

## Washington Area Committee

9 September 2010

### Report of the Office of the Chief Executive

#### Work Plan Update Report – Priority Area - Increase employment and enterprise opportunities across the area

##### 1. Why has it come to committee?

The Washington Area Committee has agreed a series of priorities to form its 2010-11 work plan. One of those priorities is to “Increase employment and enterprise opportunities across the area”. This report is an update on this priority area.

In addition to describing the current level of service and recent performance, this report also makes reference to recent government changes on Welfare to Work policy and outlines the proposed approaches to economic development and growth and briefly outlines the impact these changes may have across the City, including Washington.

##### 2. Background

- 2.1 Through the Working Neighbourhoods Strategy, funding has been made available to the Washington Area of the city, to address worklessness and enterprise issues. The funding is used to provide a well resourced employability service for residents living in all Washington wards, and also enterprise support through a number of enterprise related projects to stimulate more residents to set up in self employment.

##### 3. Employment

- 3.1 The Job Linkage employability service operates out of 2 centres in the Washington area. These are in The Galleries and the Millennium Centre, Concord. The service provides an intensive information, advice and guidance (IAG) service to workless residents who are classed as ‘hard to help’. Participation is entirely voluntary and clients have access to a team of well qualified, experienced guidance staff who can offer intensive, one-to-one support, as well as funding for both training courses and/or barrier removal.
- 3.2 Staffing levels for employability service: there are 3 members of staff based in the Galleries and 4 in Concord. In addition, 2 Community Link staff are based in the Washington area, to promote the Job Linkage service and encourage client engagement. An area co-ordinator has overall responsibility for day-to-day management of the 2 Washington centres and divides her time between the two premises.
- 3.3 Delivery Partners, in addition to Job Linkage advisers, a wide range of other employment-related organisations provide services to clients from the Washington centres on an outreach basis. These include:
  - SES – offering advice on self-employment.

- Jobcentre Plus (JCP) – offering mainstream JCP programmes on an outreach basis, namely ‘Pathways to Work’ for people in receipt of incapacity benefit and ‘New Deal for Lone Parents’ for lone parents on income support.
- Connexions – to support young people not in education, employment or training (NEET).
- PIE – to support carers, or ex-carers.
- Employer Link – to promote pre-employment training courses or vacancies advertised through this service.
- Fiscus – debt management and financial advice, including ‘better off calculations’ for people considering moving off benefits and into employment.
- Springboard – to promote and recruit for their Working Neighbourhood Fund - funded ‘HUB’ project which supports NEET young people.
- Shaw Trust – giving support to clients in receipt of sickness-related benefits.
- Wearside Women in Need – who focus on women and children at risk from domestic violence.
- Bridge – offer a learning and support service aimed at women.

## 4.0 Enterprise

- 4.1 The Enterprise Strand of the Working Neighbourhoods Strategy defined a range of project based activity to stimulate more business start up in the City. The core activity of the Enterprise Strand is Neighbourhood Based Talent Scouts and Business Advisors, branded as Just the Job. Talent Scouts and Business Advisors operate at a community level and are placed geographically throughout the City.
- 4.2 There are two Enterprise Talent Scouts and a Neighbourhood based Business Advisor based at the Millennium Centre. Talent Scouts engage and support local residents who are interested in starting up in business. The Talent Scout works with the resident to explore and reduce personal barriers preventing the individual from setting up in business, and increases self-esteem and confidence. They work through local networks and attend community events in order to raise awareness of the support that is available. There is also a website and a free phone for residents to make initial contact regarding seeking and receiving support.
- 4.3 Neighbourhood based business advisors assist residents with pre-start up business planning and offer practical support through the pre-self employment start up phase, such as advice on funding, marketing, research and finance to enable the individual to become ‘enterprise ready’. Residents may be referred to Business Advisors from Talent Scouts or can be referred from mainstream agencies eg JobCentrePlus.
- 4.4 In addition there is specialist support available on a regular drop-in basis to provide benefit and tax advice. This is delivered by FISCUS a Sunderland Based organisation. The provision supports residents with better-off calculations and identifies benefits to which they may be entitled but are not currently claiming. It also provides specialist training to Talent Scouts and Business Advisors to keep them up to date on policy and there is a dedicated hotline for dealing with enquiries around benefits and tax.
- 4.5 Two grants schemes provide access to finance, The Sunderland Enterprise Grant provides 100% funding up to £750 against start up costs, and is administered through Sunderland SNCBC, applications are submitted to a Panel via the

Neighbourhood based Business Advisors. The New Enterprise Grant offers 50% funding up to a maximum of £3000 (£6000 of eligible spend) and is administered through Sunderland City Council on an invitation basis only, applicants again need to be working with a business advisor.

- 4.6 An Enterprise in Education project will provide a range of activities to promote enterprising and entrepreneurial skills in young people of secondary school age. The project will commence delivery in September and be offered to all secondary schools within Washington.
- 4.7 Visible Workspaces is the capital element of the Enterprise strand and an extensive research study was undertaken at the end of 2009 to determine the evidence based need for workspace within Sunderland. The report concluded that there was a need for managed workspace in Washington and an agreement has been reached to undertake a feasibility study before any strategic decision on funding can be decided. The feasibility study will be undertaken over the autumn 10 – spring 11 period.
- 4.8 Buy Sunderland First is an internal council project to support more local companies to win business from the council.

## 5.0 Performance - Employment

The number of Washington residents claiming out-of-work benefits is 5,750, which compares to approximately 34,500 across the City in total (figures reported in November 2009; source: NOMIS). Performance in the Washington Area of the City from the start of the Working Neighbourhoods Strategy period on 1 April 2009 up to 26 July 2010 is as follows:

### 5.1 Engagement of out-of-work residents

**1,103** people have been registered and received support from the Job Linkage network. 62% are male and 38% are female. The biggest age group (47%) are aged 26-49. 22% are over 50. 22% are aged 19-25 and the remaining 9% are in the NEET group aged 16-18.

1,012 clients have dependent children. By engaging these people and supporting them off benefits and into employment, the Job Linkage service is directly impacting on the Child Poverty agenda, by potentially improving the levels of income into households with children.

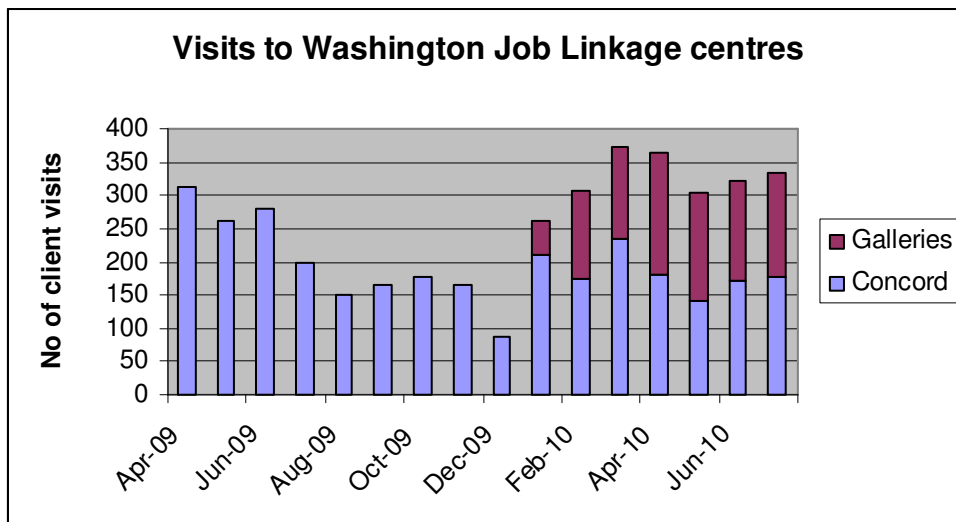
Of the total clients, 485 are actively seeking employment and are in receipt of Job Seekers Allowance. This represents 44% of the active caseload.

The balance is made up of people who are on a range of other benefits, for which there is no compulsion for them to seek employment (for example Incapacity Benefit, Carers Allowance, Disability Living Allowance, Income Support, or who are not in receipt of any employment-related benefits (supported by their family, or chosen not to claim).

The Management Information system used within the Job Linkage service holds a lot of very useful, important information on the clients who are supported. The following facts have been selected that may be of interest to the Washington Area Committee members and which give a flavour of the client groups that use the Job Linkage service in Washington.

216 have been jobless for over 3 years  
 151 have been recently made redundant  
 83 have never worked  
 36 have declared themselves to be ex-offenders (the true figure is likely to be higher)  
 84 are lone parents  
 85 have basic skills needs  
 150 have no qualifications  
 219 declare that they have health problems  
 61 have a physical disability  
 46 have a learning disability  
 34 have caring responsibilities

Looking at the following footfall figures gives an indication of the level of usage of the 2 centres over the past 16 months. The figures for the Galleries start in January 2010 as this was the date the centre opened.



In addition to the above footfall figures, it should also be noted that a number of employed people, either working in or passing through the Galleries, call into the Job Linkage premises to take information on current vacancies. There are around 10-15 enquiries/visits of this type per day.

On a general note, the local community often use the Job Linkage centres as the source of information and advice on matters which are not directly related to employment. As such, the service is supportive of the wider social inclusion agenda.

## 5.2 Clients into Employment

In terms of job entries, over the same period since 1 April 2009, **220** people have moved into employment, of which 63% were male and 38% were female. This percentage split reflects the overall engagement levels of male/female clients within Job Linkage in the Washington Area.

A ward breakdown of these job entries is as follows:

Central	27
East	33

North	92
South	30
West	38

Most of these clients had been unemployed for between 0 – 6 months (54%, 119 clients), which reflects the relative difficulty clients face in gaining employment once they have been unemployed for a longer period of time.

Again, looking at those successful clients in more detail, the following client profile facts may be of interest.

- 24 had been jobless for over 3 years
- 60 had recently been made redundant
- 18 were lone parents
- 3 were ex offenders
- 8 had basic skills needs
- 26 had no qualifications
- 39 had a health problem
- 9 had physical disabilities
- 3 had caring responsibilities

The above demonstrates that, whilst those clients who are closest to the labour market, in terms of recent work experience and fewer barriers move into work more easily than other, the Job Linkage service is still able to provide a valuable and effective service for the 'hardest to help' residents of Sunderland.

When considering sustainability of employment, the following statistics are available:

- Of those clients who were supported into employment by Job Linkage in Washington, 45% of jobs are currently being sustained for 13 weeks.
- When extending this period of tracking for 26 weeks, our statistics show a fall to 26% sustained. The true statistic is likely to be higher, however, as it has proven difficult to maintain contact with clients and their employers over this length of time, therefore our ability to maintain accurate data is hampered.

At a ward level, this information can be broken down as follows:

	Job sustained for 13 weeks	Job sustained for 26 weeks
Centre	13 (or 48% of job entries)	10 (or 37% of job entries)
East	12 (or 36% of job entries)	6 (or 18% of job entries)
North	51 (or 55% of job entries)	29 (or 31% of job entries)
South	9 (or 33% of job entries)	6 (or 20% of job entries)
West	15 (or 39% of job entries)	8 (or 21% of job entries)

## 6.0 Performance - Enterprise

6.1 Performance against the Enterprise Programme within the Washington Area Committee area for the period April 2009 to March 2010 is as follows:

- 6.2 224 residents have been engaged by Talent Scouts, of these 64 have been registered as receiving support and of these 29 were referred to a Business Advisor.
- 6.3 48 residents have been supported to start their own business during the period April 2009 to March 2010. Of these 48, 15 were female and 33 were male. This is in line with the national ratio of 2:1 for males/females setting up in business. This is from a total of 187 business starts for Sunderland, therefore 25% of the total residents to set up in business are from the Washington Area Committee area.
- 6.4 In the main the businesses supported to set up are sole enterprises, and within service based areas for example, retail, hairdressers, beauty therapists, cleaners, handyman, construction, and it is clear that many are converting hobbies or interests and current skills into self employment opportunities. The majority of residents supported through the programme were unemployed before receiving support.
- 6.5 15 residents from the area have received grant support through the programme.

## **7. Changes to Welfare to Work policy - employment**

The Government has announced plans for radical reform of the welfare to work system and the implementation of the Work Programme.

*"The Work Programme will be a single integrated package of support providing personalised help for everyone who finds themselves out of work regardless of the benefit they claim."*

*Chris Grayling, Minister for Employment, 10<sup>th</sup> June 2010*

The Government is aiming to have the Work Programme in place nationally by the summer of 2011. Once the Work Programme is implemented, it will supersede much of the existing national programmes currently on offer (such as New Deal and Pathways to Work) and these will be phased out.

Although full details will be given in the Comprehensive Spending Review in October, it is not expected that councils will be awarded any specific funding ring-fenced for worklessness in the future. The Work Programme will encompass all such activity.

The Work Programme will be delivered through a Framework arrangement with Dept. for Work and Pensions (DWP) nationally. The indicative overall value of contracts to be let through this Framework agreement is likely to be between £0.3 billion - £3 billion per year. It is expected that very large, financially secure, private sector organisations will bid to deliver the Work Programme. These are being referred to as the 'Prime Contractors'. Expressions of Interest were due to be submitted by end of July 2010.

Details of the funding model that will underpin these contracts have not yet been made public. However, it is known that it will be based upon 'payment by results', namely clients moving off benefits and into sustained employment.

It is expected that the successful Prime Contractors will be those organisations who are able to demonstrate the capital strength to take on the risks inherent in an exclusively or heavily outcome-based approach that seeks to deal with the cases of millions of people on out of work benefits. (Names such as Tesco, Virgin, Serco and Group 4 Security are rumoured to be interested, although DWP have not yet announced the names who have put forward Expressions of Interest.)

It is also expected that the Prime contractors will seek to work closely with the Third Sector/VCS, negotiate sub-contracting arrangements with local delivery agents and build upon existing good practice at a local level (although this will not be a contractual requirement and therefore cannot be guaranteed).

## 7.1 Issues for Sunderland

There is a real concern about 'economic leakage', in terms of money leaving the North East as a result of contracted-out initiatives so large that potentially only national / international organisations can deliver. The current design of the DWP Work Programme with fewer / larger employability contracts is a clear example of this.

There is a risk associated with funding models that prioritise the achievement of job outcomes. Whilst job outcomes are obviously important, these funding models can affect the quality and scope of provision by creating the problem of 'parking and creaming'. This phrase describes a situation where Primes may provide a service for clients closer to the jobs market (ie 'cream off' the easiest clients, who don't need a lot of time and money to be spent on them), but do not adequately support those who are 'harder to help' (ie they 'park' the people with multiple barriers, without investing in the higher level or quality of service they need). As Sunderland has significantly high numbers of workless residents with multiple barriers, this could be a real issue for the City under the Work Programme.

The Job Linkage network could have a future role, potentially a local arm of one of the larger 'Prime Contractors' operating within the DWP Work Programme framework. Its focus should be in those roles where it has clear and acknowledged expertise, ie in engaging and building the capacity of workless residents. As the Work Programme will be output-driven, the services provided by Job Linkage can help ensure that worklessness clients from the more disadvantaged groups in society can access and fully participate in Work Programme services.

However, Working Neighbourhoods Funding ends on 31 March 2011, at which time, many employability projects including the citywide Job Linkage network may be forced to close. It is likely that the 'Prime Contractors' will only be interested in using our local delivery networks if the integrity of the Job Linkage service is maintained until the Work Programme is formally implemented after Summer 2011. There is a clear need for the Council to consider 'gap funding' the network for a period of approximately 6 months until the Work Programme is in place. This proposal, with various costed options, is being taken to EMT in September and Cabinet in October 2010.

## **8.0 Changes to policy and the impact on future Enterprise activity**

8.1 Although there has been a policy direction set out for the future of into work support the future picture for enterprise and self employment is less clear. The coalition government has advocated the establishment of Local Enterprise Partnerships (LEPs), which will replace the Regional Development Agencies (RDA's). The role of local enterprise partnerships should be to promote economic development in their locality, with a particular focus on removing barriers to growth and investment, such as infrastructure bottlenecks. The LEPs can be based on natural economic areas rather than administrative boundaries and their approach should be strategic, bringing together business and local government to address economic issues that cross more than one local authority boundary. They must have the critical mass that allows them to achieve results and cover a geographical area that makes economic sense. They will work to tackle issues such as planning and housing, local transport and infrastructure priorities, employment and enterprise and the transition to the low carbon economy.

Supporting small business start-ups will therefore be important. They will want to work closely with universities and further education colleges, in view of their importance to local economies, and with other relevant stakeholders.

- 8.2 A clearer picture regarding central government policy around enterprise will emerge once the White Paper is published later this summer, and after the comprehensive spending review (CSR) is published on the 20 October 2010, as this identifies the resources which are made available to local authorities. However it is clear that the current arrangements for enterprise support funded through the working neighbourhoods fund will cease at the end of March 2011 and in the future may take a very different form.

## **9. Conclusion**

- 9.1 The members of the Washington Area Committee are asked to note the content of this report. Members are to consider receiving further reports, concerning the Cabinet decision on the appropriate role for the Council regarding employability and enterprise services in the future and be updated on the impact of emerging policy as it is released by central government. The update reports would look particularly at the impact of these decisions to the Washington wards. The Cabinet decision is expected in October 2010, therefore an update report could be brought to the January meeting of the Washington Area Committee, if required.

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## **Case Studies**

### Case Study 1

#### Robert Carr – Good News Story

Robert had been unemployed since September 2008, having been made redundant from his role of Team Leader with Parker Hannifin where he had worked for 12 years. The client had an excellent work history going back to 1980 and had previously worked in production as a multi-drop driver and a fire security officer; he also had a full forklift counterbalance and reach licence. Robert had been thinking about moving into Care work and had already completed an Introduction to Caring for Adults course and had a NCFE Certificate in Adult Literacy and level 2 in Adult Numeracy.

Robert had been initially referred to Job Linkage via Shaw Trust. At the time of referral Robert had health problems and was consequently claiming Employment Support Allowance, after falling down an inspection chamber in August 2009 which left him with a trapped nerve in his back, neck and tingling in his arms. His Job Linkage adviser helped Robert compile a CV and set out to support him in finding employment in care work, but also in his driving, factory work or forklift truck operations.

Initially, Robert's confidence and motivation was very low. His first application for a job in care was unsuccessful, as a consequence of an offence committed as a teenager which affected his Criminal Record Bureau check. This left Robert very demoralised.

However, with ongoing encouragement from his Job Linkage adviser, the client tried to stay positive and explore other options. As he had experience of driving 7.5 tonne vehicles, he thought it may be beneficial to have a digital tachograph card. Shaw Trust funded the training and Job Linkage applied for funding for the card. Unfortunately Robert did not have any luck applying for work in this sector. This being the case, his adviser encouraged Robert to once again 'think outside of the box' and widen his options, resulting in him undertaking call centre training at the Teleport centre at Doxford Park in January 2010.

In March 2010, the Employer Link service within Job Linkage had been assisting DM Designs in Washington to recruit for telesales staff. As Robert had completed his training at the Teleport he was placed on a 2-day work trial with the company. This resulted in him being offered full-time employment by DM Designs.

### Case Study 2

#### Job Linkage Good News Story- Gnandi Kossi Akpo

Gnandi (likes to be known as Bruno) initially registered with Job Linkage in Washington in July 2009. Bruno came to the UK in 2002 from Togolaise, Africa where he was a Police Sergeant. He had an immediate language barrier, which he worked hard to overcome and eventually learned to speak and write in English.

Bruno was claiming Job Seekers Allowance (JSA) and had been unemployed for over 3 years. His Job Linkage adviser gave help with application forms, to ensure that the phrasing was correct. Ongoing, extensive job search support was also given.

Bruno was interested in training courses, particularly the 'Learn to Drive' course, but he also attended a First Aid course, a Construction Skills Certificate Scheme (CSCS) course for the construction sector and various computer courses. He was given 1-day bus passes to attend the training courses. In recognition of his determination and hard work, Bruno was nominated

as Inspirational Learner of the Year in 2010, where he was runner up at the presentation evening at the Marriott Hotel earlier this year.

Bruno successfully gained a job at Convergys (Starbucks) as a French-speaking Interpreter. In preparation, Job Linkage was able to supply him with a set of suitable interview clothes and subsequently he was given a bus pass to use in his first month at work, to ease the financial transition off benefits and into employment.

As part of his Personal Development, his Job Linkage adviser had recommended he would gain a great insight into police work as a Volunteer Special Constable with Northumbria Police for which he had a successful interview in July and was accepted as a volunteer.

Subsequently, Bruno was offered another job as a Site Supervisor at Heritage School in July 2010. This was the role he had been aiming for and he had worked hard towards his CSCS and First Aid qualifications with this career in mind and was delighted that his perseverance and determination had paid off.