This is an extended multi generation family comprising a retired mother and father, 3 adults sons a daughter in law and 2 grandchildren. The parents are getting Pension Credit and all other adults are receiving JSA.*

<b>Before</b>	<b>Amounts</b>	<b>After</b>	<b>Amounts</b>
Pension credit couple	£181.70	Pension credit couple	£181.70
JSA Couple	£92.80	Earnings couple	£193.00
Child tax credit	£81.44	Tax credits	£105.60
Child benefit	£30.20	Child benefit	£30.20
JSA single	£59.15	JSA single	£59.15
JSA single	£59.15	JSA single	£59.15
Housing Benefit	£77.80	Housing Benefit	£37.45
Council Tax Benefit	£19.18	Council Tax Benefit	£12.23
<b>Total</b>	<b>£601.42</b>	<b>Total</b>	<b>£678.48</b>

The family income has increased by £77.06 due to the loss of HB/CTB for the parents arising from a higher non-dependant charge being payable in respect of their now working son and daughter in law.

The working couple will now lose their free health benefits and free school meals but all other members of the family retain their own entitlement.

*Calculation 6 – This is the same family but now one of the other grown up children has also started work at the same rate.*

The original family position was:

<b>Before</b>	<b>Amounts</b>
Pension credit couple	£181.70
JSA Couple	£92.80
Child tax credit	£81.44
Child benefit	£30.20
JSA single	£59.15
JSA single	£59.15
Housing Benefit	£77.80
Council Tax Benefit	£19.18
<b>Total</b>	<b>£601.42</b>

The position comparing the first and second changes is:

<b>1st change</b>	<b>Amts</b>	<b>2nd change</b>	<b>Amts</b>
Pension credit couple	£181.70	Pension credit couple	£181.70
Earnings couple	£193.00	Earnings couple	£193.00
Tax credits	£105.60	Tax credits	£105.60
Child benefit	£30.20	Child benefit	£30.20
JSA single	£59.15	Earnings single	£193.00
JSA single	£59.15	JSA single	£59.15
Housing Benefit	£37.45	Housing Benefit	£6.65
Council Tax Benefit	£12.23	Council Tax Benefit	£7.63
<b>Total</b>	<b>£678.48</b>	<b>Total</b>	<b>£776.93</b>

Overall the household is now a further £98 better off. The parents' HB and CTB entitlement has been further reduced which has offset some of the increased earnings.

The parents and the non-dependant still on JSA retain entitlement to health benefits.