

## REPORT OF THE FORMER TRANSPORT, ENVIRONMENT & REGENERATION OVERVIEW AND SCRUTINY COMMITTEE

### WORKLESSNESS

#### 1. INTRODUCTION

- 1.1 In 2011, the Scrutiny Review “Supporting the Recovery” concluded that “the city’s major weakness is the low levels of skills, particularly amongst the long term unemployed” and that addressing this is fundamental to the city’s economic future. The report, debated and agreed at the City Council meeting in June 2011, stated that the reduction of long term worklessness and closing the ‘skills gap’ should be a priority for the city.
- 1.2 Since that report, the structures supporting those out of work have changed and the City Council has had to adapt its role to meet the new arrangements. In particular, the City Council no longer receives significant direct funding from the Government for this activity and therefore has to work in other ways to influence provision.
- 1.3 Mindful of this, the former Transport, Environment and Regeneration O&S Committee continued to examine the different elements of provision and support to those out of work. As part of this, meetings were held with the Skills Funding Agency (SFA), Job Centre Plus (JCP), Association of Colleges (AoC), the European Social Fund (ESF) Providers and the three Work Programme Providers.
- 1.4 This report sets out the key elements of the new landscape, and the proposed next steps in tackling this persistent problem for Birmingham.

#### 2. BACKGROUND

- 2.1 In November 2011, the number of residents claiming a workless benefit in Birmingham was **124,720** (figures released in May 2012). Birmingham had the second highest worklessness rate (18.5%) amongst the core cities, behind Liverpool (21.7%).<sup>1</sup>
- 2.2 The May 2012 figures for **unemployment** showed that Birmingham has an unadjusted claimant count of **49,767**. Birmingham’s claimant rate of 12.3% was the third highest of the Core cities.<sup>2</sup>
- 2.3 More detailed analysis shows that a higher proportion of those aged 18 – 24 years (as a proportion of resident population of the same age) are claiming JSA than any other age group (10.5%). Unemployment remains highly concentrated in specific localities in Birmingham, with six wards having unemployment rates in excess of 25% as at May 2012. These were Aston (30.2%), Washwood Heath (28.5%), Lozells & East Handsworth (28.4%), Nechells (26.9%), Sparkbrook (25.7%) and Ladywood 25.3%.

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1 “Worklessness” is used to describe people of working age who are not employed and are claiming a workless benefit (JSA, Employment Support Allowance, Income Support, Pension Credit etc). The worklessness rate is the percentage of the working age population who are claiming one of the above benefits)

2 “Unemployment” refers to those claiming Job Seeker Allowance (JSA). The claimant rate is the proportion of claimants divided by residents economically active

### **3. COMMITTEE FINDINGS**

3.1 During the course of the work the Committee identified three key issues:

- The need to recognise worklessness as a priority for Birmingham;
- The need to work with partners and the third sector;
- The need to capture employment opportunities for those who are out of work.

#### **Worklessness as a Priority**

3.2 Earlier work by the Committee identified that Birmingham has a significant number of residents who have been out of work for some time. These tend to be concentrated in certain areas of the city. The Committee therefore continued to monitor the priority given to tackling long-term worklessness within key city strategies.

3.3 The overarching strategy for the city is the Community Strategy Vision 2026. Whilst the Supporting the Recovery Scrutiny Review recommended that 'the reduction in long-term worklessness and the 'skills gap' should be explicit targets in Birmingham's Community Strategy Vision 2026', a clear statement to this effect has not yet materialised.

3.4 Another significant arm of local policy is the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) – the business and local authority led body tasked with driving economic growth and job creation in economic areas. Members were informed that addressing employment and skills issues is central to the GBSLEP achieving its ambitions. The emerging economic strategy is based around three themes, one of which is "People" and focuses on skills and economic inactivity.

3.5 Whilst welcoming these developments, Members considered that this activity ought to be supported by some dedicated funding, and suggested that a percentage of the Enterprise Zone receipts is utilised to address the skills gap and worklessness.

3.6 It was also noted that GBSLEP has plans to create a net increase of 100,000 private sector jobs by 2020 in the GBSLEP area. Members were not convinced this would be enough to meet the demands of the growing working age population. Indeed the former Coordinating O&S Committee were informed at their meeting in February 2012 that the number of jobs needed in Birmingham for the city to perform above the national average is 127,700, with the future jobs gap being predicted as 143,900 in 2025.

#### **Working with Partners**

3.7 Tackling worklessness has always been an activity requiring a number of agencies to come together to provide the most effective support. The City Council's role in this has, on the face of it, been reduced with the lack of any significant direct funding for this activity. However, it became increasingly clear over the year that, whilst each agency had its own remit, there was a need for these bodies to be brought together to ensure the needs of Birmingham citizens were being met.

3.8 Part of the issue is the range of funding streams from different Government departments, which have similar remits but different timescales and overall objectives. The key partners and funding are:

- Department for Work and Pensions (DWP): DWP oversees both the Work Programme (see Box 1 below) and one stream of European Social Funding (ESF): Families with Multiple Problems (see paragraph 3.13);
- Job Centre Plus (JCP): JCP administer the Work Programme as well as providing support for those in the first months of unemployment;

- The three Work Programme providers: these have been contracted to provide mainstream employment support provision for Birmingham, Solihull and the Black Country;
  - The Skills Funding Agency (SFA): the SFA allocates its mainstream funding based on strategic planning numbers to colleges and other skills training organisations. It also allocates another stream of ESF Co-financing to commission delivery in respect of Skills Support for the Unemployed and Pre-redundancy support. During 2011 these contracts were delivered by JHP Ltd and Burton College respectively. Early in the new calendar year, the SFA re-tendered for these contracts following the time-expiry of the previous arrangements. The newly contracted provider for these programmes is the Newcastle College Group;
  - Local colleges delivering education and training in the city.
- 3.9 The need to bring these bodies and programmes together has been recognised by GBSLEP. The Board are creating a GBSLEP wide Employment and Skills Board (ESB). The ESB is charged with producing an annual skills priorities statement to inform skills commissioning plans and underpin the business plans of providers such as FE Colleges.
- 3.10 A GBSLEP Strategic Provider Forum will be established alongside the ESB, bringing together major organisations involved in the delivery of employment and skills. It will be supported by dialogue with new groups such as the GBSLEP FE Principals' Forum and existing networks such as the Association of Colleges.
- 3.11 Sitting underneath the GBSLEP ESB will be the four local ESBs: Birmingham, Solihull, South Staffordshire and North Worcestershire. The Birmingham ESB will be supported by a Provider Forum bringing together a range of local providers including FE Colleges in order to share experiences and expertise, and data where appropriate.
- 3.12 Despite this agreement to closer working, data sharing remains an issue with regards to the Work Programme. Members were concerned that there may be a number of claimants who drop out of the Work Programme (and therefore lose their benefit entitlement) because they may not be getting the support they need. This may affect disproportionate numbers from certain groups. However, Members were unable to establish whether this was the case as DWP has placed restrictions under the Work Programme contracts that does not permit them to share any form of management information relating to the Work Programme with any non-contracted third party.<sup>3</sup>
- 3.13 Other funding streams also rely on partnership working. The City Council has also been involved in other work supporting contractors in the region, for example under the DWP/ESF Families with Multiple Problems scheme, whereby DWP commissioned the delivery of a family intervention programme focused upon employment support outcomes. Officers had pre-tender discussions with the nine agencies that submitted tenders for the West Midlands region (a £28 million contract over three years) and set out some delivery principles that the Council would wish the provider to adhere to in Birmingham.
- 3.14 EOS Works Ltd were appointed as the prime contractor for this programme in the West Midlands area. As a result of a series of post tender negotiations with the City Council and other key local partners, EOS committed to 29% of the regional programme resource being deployed in the Birmingham area. Members were informed that they had recruited four key workers and one senior worker to work with families in Birmingham and these staff have been successfully co-located and aligned with the Council's Children, Young People and Families locality teams. The process of identifying and referring priority families into the

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<sup>3</sup> Since the drafting of this report, DWP have indicated that local authorities will be able to access some data from Work Programme providers. However, this is still not at the level of detail we would like to see in order to enable specific targeting.

programme is now on-going, as is aligning this programme with the newly announced Troubled Families Initiative to be delivered through Local Authorities via “payment by results” funding available through Department for Communities and Local Government (DLGG).

- 3.15 The City Council are also leading on the **DWP Co-design WiSH (Worklessness in Shard End and Handsworth) pilot** to offer individuals with multiple barriers to employment better access to support services to help deal with the underlying issues preventing employment being secured. This support is provided by a co-located partnership team involving JCP, Midland Heart, Pertemps People Development Group and the City Council. Services are also provided to other excluded groups i.e. care leavers and Birmingham residents leaving HMP Winson Green. Currently the project has supported 379 hard to support workless clients, with 51 clients having so far progressed into employment. An interim evaluation is currently being conducted with a final evaluation due to be available at the end of the project’s two year delivery period in May 2013.

### **Working with the Third Sector**

- 3.16 Alongside the partners mentioned above, another important part of the support for the long-term workless is the third sector. For example, it can be important for specific target communities that delivery of services is provided in places of trust through culturally tailored provision. Third sector involvement can add significant value to this.
- 3.17 A key problem identified is that the scale of funding mechanisms being utilised by the DWP and the SFA results in difficulties when brokering sustainable delivery partnerships involving the smaller third sector agencies. For example, the Work Programme contracts were too large for most third sector organisations to tender, and whilst most successful contractors stated that they would work with local third sector providers, little work has actually been sub-contracted. These concerns were reflected on a national level in a recent Select Committee report on the Work Programme.<sup>4</sup>
- 3.18 Council officers continue to work with the Work Programme Providers, who have agreed to review whether there are any service gaps where they can use third sector agencies and Registered Social Landlords.
- 3.19 Also, Members were informed that council officers are exploring drawing down other resources such as submitting applications for employment development activity to the JCP District Office under their **Flexible Support Fund Arrangements**. To that end, acting as Lead accountable body the City Council submitted 13 project proposals. In April 2012, the Council received offer letters in respect of eight of these projects that had been positively appraised. Two of the projects are in respect of direct City Council delivery, with six to be delivered through grant arrangements with external third sector delivery agencies.
- 3.20 Overall, the projects have the potential to draw down £323,546 of grant funding to deliver 199 employment outcomes for workless residents, particularly those for communities disproportionately distanced from the labour market. Subject to Cabinet Member approval these projects should commence from September 2012.

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<sup>4</sup> Work and Pensions Committee: Fourth report, Work Programme: Providers and Contracting arrangements – 8<sup>th</sup> May 2011

### Box 1: The Work Programme

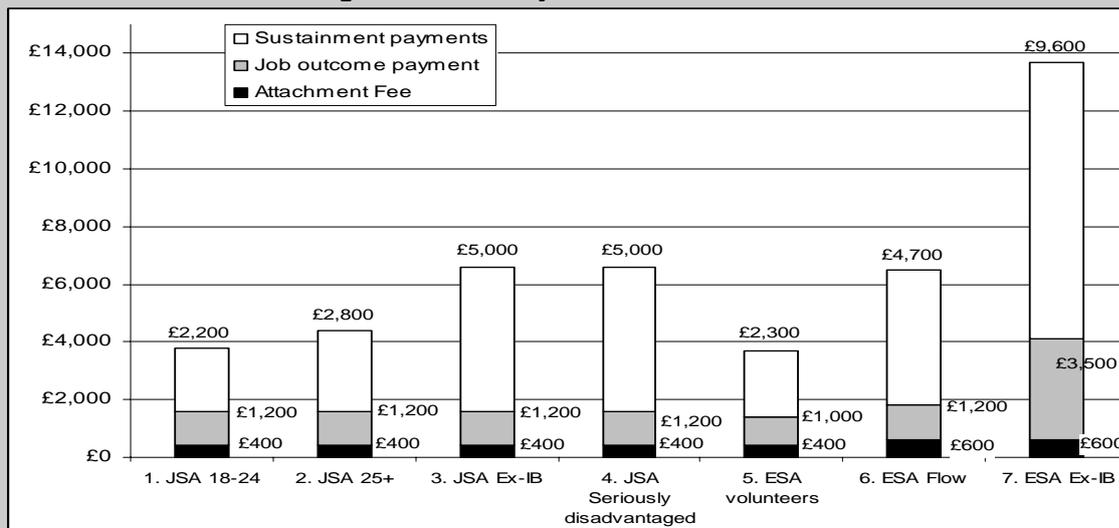
- 3.21 The Work Programme largely replaced the previous mainstream employment support provision. It is delivered for Job Centre Plus (JCP) by three Work Programme providers for Birmingham, Solihull and the Black Country: EOS Works Ltd, Newcastle College Group and Pertemps People Development Group. The Providers signed a five year contract and delivery began in June 2011.
- 3.22 Job Centre Plus randomly allocates all claimants to one of the three Work Programme Providers based on their market share of each claimant group. This ensures an equal share to test the Providers delivery models (see table 1 for details of referral times).

**Table 1: Customer Groups and Referral Times**

Customer Groups	Time for Referral
<b>Job Seekers Allowance (JSA) Customers aged 25+</b>	From 12 months
<b>JSA Customers aged 18-24</b>	From 9 months
<b>JSA ex Incapacity Benefit (IB)</b>	From 3 months
<b>JSA seriously disadvantaged in the labour market</b>	From 3 months
<b>All ESA Customers (replaced IB)</b>	Voluntary at any time
<b>ESA (income related) customers who are placed in the Work Related Activity Group</b>	When customers are expected to be fit for work within 3 months

- 3.23 Customers referred to the Work Programme are provided with tailored support so they can overcome barriers that prevent them from finding and staying in work. This includes support with job searches, skills development, job placements and in work support.
- 3.24 **The funding mechanisms differ from previous welfare to work programmes as funding is outcome based, with the Work Programme Providers taking the financial risk.** The Providers receive an attachment fee for each claimant but do not receive further payment unless the client gets a job and keeps it for a period of time. Therefore any skills training is an investment that the Providers will hope to recover when the client enters and retains employment (see table 2 for the different payments for the different client groups).

**Table 2: Differential Pricing: Maximum Payments**



## **Capturing Employment Opportunities**

- 3.25 The City Council has also taken a role in capturing job opportunities for those who are out of work. The Employment Team's Employment Access Team (EAT) utilises the Council's planning and procurement powers to work with developers and employers to capture jobs, so they can be made available to organisations supporting unemployed priority residents into employment and apprenticeships.
- 3.26 Since the Procurement Policy Framework for Jobs was adopted by Cabinet in July 2010, this has resulted in a commitment for up to 5,400 jobs for local residents. EAT works with successful contractors to ensure they meet their contracted training and employment targets. Recent large-scale examples include Constructing West Midlands and Birmingham Energy Savers Phase 2.
- 3.27 Recent examples of EAT recruitment campaigns being taken forward around key development sites include:
- Birmingham Gateway New Street Station;
  - Library of Birmingham;
  - East End Foods, Aston;
  - Extra Care Village, Newtown.
- 3.28 The work of the EAT team culminates in a series of localised recruitment campaigns with customised training linked to specific vacancies identified through links with developers and employers arising from the planning and procurement links described above. Members of the Committee emphasised the need to capture manufacturing jobs as part of this work.

## **4. YOUTH UNEMPLOYMENT**

- 4.1 Finally, whilst not a focus of the work over the year, Members received a report on youth unemployment in response to the pressing need to address high levels of unemployment amongst Birmingham's young people. Members considered the new initiatives under the Youth Contract and grant incentives available to employers to stimulate delivery of Apprenticeship opportunities.
- 4.2 Since the March meeting, the Development Directorate has been coordinating a dialogue between City Council Directorates (CYPF, Connexions, Be Birmingham and Youth Offending Service) and Jobcentre Plus District Office regarding the Youth Contract and the reconfiguration of JCP services for young people (including redeployment of Broad Street Job Centre as a Youth Services access and co-ordination point at the centre of a network of community based service access points).

## 5. RECOMMENDATIONS

- 5.1 The work of the former Transport, Environment & Regeneration O&S Committee over the last year has highlighted a number of concerns with regard to how support for those who have been out of work for a long time is provided. In particular, there is a need to be clear that tackling long term worklessness is a priority and where possible should be supported by funding coming in through the GBSLEP (such as the potential Enterprise Zone receipts).
- 5.2 However, there are also many opportunities, and the Committee was encouraged by the agreement of local providers to work closely with the GBSLEP and the City Council to deliver appropriate results for Birmingham. The clear stumbling block is the inability of the Work Programme providers to share data on their programme, which means that others including the City Council cannot ascertain where the gaps in provision are and use additional funding accordingly.
- 5.3 There is also concern that some third sector providers are struggling to get contracts and deliver services in a sustainable manner.
- 5.4 As a result of conducting this work, Members agreed that the Birmingham Economy and Jobs O&S Committee should continue to monitor progress against the recommendations contained within the Supporting the Recovery Scrutiny Review and the additional recommendations below build on this.

	<b>Recommendation</b>	<b>Responsibility</b>	<b>Completion Date</b>
<b>R01</b>	That the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) is asked to commit to using a percentage of the Enterprise Zone receipts to support the long-term workless into work.	Leader	December 2012
<b>R02</b>	That DWP is lobbied for the further relaxation of sharing data with local authorities so that the City Council can assist / broker contracts with the third sector to 'plug the gaps' in provision for customers whose needs are not being met.	Leader	December 2012
<b>R03</b>	That the City Council continues to support third sector organisations in the city with regard to employment and skills support, despite the limitations on resources, and that a further report on positive action taken by the City Council is considered as part of future work of the Birmingham Jobs and Economy O&S Committee	Cabinet Member for Development, Jobs & Skills	December 2012
<b>R04</b>	The Cabinet Member should report back to the Birmingham Economy and Jobs O&S Committee in March 2013.	Cabinet Member for Development, Jobs & Skills	March 2013

## MOTION

That the recommendations shown above be approved, and that the Executive be requested to pursue their implementation.