

## **Employment and skills update**

For information

### **Summary**

This report summarises recent LGA activity and developments in relation to the People and Places Boards' agreed work programme on employment, skills and economic growth issues.

### **Recommendation**

That the Board notes progress against each of the key work programme areas.

### **Action**

As directed by the Board.

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|-------------------------|--------------------------|
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## **Employment, skills and economic growth update**

### **1. LGA / Centre for Economic and Social Inclusion (CESI) research**

- 1.1 The Board agreed a programme of work on welfare, employment and skills with a focus on a research project the LGA has commissioned from the Centre for Economic and Social Inclusion (CESI).
- 1.2 In consultation with Board members the LGA identified a core group of 11 places with whom we will work closely to develop the evidence base for our proposal, and draw on learning from local approaches. The 11 places are:
  - Devon
  - Essex
  - Surrey
  - Lincolnshire
  - Shropshire
  - Staffordshire
  - Greater Manchester
  - West Yorkshire combined authority (Leeds, Wakefield and Barnsley)
  - Newcastle
  - South London tri-borough (Lambeth, Southwark and Lewisham)
  - Southampton and Portsmouth
- 1.3 In July we published the **first in the planned series of three reports** which will set out the challenges for our employment and skills system and propose ways it can be improved. '**Realising Talent**' looked at the extent and nature of the skills gap we face in the future – at both the national and local level. A continuing trend towards higher skilled jobs will mean there will be significant changes in the demand for labour over the next seven years and beyond.
- 1.4 The report highlighted that under the current centralised system councils' ability to address the widening gap was severely constrained. This could **restrict economic growth** if employers can't recruit the skills and capabilities they need. We have calculated that in 2022 between 16% and 25% of growth could be lost by not investing in skills. This means that up to £375 billion of output is at risk.
- 1.5 The **second report** in the series is due to be published in **early February**. A draft will be available for **circulation to members for comment on the 15<sup>th</sup> January**. The second report will complement the broad geographical perspective taken in the first report by exploring the impact of a centralised, nationally commissioned system from the **perspective of individuals seeking employment, progression and additional support**. It will
  - 1.5.1 Use a series of pen-pics to highlight some typical journeys for those seeking employment and progression. These will include a lone parent, an older person seeking retraining after redundancy, a long-time unemployed

Employment and Support Allowance (ESA) claimant recently reassessed as fit for work and a young person not in education, training or employment (NEET). These will enable us to highlight some key touch-points and interactions with the employment and skills system and other key services e.g. welfare benefits, housing and advice providers. We are liaising with the eleven areas to ensure that these touch-points identify the real opportunities and barriers faced by councils and individuals.

- 1.5.2 Draw on the experiences of the eleven areas to set out the ways in which the current system causes obstacles, confusion and disincentives for individuals, and barriers to integration and personalised support for providers.
  - 1.5.3 Set out what is currently provided nationally and locally, and what is needed to improve experiences and outcomes for those seeking employment and progression.
  - 1.5.4 Set out figures which illustrate outcomes for key groups who currently face the greatest barriers to employment and progression, for example outcomes for lone parents moving from Income Support on to Jobseekers Allowance (JSA). This will be displayed on a map again drawing on the eleven areas. This will also enable us to show considerable variation between the constraints upon and needs of individuals in different areas.
  - 1.5.5 Set out examples from other service areas where a more devolved approach has allowed for greater integration and personalisation and improved outcomes including: Troubled Families and Universal Support delivered locally (USdl).
- 1.6 A **final report** in Spring 2015 will make proposals for addressing the challenges highlighted in reports one and two, and set out how these can be more effectively addressed through a more devolved and locally integrated approach. This will contribute to the broader objectives identified in '100 days'.

## **2. National Institute of Economic and Social Research (NIESR) report – Local authority schemes supporting people towards work (Annex 1)**

- 2.1 We will shortly be publishing the findings of some work that we commissioned from the National Institute for Economic and Social Research (NIESR) to explore where locally led and commissioned programmes are complementing, out-performing or enhancing national provision. The research looked at a number of specific locally-led schemes in detail and clearly demonstrates that there are a number of vulnerable groups – for example those who have been failed by the work programme, or the economically inactive (who are not claiming benefits) – whose needs are much more effectively met, and who achieve better outcomes, through local approaches. It dovetails with the CESI research outlined above to support the case for devolution and integration of commissioning and delivery for employment and skills.
- 2.2 In a joint foreword with Cllr Sir Richard Leese, Chair of the City Regions Board and Cllr David Simmonds, Chair of the Children and Young People's Board **Cllr David Hodge** says: "We want to open a serious debate on the future of employment

support for vulnerable young people and adults; a future that has to focus on bringing together funding locally so that partners can efficiently plan investment across places, on building new relationships with local employers to fill skills gaps, and on integrating services around those with more complex barriers to work.”

### **3. The future of back-to-work and in-work support**

- 3.1 The two specific pieces of work highlighted above are being delivered in the context of our ongoing work to develop clear and well evidenced lobbying lines on the future design and delivery of the Work Programme and other back-to-work and in-work support.
- 3.2 The LGA is arguing that groups of councils should be given the power, funding and lead responsibility to integrate and commission back to work support from 2017 (when current Work Programme/Work Choice contracts end) alongside skills and welfare support.
- 3.3 We are bringing together research and evidence from a number of different strands of work including employment and skills, Universal Credit, Troubled Families and Public Health as well as our broader work on public service transformation to make a clear and well-evidenced argument for the cost-effectiveness and improved outcomes through giving councils the freedom and flexibility to commission locally, particularly for those facing the most complex barriers to employment and progression.

Some recent examples include:

- 3.3.1 The LGA hosted a round table with a small group of councils and the Department for Work and Pensions on ‘Work Programme Plus’ in October. There remain some considerable differences of perspective between the Department and the LGA about the appropriate balance between national and local commissioning and delivery, and the role of local authorities in delivering back-to-work and in-work support. We are drawing on the work outlined above to continue to press the case for devolution and integration.
- 3.3.2 The Chairman met with Rachel Reeves MP, Shadow Secretary of State for Work and Pensions on 26 November. She was particularly interested in our proposals for the devolution of back-to-work support and our ideas for the Youth Jobs Subsidy, and we have subsequently provided her with more detail of our work on employment, skills and economic growth.
- 3.3.3 Jasbir Jhas and Nick Porter met recently with the Employment Related Services Association (ERSA), which represents Work Programme providers. ERSA are open to arguments on locally-led commissioning if we can offer them assurances about the relationships and benefits for providers, although they have some anxieties about performance management; we have therefore agreed to work with them on areas where we are in agreement.

- 3.3.4 Rose Doran attended a round table session with DWP and the ‘Universal Support delivered locally’ trial sites for Universal Credit in Birmingham on 28 November. Building on the earlier local authority-led pilots these places are clearly demonstrating that co-location and / or integration of council, JCP and VCS advice and support is benefiting claimants in both urban and rural contexts. The LGA is liaising closely with the trial sites to ensure that we continue to draw on this work, which is sponsored and supported by DWP’s Universal Credit programme, in our discussions with Government about devolution and integration.
- 3.3.5 The Chairman will be speaking alongside Lord Freud MP, Minister for Welfare Reform at the LGA’s annual **welfare reform conference** on **12 January**. This conference will also include a presentations from CESI on the work outlined above, and Lesley Seary, Chief Executive, LB Islington, making the case for devolution and integration of welfare, employment and skills.

#### **4 Next steps**

Members are invited to review the draft second report from CESI from the perspective of individuals seeking employment, progression and additional support when it is available for circulation on 15 January 2015.

#### **5 Financial Implications**

Work set out here will be carried out within existing resources.