

**POLICY REVIEW OF THE WORKING NEIGHBOURHOOD STRATEGY – DRAFT  
FINAL REPORT**

**REPORT OF THE PROSPERITY & ECONOMIC DEVELOPMENT SCRUTINY  
COMMITTEE**

**1. Purpose of Report**

- 1.1 To provide the Scrutiny Committee with its draft final report following a review of the use of the Working Neighbourhood Fund (WNF) in Sunderland through the Working Neighbourhood Strategy (WNS).

**2. Introduction**

- 2.1 The WNF, announced on 4 November 2008, is part of the government's drive to reduce long term unemployment and benefit dependency in the most disadvantaged communities over a three year period (2008/09 to 2010/11). The overall aim of the Council's WNS is to deploy that funding to increase the economic prosperity of the city as a whole by increasing the number of residents in work and those working for themselves, and thereby increasing the number of residents with better skills and earning power.
- 2.2 The WNS sets out a range of activities to engage and progress those claiming out of work benefits and who are not actively engaged on mainstream programmes, taking those furthest from the job market and moving them along a journey towards job-readiness and subsequent employment..
- 2.3 The WNS setting out its vision and aims was endorsed by Cabinet in December 2008. The government's intention for the WNF is for communities to find ways of breaking the cycle of worklessness and a lack of economic growth in deprived areas. The additional challenge for the Council and its partners has been to achieve the vision and aims in a labour market that has become increasingly contracted in a time of recession.

**3. Aim of the Review**

- 3.1 To examine the implementation and operation of the Working Neighbourhood Fund in Sunderland including the perspective of the customer and their experience with various agencies through first contact, engagement, job readiness, into work, and support in work.

**4. Terms of Reference**

- 4.1 The terms of reference were agreed as:
- a) Are the objectives and targets of the WNS being achieved?
  - b) Do outcomes represent value for money given the high level of expenditure involved?

- c) What is happening to worklessness rates over the period of the strategy, including impact on measures in the LAA, citywide and area level?
- d) What are the customers experience and the labour market view of the interventions?
- e) What lessons can be learned?; and
- f) Which interventions/projects in the City work best and why?

## **5. Membership of the Working Group**

- 5.1 The review was carried out by a Working Group appointed by the Prosperity and Economic Development Scrutiny Committee. The Working Group was chaired by the Vice-Chair of the Scrutiny Committee, Councillor Michael Arnott. Other members of the Working Group were Councillors Alan Wright, Bob Symonds, Ian Cuthbert, and Paul Dixon (up to January 2010).

## **6. Methods of Investigation**

- 6.1 The following methods of investigation were used:
- a) Evidence was taken from the lead officer at the Scrutiny Committee on 17 June 2010;
  - b) Working Group meetings were held on 12 October 2009, 1 December 2009, 9 December 2009, 26 January 2010, 10 February 2010 and 8 March 2010;
  - c) Visits were made to Job Linkage outlets on 4 November 2009 at Hetton, Thorney Close and Hylton Castle;
  - d) Visits to six specialist providers were held on 4 and 19 November 2009;
  - e) A survey was carried out with users of the Employer Link service;
  - f) Telephone interviews were conducted with a random sample of clients who were supported into self-employment by Talent Scouts and Business Advisors;
  - g) Focus groups and one-to-one interviews were held with a random sample of clients of the Job Linkage service;
  - h) Evidence was taken from the Enterprise Consortium leading the Enterprise programme including meeting with Talent Scouts and Business Advisors on 3 February 2010;
  - i) Evidence was taken from Job Centre Plus at a meeting on 1 December and at the Scrutiny Committee on 17 February 2010;
  - j) Members attended WNS Board meetings on 11 November 2009 and 24 February 2010;
  - k) Members attended a meeting of the Future Jobs Fund on 13 January 2010;
  - l) Research was carried out with other local authorities in receipt of similar amounts of WNF to compare arrangements.

## **7. Setting the Scene**

### **The Worklessness Problem**

- 7.1 Worklessness is a central wellbeing indicator for any area; crime rates, liveability, environment, health and education indicators are generally better in areas of lower worklessness and higher economic activity and increasing worklessness can act as a trigger for areas falling into a spiral of decline.

- 7.2 The population of Sunderland stands at 280,300 of which 175,900 are of working age. Employment rates in Sunderland are 70.7%, below the national average of 73.3%, and 9.4% of the working age population are unemployed, compared to 8.8% for the North East and 6.9% for Great Britain.
- 7.3 The Jobseeker's Allowance (JSA) is payable to people under pensionable age who are available for, and actively seeking, work of at least 40 hours a week.

**Table 1. Total JSA claimants (February 2010)**

|            | Sunderland<br>(numbers) | Sunderland<br>(%) | North East<br>(%) | Great Britain<br>(%) |
|------------|-------------------------|-------------------|-------------------|----------------------|
| Males      | 8,015                   | 8.8               | 8.2               | 6.0                  |
| Females    | 2,509                   | 3.0               | 2.8               | 2.5                  |
| All people | 10,524                  | 6.0               | 5.6               | 4.3                  |

Source: Office of National Statistics

Note: % is a proportion of resident working age population of area and gender

- 7.4 The number of unfilled vacancies handled by Jobcentre Plus, and actively available to jobseekers are set out below and represent a market share of vacancies throughout the whole economy.

**Table 2. Jobcentre plus vacancies (February 2010)**

|  | Sunderland | North East | Great Britain |
|--|------------|------------|---------------|
| Unfilled jobcentre vacancies (numbers)                         | 1,264      | 9,606      | 228,020       |
| Unfilled jobcentre vacancies per 10,000 working age population | 72         | 60         | 62            |
| JSA claimants per unfilled jobcentre vacancy                   | 8.3        | 9.3        | 7.0           |

Source: Jobcentre Plus

## The Challenge

- 7.5 The key project indicators are set by the City Region Multi Area Agreement and the Sunderland Local Area Agreement. Although these indicators are central to the success of the WNS, the responsibility for achieving these Indicators are shared by **all partners of the Local Strategic Partnership and most notably with Jobcentre Plus.**

|        |   |
|--------|---|
| NI 151 | To increase the overall employment rate (MAA Target)                                    |
| NI 152 | Working age people on out of work benefits  |
| NI 153 | Working age people claiming out of work benefits in the worst performing neighbourhoods |

WNS also contributes to a number of supplementary national indicators:

|        |  |
|--------|--|
| NI 163 | Working age population qualified to at least level 2 or higher |
| NI 117 | 16-18 year olds not in employment, education or training       |

The WNS will contribute to regional indicators which have been set for the European Regional Development Fund:

The creation of 3006 new Small Medium Enterprises, of which a minimum of 15% will be in deprived areas.

The creation/safeguarding of 16,450 gross jobs of which up to 15 % will be in deprived areas.

## The Causes of Worklessness

7.6 The worklessness population is made up of disparate groups of individuals and households. The reasons why they are out of work differ accordingly. Several factors need to be considered in tackling the causes of worklessness and what approach is successful between “groups” (such as disabled people, lone parents, etc).

7.7 In Sunderland the benefit claimant working age client groups are:

**Table 3. Working-age client group - key benefit claimants (August 2009)**

|                                   | Sunderland<br>(numbers) | Sunderland<br>(%) | North East<br>(%) | Great Britain<br>(%) |
|-----------------------------------|-------------------------|-------------------|-------------------|----------------------|
| Job seekers†                      | 10,030                  | 5.7               | 5.1               | 4.0                  |
| ESA and incapacity benefits†      | 19,190                  | 10.9              | 9.6               | 7.1                  |
| Lone parents†                     | 4,050                   | 2.3               | 2.2               | 1.9                  |
| Carers                            | 2,860                   | 1.6               | 1.5               | 1.1                  |
| Others on income related benefits | 1,250                   | 0.7               | 0.7               | 0.5                  |
| Disabled†                         | 1,970                   | 1.1               | 1.1               | 1.0                  |
| Bereaved                          | 440                     | 0.2               | 0.2               | 0.2                  |
| Key out-of-work benefits†         | 34,520                  | 19.6              | 17.6              | 13.5                 |
| Total claimants                   | 39,790                  | 22.6              | 20.5              | 15.9                 |

Source: Department for Work and Pensions

† Key out-of-work benefits consists of the groups: job seekers, incapacity benefits, lone parents and others on income related benefits

Note: % is a proportion of resident working age population of area

7.8 On the supply side, focus is on engaging workless people in actively seeking employment and breaking down their personal barriers to work, ensuring they are equipped with the appropriate skills to enable them to compete for available opportunities.

7.9 On the demand side, creating and sustaining enterprise to drive demand for skills, working with public and private employers to identify their needs and to plan how to resource these within the local population, and eradicating employer discrimination against the residents of deprived areas and groups.

7.10 Individualisation of support is generally seen as essential in delivering the personally tailored and flexible response needed. An effective worklessness assessment needs to consider barriers to work on both the demand and supply side.

## The impact of the recession

7.11 The North East displayed a certain amount of resilience to recession in that unemployment did not rise as rapidly relative to elsewhere in the UK as it has done in previous recessions. The proportion of public sector jobs in the region probably had a cushioning effect. There had been improvement in levels of unemployment

although the global economic downturn reversed the trend. During the recession unemployment in the city has risen in line with national trends and continues to be around 50% higher than the Great Britain average. The recession has changed the job market with larger numbers of recently employed, job-ready clients seeking work.

### **Strategies to Tackle Worklessness**

- 7.12 The Council's Working Neighbourhoods Strategy (WNS) sets out the approach to the allocation of the Working Neighbourhoods Fund (WNF). The WNS describes how the WNF allocation is being used to tackle worklessness by supporting the individual and developing a "customer journey". There is an emphasis on individuals who are furthest from the world of work, or whose family and social contacts too are outside of the workforce, and may be experiencing a more enduring worklessness.
- 7.13 In order to meet the overall programme aim, there are two potential routes from unemployment into work, namely through working for yourself or for others. In recognising this, an integrated programme has been developed that addresses client requirements of each route and which complements and adds value to existing mainstream provision.
- 7.14 The programme of activity will support 2,500 Sunderland residents to move from out of work benefits (with a focus on 'inactive benefits' such as Income Support and Incapacity Benefit/Employment and Support Allowance) and progress into either sustainable employment (measured at 26 weeks) or self employment.
- 7.15 In order to achieve this aim, Sunderland City Council proposed a programme of activity split into two key areas of work to be achieved by March 2011:
- |                            |   |
|----------------------------|---|
| Assisting People Into Work | targets of 2,150 residents on long-term benefits (70% from deprived neighbourhoods) |
| Boosting Enterprise        | 350 people into self employment   |
- 7.16 The WNS contributes towards two partnership strategies, the Sunderland Sustainable Community Strategy and the Local Area Agreement. The WNS aims to contribute directly to the Sunderland Strategy's aim to "create an enterprising and productive global city".
- 7.17 Work and Skills Plans are one of the recommendations of the Houghton review. The overarching objective of the new Work and Skills Plans is to set out how local authorities, together with their partners, will develop and agree their response to the local employment and skills needs identified through their Local Economic Assessment and Worklessness Assessment. It is anticipated this will provide a useful opportunity to show how WNF is being used alongside other resources to tackle worklessness.

### **Structure of support and delivery of activities**

- 7.18 The Council is free to use WNF as it sees fit, and set up whatever structure is locally appropriate to tackling worklessness provided it can demonstrate

performance against the worklessness-related targets in the LAA i.e. reductions in number of claimants.

7.19 In Sunderland WNF is being used to strengthen and enhance the employment support provision that is currently available from the employability service in the city including a network of neighbourhood outlets, as well as to provide additional capacity. The use of funding to continue and enhance existing provision reflects the practice in most local authorities, namely, keeping WNF resources within the council or its direct domain of influence.

7.20 The emphasis of the WNS is to contribute “substantially” towards addressing worklessness in the City. As local authorities are free to use WNF as they see fit, research shows that many use a proportion of the funding to fund related activities which may or may not directly influence worklessness. In Sunderland, there is an ambition through the WNS to direct the funding specifically to activities that tackle worklessness and in this respect the strategy compares favourably with the approaches and ambition in many authorities with a similar WNF allocation.

### Allocation in Sunderland

7.21 Sunderland was initially allocated around £30.1 million over a three year period (2008/09 to 2010/11) as follows:

| 2008/09   | 2009/10    | 2010/11    |
|-----------|------------|------------|
| 8,589,944 | 10,455,641 | 10,904,466 |

7.9 WNF allocation by activity is as follows:

| Allocation | Project Activity  | Detail of Activity   |
|------------|---|--|
| 12,387,322 | Supply-side activities - helping people into work               | Job Linkage management and delivery and network of specialist providers                  |
| 7,873,074  | Demand-side activities – existing economic development services | Business and investment management and services related to stimulating employment growth |
| 6,838,240  | New demand-side activities                                      | Including Talent Scouts, business advisors, Grant Funding, Visible Workspaces            |
| 1,888,097  | Centralised delivery and programme management                   | Including Evaluation & Research, Marketing, MIS, and Programme Management                |

7.10 Project salary costs as detailed below include all staff salaries “assisting people into work”, all staff salaries for “boosting enterprise”, and all core management costs.

|           | Total Allocation | Total Salary Costs | Management Related | % of which are management related | Delivery Related | % of which are delivery related | No of people employed or seconded | Individual level of Remuneration | Other Costs associated with delivery of project |
|-----------|------------------|--------------------|--------------------|-----------------------------------|------------------|---------------------------------|-----------------------------------|----------------------------------|---|
| 2009/2010 |                  | 2,775,910.30       | 433,758.95         | 15.63%                            | 2,338,260.35     | 84.23%                          |                                   |                                  |   |
| 2010/2011 |                  | 3,845,810.00       | 490,001.50         | 12.74%                            | 3,355,808.50     | 87.26%                          |                                   |                                  |   |
| 2009/2011 | 20,276,125       | 6,621,720.30       | 923,760.45         | 13.95%                            | 5,694,068.85     | 85.99%                          | 236                               | £7,166,882                       | £13,110,111.70                                  |

Note: The term 'Delivery' means all staff employed in direct support of clients.

## 8. Findings

### Supporting People Into Work

- 8.1 Funding is being used to sustain and expand the existing network of support through the Council's Job Linkage (JL) service and specialist training providers. There is a strong focus on supply-side interventions and comparative research with other local authorities and the arrangements in Sunderland showed that using the funding to sustain existing local provision and concentrating on supply-side activities, were common to most programmes.
- 8.2 The Job Linkage service has been operating for 14 years and the network of specialist providers are long established providers in the city. The JL service was reviewed in 2006, and as part of this review the working group commissioned interviews and focus groups with customers of the service, specifically to assess the impact of WNF activity.
- 8.3 The research was positive and clients described the service as easy to access, local, a high level of referral through word of mouth and valued by the customers for its personal approach. There was contrast made with Jobcentre Plus (JCP) which some customers described as a "hostile" environment.
- 8.4 The focus for the JL service while being sustained by WNF is for it to deal with a defined group of clients, and for it to be targeted on the specific needs of the individual and linked to the different stages of the 'customer journey'<sup>1</sup> towards employment. The final determination of client group was targeted at those in receipt of Invalidity Benefit and those in receipt of JSA for 12 months or more.
- 8.5 The JL service has an impressive track record with the soft outcomes<sup>2</sup> however the working group found evidence there is not the emphasis on employment that would deliver the aims of the WNS. There was in addition evidence that some clients, although appreciative of the service, were finding their own employment. Furthermore of the 725 individuals who were registered with the service and cited as having gained employment during the 9 months to December 2009, only 115 had been out of work for over 12 months. It is however predicted that the hard outcomes should improve significantly during the current year.

<sup>1</sup> The phrase used in WNS to describe the path followed by individuals into work, tailored to their individual needs, rather than targeted more broadly to the needs of generic groups.

<sup>2</sup> By that we mean the more immeasurable success criteria such as gaining self-confidence, self-esteem, having personal goals and ambitions.



- 8.6 Members found that the JL service is doing a lot very well, but risks being too safe in its approach relying on the well tried, often used support routes. There were few examples of process innovation. The service has evolved since its last review and it is more employment orientated under a WNS focus, however there are elements of providing a 'social service'.
- 8.7 The service is centred on the principles of case management and action planning, as defined in the One North East's Regional Employability Framework (REF) model for best practice in terms of both client engagement/progression and employer engagement. Evidence showed that action plans are not embedded in a consistent way. Action plans did not have a high profile with clients and for some clients caseworkers were not identified.
- 8.8 A lack of rigour around use of action plans has caused weakness in the tailored support. Members found evidence that client skill levels were not always being catered for and there is evidence of routing clients towards lower skill courses because that is what is easily available. Members felt that action plans should reflect the aspiration of the customer, not simply the more typical training that is easily available. There is also evidence of specialist needs not being met because training was more expensive, and this leads to clients being tied into lower skilled jobs and short term goals.
- 8.9 Some clients felt they were not fully aware of all opportunities that could have been available to them such as routes into self employment. Training for low level skills leads to 'vulnerable' jobs where layoff is likely and then the client is left without any higher skill. The employability service should have higher aspirations for itself and in doing so be setting itself the goal of breaking the vulnerable cycle for its clients.
- 8.10 Despite the efforts of the support staff and the value to the customers of the interventions, the ultimate goal - employment - has not been the primary aim or outcome. It would have been useful to see at the outset that there had been relationships established with the personnel managers of local businesses to know about the future jobs market and what would make them recruit. Funding could have been allocated to a series of job fair events to engage with employers and match the supply to demand.
- 8.11 It has already been included in the Corporate Improvement Plan 2010/11 that there will be a review to refocus the Job Linkage network and to determine its future structure and governance. A greater focus on jobs would shift the service more towards a WNF ambition and the view of the working group is that every effort is taken to ensure that short term results creating churn and a roundabout of low skill work and benefits is avoided. A focus on longer term goals and lasting results for the client has to be the ambition. Whatever future model is adopted, JL needs to have long term certainty, with a distinctive role. The working group were of the view that the time is right for radical thinking and ambition within the employability service.

### **Services from specialist providers**

- 8.12 The tried and tested interventions, enhanced and supported through WNF, are able to provide a range of dedicated specialist support and personalised services for



some of the hardest to help in the job market. Many recipients described the importance of support to them and the difference it had made to their personal development.

- 8.13 The range of services already developed and delivering projects alongside Job Linkage in the engagement and support of hard to reach clients has been continued or expanded to deliver programmes. This included the existing ethos of establishing a client journey into work.
- 8.14 This structure of support sets up an arrangement which is under Council control but which is twice removed from the Council service, by contracting to the Sunderland North Community Business Centre (SNCBC) as the delivery agent at 9 of the 13 JL outlets with services then sub-contracted to specialist providers, which dilutes the Council influence further. The target performance of each project is determined centrally by the WNS Board which oversees monitoring of performance.
- 8.15 Members felt this arrangement was something of a half-way house between outsourcing and local authority delivery and that there was an inherent difficulty in the arrangement whereby projects are commissioned to provide services but are micro-managed to perform to standards that are set by the Board. A considerable amount of bureaucracy is required to sustain this arrangement, much of which is not concerned with the ultimate goal of tackling worklessness and therefore not particularly beneficial to a productive use of funding. It is envisaged the new Work and Skills Plans will assist with developing an influence over and contribution to the commissioning of contracted provision. This should form the basis of the Economic Prosperity Delivery Board's negotiations and delivery planning around worklessness provision.
- 8.16 The working group found that delivery by the projects had been subject to initial difficulties with many unable to start in some cases for many months beyond the inception date while systems and structures were put in place. Overambitious targets were set based on client referrals without agreeing the referral criteria with all parties. As a result many of the providers are appearing to under perform. Exceptions include services where the recession has increased demand for support such as financial advice. The result is that some projects are considerably under spent as projects were unable to support the numbers of clients originally envisaged. This has consequences for the whole programme if WNF is not spent by April 2011 and potentially the remainder of the funding being lost.
- 8.17 The working group felt that where projects have deliverable performance targets and an action plan in place and still continue to under perform consideration should be given to removing them from the programme except where they can demonstrate clear capacity to improve.
- 8.18 Building on existing neighbourhood services can be seen as a strength of the strategy, but it would have been pleasing to see an early review of elements of the strategy that would immediately tailor support for clients to the impact of the recession. For example, there seemed to be an urgent and pressing need for a greater emphasis and expansion of support for financial advice but the working group felt that the overseeing arrangements were too unwieldy to be able to react to client need in a timely way. Similarly, a project working with NEETs had been

capped yet there seemed to be scope for expansion in the project, and this should be responded to in a flexible and timely way.

### **Collaborative working and partnership delivery**

- 8.19 The Houghton Review identified the critical role that local authorities and LSPs can play in tackling worklessness, but drew attention to the need for more and better joining up, especially between discretionary funding streams such as WNF and the mainstream, particularly Department for Work and Pensions (DWP) programmes. The significance of this issue was reinforced in the evidence taken by the working group.
- 8.20 The three key organisations in tackling worklessness are Job Centre Plus (JCP), the Learning and Skills Council (LSC) (to be replaced by the YPLA and SFA on 1 April 2010) and the City Council. Beyond this the specialist providers are actively involved and on the demand side are Business Link and employers although they are less engaged in the delivery of worklessness strategies.
- 8.21 It is apparent to the working group that the WNS is attempting to ensure that WNF activities complement mainstream programmes. At the same time however, WNF activities are not influencing these mainstream programmes in a way that avoids duplication and there is evidence of the same type of services being available to the same customers.
- 8.22 Evidence from JCP confirmed that it provides a range of services for the hard to engage clients, such as recruitment subsidy of £1,000 and access to 'on the job' training subsidies for eligible businesses, providing training places and help for people who want to set up their own business, including financial support and referral of customers by JCP to Business Link.
- 8.23 Members heard evidence that there were difficulties at the outset with establishing a service that wrapped-around existing mainstream provision. The different and unique roles of services do not seem to have been sufficiently mutually agreed at the outset before money was allocated. Negotiations with JCP over which group of benefit clients would be eligible for support through the WNS has caused an impact on the performance of providers whereby a predicted referral structure was not provided as anticipated. Some providers are now using WNF to identify and contact new clients who could have been referred into the JL service from JCP.
- 8.24 The working group felt that through the WNS a much clearer agreement should have been negotiated at a much earlier stage with JCP to set up a model to complement, and enhance mainstream provision. It was clear that locally JCP are constrained in how flexible they can be as they are required to deliver a national offer. JCP has stated in evidence that they need WNF to concentrate uniquely on gaps i.e. those people who are not in regular contact with JCP.
- 8.25 The working group felt that the WNS has not been entirely successful in placing itself in a unique role which avoids duplicating existing services. Without this unique aspect, complications will continue to arise with duplication, competing for the same clients and having to constantly re-adjust targets and approaches. The model has been set up for all of the right reasons but the lack of distinction of the WNF culminates in a sense of disorder. JCP need to clearly set out their core

provision and the services on the periphery can be provided for through WNF as a wrap around to JCP services, not to be in competition.

- 8.26 The working group found evidence that for services working alongside JCP there is a rigidity and one-size-fits-all approach, determined centrally, which is to some extent impeding the WNS approach. In particular, access to information on mainstream provision and to data sharing between JCP and the local authority was highlighted as a difficulty. JCP were constrained locally in what information they are able to share, reflecting DWP and Data Protection Act requirements, and recent restrictions in the supply of claimant data thanks to major national data security exigencies. Members felt that JCP could be more pro-actively involved in providing information about the local labour market and sharing of individual claimant information, securely and in a way that protects the individual. This data sharing could significantly improve the targeting of provision and help to personalise services.
- 8.27 The working group sought clarification from the Minister of State for Work and Pensions about flexibility in national programmes and data sharing. The reply described pilot work to establish a more tailored local support to innovate and work creatively with partners at local level. On data sharing, a guide was published in February 2010 which explains the constraints and possibilities for data sharing.
- 8.28 For the WNS is to achieve maximum value for money it must provide a service that is unique and additional to the existing support. There remain obstacles to effective joining up of WNF and mainstream resources. While there is a collaborative working involving JCP, improved data sharing would strengthen integration, and improve service quality, and increase the likelihood of successful outcomes.

### **Delivery of enterprise interventions**

- 8.29 Enterprise interventions are not restricted to any benefit claimant group and include new demand side activities which covers franchising, enterprise in education and business start-ups i.e. individuals setting themselves up as self-employed, mainly as sole-traders. The Council's Business and Investment Services are in receipt of funding to continue economic development, business support and inward investment and to provide innovation in enterprise including Visible Workspaces and Software City. The services of the Business and Investment Team provide long term substantial development opportunities for the city.
- 8.30 The working group concentrated its evidence gathering mainly on the role of the talent scouts and business advisors who commenced activity in July 2009 and the support for business start-ups. An Enterprise Consortium<sup>3</sup> lead by the Business Innovation Centre (BIC) delivers on this entrepreneurial activity. The working group found evidence of innovation in the approach with the employment of Talent Scouts and Business Advisors.
- 8.31 At the time of taking evidence 137 people had taken up self-employment including an artist, an entertainer, a design consultant and a builder having been supported by Talent Scouts and Business Advisors (although a small number of these will

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<sup>3</sup> North East Business and Innovation Centre with Gentoo, Fiscus, SES and SNCBC.

have ceased to trade). The support has helped individuals, some of whom are amongst the most removed from the workforce into self-employment.

- 8.32 Evidence was taken from a random sample of those supported into self-employment. This showed that half of the businesses started required low skill levels and individuals were developing ideas around their own skill set, rather than filling a need they recognised in the market place. Whilst most participants recognised the term 'Business Advisor' very few recognised the term 'Talent Scout'. Contact with business advisors was not through a clear signposting progression from other organisations but more of a 'happy accident' which may be due to the service being so new.
- 8.33 Most, but not all, participants explained that they had received advice and support relating to business planning including administrative and financial systems, grant aid, marketing and insurances. For some of these participants it seems that although they have a business plan this has been produced for them but not all appear to have 'ownership' or clarity of where they are with this plan. Nevertheless all participants whose business was trading spoke of ongoing support, regular contact and assistance with dealing with any emerging problems from their business advisor.
- 8.34 Individuals were however having difficulties in finding customers and being able to charge rates that ensured they made a living. Some participants were clearly working for less than minimum wage. Competition amongst the self employed, especially where the business is in a low skill area, was perceived. Financial support was an issue amongst a number of participants who had found it difficult to manage a cash flow where they have materials to buy but no income until after they complete the jobs.
- 8.35 When considering the future most comments received were aspirational rather than based on the detail of business plans. It is encouraging that growth through additional business was a key theme for most individuals, however the working group was concerned that the employment is limited in impact both for the individuals and the areas served by the activity.
- 8.36 Sunderland has low levels of enterprise activity characterised by below average business density, low business start up rates, and low self employment rates. Strong and vibrant levels of enterprise are essential to provide increased employment opportunities. The working group felt that overall, in a large city this type of low level activity would not achieve the economic improvements the strategy aims for either to the local area, or to the city. The type of enterprise activity being supported is unlikely to deliver the fundamental transformation predicted in the strategy.

### **The views and involvement of the labour market**

- 8.37 The working group looked for evidence of the programme engaging with employers to establish and meet demand. Demand-side interventions that involve engaging local employers to offer work placements and job placements appear to be less of an emphasis in the WNS than supply-side interventions.

- 8.38 A job brokerage service is provided through Employer Link. The working group carried out consultation with employers who had used the Employer Link service. There was a low level of response however those who did respond were highly complimentary about the service. The Employer Link team has recently had notable success with the design and delivery of pre-employment route-ways, particularly for the care sector in Sunderland, targeting both the private care sector and also the NHS. The process to date appears to have not only generated a high level of suitable applicants for the posts, many of whom would not have considered this employment previously. Of additional benefit to the health service was the fact that this programme was funded largely through external funding.
- 8.39 Evidence shows that activities are able to generate high numbers of applicants for posts where high turnover may be an issue and this is meeting a need in certain areas of the labour market that may have difficulty recruiting. In the strategy as a whole, there does not appear to be a concerted campaign to target employer need. A more consistent dialogue with employers and a coordinated role would provide the necessary supply and demand approach. Employers were not consulted in depth at the outset to establish if they would have preferred a simpler method of providing grants to allow job placements and the added bonus of reduced bureaucracy, which all evidence indicates is a barrier to engagement.
- 8.40 A good practice example to replicate would be the development of the call centre market in Sunderland whereby the Business Investment Team had dialogue with the sector at an early stage and drew up a training programme to feed demand. This could have been replicated sector by sector with a longer term plan and tailored vocational training to meet demand. The employer engagement protocols envisaged in the WNS need to be developed and adopted to help create the scale of impact proposed.

### **Centralised Delivery and Programme Management**

- 8.41 The working group considered the extent to which the outcomes represent value for money given the high level of expenditure involved. The WNS does not operate in isolation from other interventions, and this creates particular challenges both for monitoring how the resources are used and evaluating the impact. This programme without key links to other associated economic development activities is unlikely to bear significant fruit in the short term. Since the underlying objectives of WNF relate to reducing worklessness and deprivation and enhancing enterprise these are the main variables that performance should be compared against.
- 8.42 Evaluating performance for a “the journey into work” presents more of a challenge to the WNS Board than merely establishing if unemployment has reduced over the period of the strategy. The working group’s own evaluation carried out with clients of the JL service has provided an evaluation of performance at a point in time. The Council has appointed consultants to carry out an exercise in establishing evaluative criteria and therefore the working group has not attempted to replicate this process. It can be observed that at this point late in the second year, while there are very positive signs that WNF is adding value, particularly in terms of encouraging local partners to focus attention on worklessness as well as giving them additional, highly flexible resources to target on key gaps in provision, there is still a sense of activities being yet to embed fully.

- 8.43 The centralised delivery costs include the provision of unified marketing across all projects and a single process of communication with clients, business customers, stakeholders and the wider community. Activities include a web site, events, branding at outlets, press and public relations, and advertising.
- 8.44 The services are branded under the *Just the Job* branding launched on 1 February 2010. Unfortunately unacceptable delays caused the site to not be operational until early March 2010 despite widespread publicity of the site. The image and branding was at an early stage of implementation at the time of the review so few conclusions can be drawn. At the time of the review, word of mouth still seemed to be the primary source of information customers had about the services.
- 8.45 One of the conditions stipulated for all organisations participating in the delivery of the WNS is the use of a common customer tracking and management information system. This should ensure the tracking of clients throughout their 'journey to work' even though they may be supported by different organisations for different parts of the programme. The Hanlon Skills Register, currently in use throughout the Job Linkage Service is the common system.
- 8.46 The management information system must be fully and accurately populated to be fit for purpose. Crucially it must be available to the programme managers in a timely way to ensure problems are identified and responded to quickly.
- 8.47 The working group observed that greater priority seemed to be given to client tracking than evaluation of WNF-funded interventions, especially where these are trying out innovative approaches.

## **9. Conclusion**

9.1 The working group concluded that:

- a) Key partners are actively involved in working together to tackle worklessness but there is room for improvement with the need for the local authority and the Sunderland Partnership to demonstrate firm leadership in pursuing increased collaborative working. A framework would ensure that areas of responsibility were clearer and would make it easier for partners to work together ensuring that funding is adding value to, and is integrated with, mainstream provision;
- b) Building on existing good practice has been the foundation of the WNS and this bolstering of long established services has been a strength, however the model based on what we know works is based on research carried out at a time of a strong and favourable labour market. We can be less confident in the model at a time of less favourable conditions or rising unemployment;
- c) The WNS can be commended for its focus on worklessness and making use of strong established community networks however deployment of the WNF has not had the "substantial" impact that was expected with such a significant injection of funding. Process innovation, genuinely new services and radical responses to match levels of deprivation in the city may have had a deeper impact than embedding the tried and tested interventions. The development of the Sunderland Software Centre project with a contribution of £2.6 million to be met from the WNF

is an example of a significant contribution to addressing a key priority for economic growth and to an extent is the £4 million earmarked for visible workspaces;

- d) Measuring the performance of a 'journey into work' is challenging enough but additional challenges such as slow project starts, over-ambitious targets, lack of client referrals, territorial disputes over clients and data, and a resultant under-spend have compromised the intended impact of the programme of activities. The Council's desire to maintain a high degree of control over projects has created a bureaucracy that is unable to respond quickly when change is needed. Action to address the resulting under-performance has taken insufficient account of trends in demand and economic factors, such as the impact of the recession;
- e) The funding supports dedicated, professional support staff providing tailored, one-to-one support for those facing barriers into employment. It is a level of support not available in any other part of the recruitment market; however, the model has not positioned itself entirely successfully as a wraparound service and has not avoided duplicating similar services. A single conversation for delivery establishing shared roles and objectives for partners (which would then be reflected in the LAA and / or MAA) would provide a framework for local resources to be used to best effect;
- f) Support through Job Linkage and specialist projects is impressive on a one-to-one basis; however insufficient priority has been given to employment as the ultimate goal. A full review would be required to avoid minor changes to the service leading to a re-focusing which feeds a churn in and out of low skilled work;
- g) Existing relationships with health, housing, third sector, social enterprise and business have been further developed with a strong partnership approach; however roles and responsibilities with some partners were either unclear or were not agreed at the outset and this has led to delays and complications;
- h) Enterprise innovation where it was introduced has been well received but the programme lacks the scale and impact to significantly improve prosperity in those neighbourhoods and risks too much overlap with the services of existing business support. More use of proven effective interventions and innovation may avoid completing the programme with a lacklustre performance;
- i) The WNS prioritises supply-side issues over demand-side, enterprise or institutional issues. More emphasis towards employer brokerage activities on work and job placements especially consideration of grant aided ones, enterprise support and efforts to tackle institutional barriers (particularly financial advice to individuals and families, as well as developing local provider networks) may boost this type of activity further; and
- j) Overall the achievements of the strategy to date seem modest especially hard outcomes in the "into work" and "enterprise" strands in relation to the considerable amount of public investment and this potentially compromises the value for money of the whole programme.

## **.10. Recommendations**



- 10.1 The working group has taken evidence from a variety of sources to assist in the formulation of a balanced range of recommendations. The working groups key recommendations to the Cabinet are as outlined below:-
- a) In the light of the **current economic situation**, there is a pressing need to **review that the Working Neighbourhood Strategy** is succeeding in ensuring that disadvantaged people and neighbourhoods are not losing out *disproportionately*. The strategy should provide a flexible, and reactive approach to the impact of the downturn especially on the long-term unemployed seeking work;
  - b) Future decisions on the use of worklessness funding should be based on an **evidence base** of the work and skills provision in the city including **evidence of which interventions are particular successful** and are proven to deliver improved outcomes;
  - c) Using evidence of successful interventions the strategy should use the evidence base to explore **new forms of community outreach services** that give access to opportunities in the **most disadvantaged neighbourhoods** to match the levels of deprivation;
  - d) To review the **Job Linkage service** to develop a service with greater ambitions for its own achievements and higher aspiration for its clients in order to break the vulnerable cycle;
  - e) The strategy should ensure that **employment is the ultimate goal** with **customer journey mapping** rigorously undertaken, and shared with partners, with any issues identified within this process addressed in a timely way;
  - f) It should be ensured that worklessness funding gives **added value** and **wraps around existing national mainstream provision**;
  - g) To support the achievement of a wrap-around service to mainstream provision, boundaries should be established with partner organisations through a **Partnership Agreement** which sets out a clear framework for roles and responsibilities;
  - h) A further focus should be given to supporting and **engaging with employers** to ensure that worklessness funding is geared towards meeting their needs as the economy moves out of recession. This could include consideration of using the WNF to provide the long term unemployed with a **personal job subsidy** to provide a more level playing field when they compete for jobs with those who have the advantage of recent work experience;
  - i) To continue to explore with local partners what additional data could be shared and overcoming barriers to **data sharing** to support joint efforts to tackle worklessness.

## 11. Acknowledgements

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 Caroline Gitsham, Gentoo Living  
 Shirley Hermiston, Contract Manager, BIC  
 Bill Robinson, Business Advisor  
 Hannah Clemson, Talent Scout  
 Neil Price, Talent Scout

## 12. Background Papers

|   |                         |
|---|-------------------------|
| The Working Neighbourhood Fund  | CLG / DWP November 2007 |
| Working Neighbourhoods Strategy   | Cabinet 3 December 2008 |
| Working Neighbourhoods Strategy – Use of Consultants over £100,000  | Cabinet 8 April 2009    |
| Realising Potential: A vision for personalised conditionality and support - Gregg report for a single personalised conditionality and support regime.   | December 2008           |
| Tackling Worklessness: Review of the Contribution and Role of Local Authorities and Partnerships (The Houghton Review) – Final Report<br><a href="http://www.communities.gov.uk/publications/communities/tacklingworklessnessfinal">www.communities.gov.uk/publications/communities/tacklingworklessnessfinal</a> | CLG March 2009          |
| Stepping up to the challenge : The Government's response to Tackling Worklessness (The Houghton Review)   | CLG / DWP May 2009      |
| Reducing Dependency, increasing opportunity: options for the future of welfare to work (the Freud Report)   | March 2007              |
| Prosperity for all in the global economy – world class  | December 2006           |

skills (The Leitch Review)

WNF Scoping Study  
Worklessness and how WNF is being used to tackle it

CLG February 2010

NWA Review of Job Linkage

2006

Letter from Minister of State for Work and Pensions

February 2010

### 13. Appendices

1. NWA Social & Market Research Review of Job Linkage Service
2. NWA Social & Market Research Review of Talent Scouts & Business Advisors

### 14. Glossary

#### **ABG Area Based Grant**

Area Based Grant is a general grant allocated directly to local authorities as additional revenue funding to areas. Local authorities are free to use all of this non-ring-fenced funding as they see fit to support the delivery of local, regional and national priorities in their areas.

#### **Business Link**

Business Link is a government-funded service designed to help businesses start up, survive and grow.

#### **DWP Department of Work and Pensions**

The DWP leads the Government's response to welfare reform. It is the biggest public service delivery department and serves over 20 million customers. The Department has responsibility for Public Service Agreements to maximise employment and opportunity for all.

#### **Demand-side**

Emphasis on the lack of availability of jobs for residents in deprived areas.

#### **Employer Link**

Employer Link service was launched in 2008, building on the previous 'Jobshop 2000' initiative, to offer a dedicated recruitment and job brokering service to employers.

#### **FJF Future Jobs Fund**

The Fund aims to create 170,000 additional jobs, primarily aimed at 18-24 year olds who have been out of work for nearly a year. The Fund is a part of the Young Person's Guarantee whereby any young person who has been looking for work for a year will get an offer of a job, work experience, or training lasting at least 6 months. Specifically targeted are jobs in unemployment hotspots and the creation of green jobs.

#### **The Houghton Review into Tackling Worklessness**

In May 2008, the Government asked Councillor Stephen Houghton to examine how English local authorities and their partners can do more to tackle worklessness.

Specifically, the review was asked to consider what more central Government could do to support local partnerships, and how to encourage and improve partnership working across the public, private and third sector. Councillor Houghton's final report was published in March 2009.

### **Institutional factors**

The structural difficulties people experience in entering the workforce, or that employers experience in finding labour – they include the benefits system, lack of transport or childcare provision.

### **JCP Job Centre Plus**

Jobcentre Plus is an executive agency of the Department for Work and Pensions. It provides services that support people of working age from welfare into work, and helps employers to fill their vacancies.

### **JL Job Linkage**

Job Linkage was established in 1996 as a part of an SRB II funding programme. It sought to address high levels of unemployment in the City by supporting '*Local People into Local Jobs*'. The service is delivered from 13 neighbourhood-based centres across the City and involvement by clients is entirely voluntary. The initiative has been the Council's primary response at a neighbourhood level to tackling worklessness across the City. The Job Linkage service has been selected to act as the 'Managing Agent' for the Assisting People into Work strand of the WNS.

### **LAA Local Area Agreement**

Local Area Agreements (LAAs) set out the priorities for a local area agreed between central government and a local area (the local authority and Local Strategic Partnership) and other key partners at the local level.

### **LSP Local Strategic Partnership**

The single body that brings together at a local level the different parts of the public sector as well as the private, business, community and voluntary sectors so that different initiatives and services support each other and work together.

### **NRF Neighbourhood Renewal Fund**

The Department for Communities and Local Government (DCLG) introduced the NRF in 2001-02 to narrow the gap between the most deprived areas and the rest of the country. The Fund came to an end in March 2008.

### **Supply-side**

The barriers to into employment that individuals or households may experience.

### **Visible Workspace**

A project, through WNF is a demand survey being carried out to look at all opportunities to develop workspace across the City. Results will inform further work to match up the supply and demand for premises/workspace at specific locations.

### **WNS Strategy Board**

The Board is advisory and meets every six weeks to oversee the delivery of the Working Neighbourhoods Strategy, ensuring the maximisation of resources to ensure outcomes are achieved.

### **WNS Working Neighbourhood Strategy**

The WNS sets out the proposed approach to the allocation of the WNF. The strategy details proposed commissioning routes, management arrangements and financial allocations.

### **WNF Working Neighbourhood Fund**

The WNF is a dedicated fund for local councils to develop community-led approaches to getting people in the most deprived areas into work. The WNF does not operate as a stand-alone regeneration programme. It is paid to local authorities as part of the Area Based Grant (ABG). WNF replaces the NRF and also the previously proposed third bidding round of the Local Enterprise Growth Initiative (LEGI) and incorporates the DWP Deprived Areas Fund to create a single local fund.

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