



Getting Sunderland Working

**Sunderland Employment
Strategy 2011 - 2014**

Contents Page

<i>Chapters</i>	<i>Page</i>
1. Executive Summary	3
2. Background and Context	4
3. Current model, evaluation and review	7
4. New Policy and its impact	14
5. The Changing Labour Market	19
6. Future Strategy	22
7. Action Planning	26
8. Monitoring and Review	40
<i>Annexes</i>	
a. Economic Masterplan	
b. Worklessness Assessment	
c. Job Linkage Review	
d. Enterprise Support Mechanisms Review	
e. S4W Reports	
f. Related Strategy Areas	

1. Executive Summary

Work is not only the best way out of poverty but has wider health and social benefits, not only for the individual but also for the community in which they live and the UK as a whole.¹

Sunderland wants to be a more prosperous place, made up of thriving neighbourhoods where people want to work, do not live in poverty, and where businesses want to be.

Great strides have been made in previous years through the strategic allocation of resources and strong partnership working in moving people from benefits and into employment or self-employment, but many challenges still remain if we are to emerge from recession economically stronger.

Sunderland has many past achievements around combating worklessness of which to be proud. In evaluating and reviewing the Working Neighbourhood Funded initiatives, which have supported over 2000 people from benefits and into employment and seen the establishment of over 400 new business start-ups in the period 2008 to 2010, we know neighbourhood and community based support and bespoke individual approaches, which add value to mainstream provision, have worked.

The new government policy framework around Welfare to Work programmes, the withdrawal of external funding to tackle worklessness and the changing labour market with its predicted heavy public sector losses and the need to stimulate growth in the private sector provides us with many future challenges. We know that there will be individuals who are eligible for mainstream support and those who may not be, but nonetheless need it, and we have identified these individuals and put them as the focus of our short term priorities for action between 2011 and 2014.

The Employment Strategy will direct and enable the allocation of any available strategic resources and will support the delivery of the Economic Masterplan for Sunderland; it complements the Skills Strategy and the Enterprise and Innovation Strategy for Sunderland being developed in spring 2011.

¹ Work Programme prospectus, DWP, Nov 2010

2. Background and Context

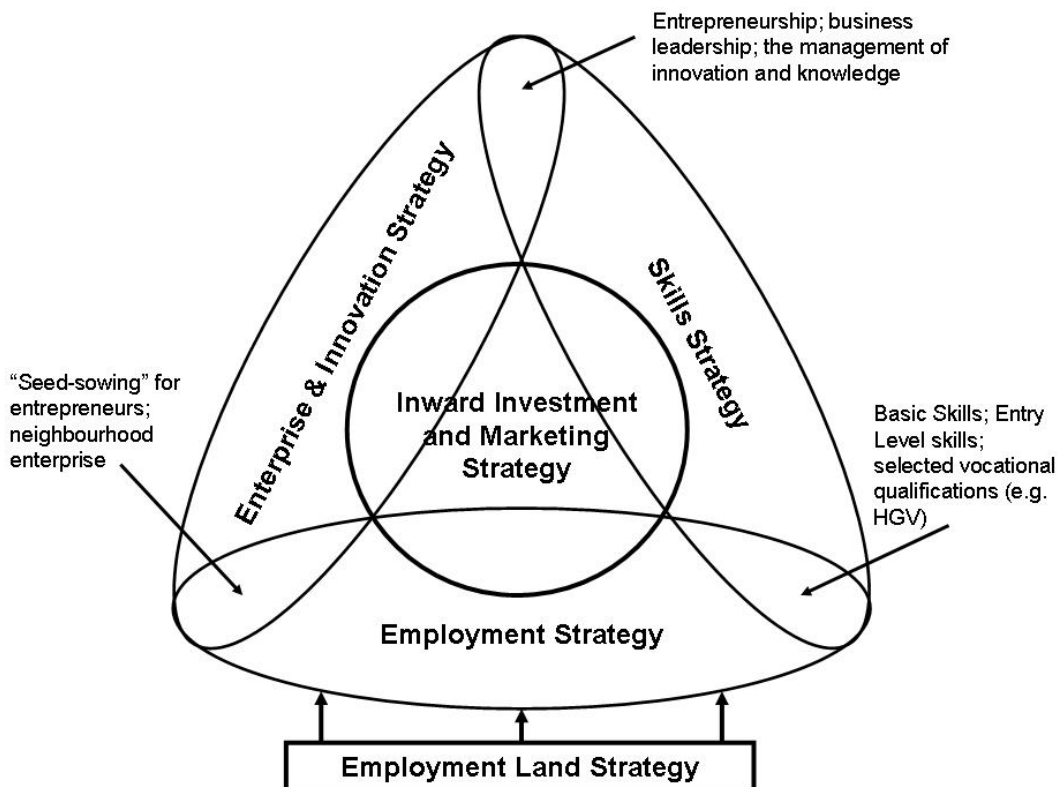
Purpose

An Employment Strategy for Sunderland has been developed because we want to make the city a more prosperous one, made up of thriving neighbourhoods where people want to work and where businesses want to be based. We want to reduce the significant gaps between the wealthy and the poor in our City. We want to maintain and build upon the improvements that our Working Neighbourhood Strategy 2008 - 2011 has delivered from 2008.

The Employment Strategy vision which overarches these goals is:

To support Sunderland at a neighbourhood level, to achieve high levels of good quality employment and profitable self-employment.

The Employment Strategy for Sunderland is an important part of a whole range of programmes which focus solely on making Sunderland a more prosperous city over the next 15 years. This range of programmes comes under one title; The Economic Masterplan. The Employment Strategy complements Sunderland's Skills Strategy and Sunderland's Enterprise and Innovation Strategy, which will also help deliver the Economic Masterplan. It also supports the city's Child Poverty Strategy.



Sunderland Employment Strategy

The Employment Strategy has been created around the strategic priorities which are key to realising the vision. These priorities were identified by collecting evidence, analysing it and comparing it with our goals for the city according to the Economic Masterplan and deciding, with the help of others in the city, which issues were most important.

The Employment Strategy proposes a neighbourhood approach rather than a uniform, one-size-fits-all approach across the city, as this has delivered successful results in the past. Action planning will show how partners will work together to realise the vision, recognising that changing government policy will impact on the roles of partners, which may be very different in future to those in the past.

Background

The development of the Employment Strategy builds upon the achievements of the Working Neighbourhoods Strategy (WNS) for Sunderland 2009-2011. The Economic Masterplan (Aim 4 - An Inclusive City Economy for all Ages) strategic delivery group recognised the requirement to produce an Employment Strategy for Sunderland in order to deliver the outcomes within its scope and to sustain the best practice and momentum already achieved through the Working Neighbourhoods Fund investment. It is acknowledged that the previously successful neighbourhood-focus should be maintained, in order to continue to narrow the gap between our most deprived and our better-off neighbourhoods.

Current Context – the challenge for Sunderland today

The impact of the recession and more recently the Coalition Government's welfare reforms has dramatically changed Sunderland regarding opportunities for enterprise and employment.

The recession has seen a significant reduction in employment within Sunderland and the wider region, with the total number of employee jobs in the North East declining from over 1.25 million in June 2007 to around 1.21 million by December 2009, a loss of over 47,000 jobs in 30 months. Many companies across a range of sectors within Sunderland have cut jobs as a response to lower levels of demand within the economy. The subsequent recovery in the labour market has seen moves towards flexible working, part time working and self employment happen more quickly than was previously anticipated.

Sunderland has difficult times ahead following the recession, made especially challenging by changes in the welfare system and public sector cuts which will affect a large number of Sunderland residents.

There is likely to continue to be job losses in both the private but more significantly, the public sector and, in order to generate the necessary economic growth in the private sector, mechanisms will need to be put in

Sunderland Employment Strategy

place to equip people with the skills and offer support to move into alternative sectors and also into self-employment.

This economic backdrop does provide the opportunity to improve the systems in the city that have already been proven to work and to provide more of the neighbourhood-based, holistic style of support and guidance that is called for in these difficult times.

The strategy will consider how, as a city, partners can work together to increase the numbers of residents who can move from economic inactivity and into employment or self-employment. In addition, the strategy will also consider how we can ensure residents continue to develop relevant skills to sustain and progress within the labour market. This focus on skills will be further developed within the related document – the Sunderland Skills Strategy.

Related Strategies

The Employment Strategy has strong links with a number of other strategies being developed under the Economic Masterplan:

- The Sunderland Skills Strategy, which will consider the demand side of sectoral growth areas and the skills needed within these;
- Sunderland's Child Poverty Strategy, which aims to reduce the number of children living in poverty, and recognises that employment has an important role in lifting families out of poverty;
- Enterprise & Innovation Strategy, which will set the direction for strategic investment which will underpin economic growth.

3. Current Model, evaluation and review

Current Delivery

The Working Neighbourhoods Strategy (WNS)

Between 2009 and 2011, neighbourhood-focused employment and enterprise support has been delivered through the Working Neighbourhoods Strategy (WNS). The strategy was developed to address worklessness and low levels of enterprise at a neighbourhood level and assist in the strategic allocation and management of £30m Working Neighbourhoods Fund (WNF). The strategy recognised that in order to meet the overall programme objective of reducing Sunderland's benefit claim rate by 3000 persons, that there were two potential routes from unemployment/incapacity into work, or from lower paid to higher paid work, either by getting a job and working for others or by being self-employed and working for yourself.

The WNS therefore had two main areas: Assisting People into Work and Boosting Enterprise. By focusing activity on both areas at the same time, a higher impact and greater outcomes could be achieved. The Employment Strategy will build on this approach.

Current Delivery Model – Employability

Assisting People into Work

For the 2 year period, commencing 1 April 2009, employability provision has been delivered in Sunderland under the 'Assisting People into Work' strand of the WNS. The approach was designed to sit alongside and complement mainstream employment provision, as delivered through Jobcentre Plus. The model was based upon the principles of One North East's Regional Employability Framework (REF – diagram 1 overleaf) and the best practice which had evolved through the city's Job Linkage partnership network since 1996. Working alongside Jobcentre Plus, the Job Linkage network has contributed towards tackling the city's significant worklessness problems and achieving success against employability performance indicators.

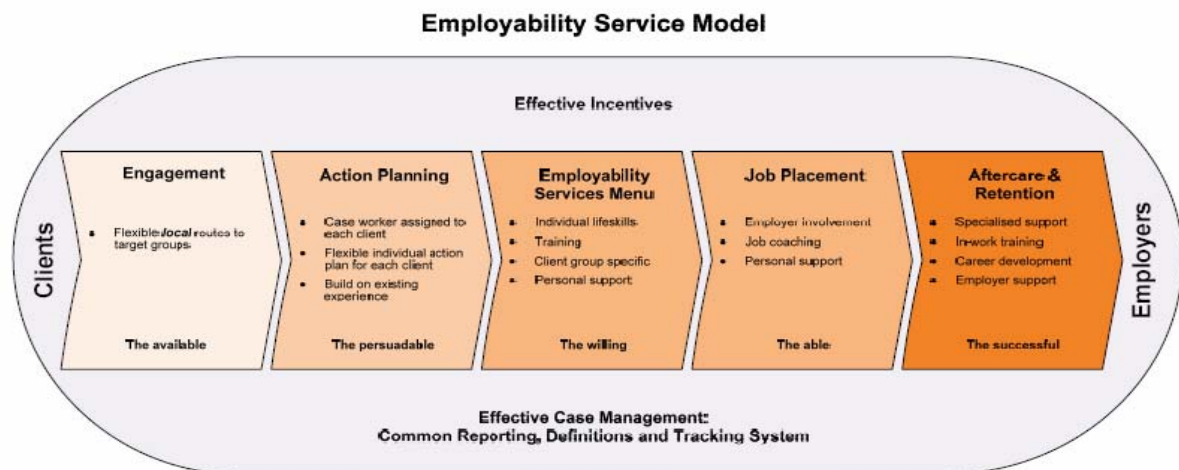
The WNS approach continued and built upon the existing Job Linkage network, enhancing and strengthening the client delivery model with the inclusion of a range of 'bolt-on' specialist providers. The core Job Linkage service has comprised of three broad areas of delivery: (a) client engagement; (b) provision of information, advice and guidance (IAG); and (c) employer engagement and recruitment support.

Through Job Linkage, workless residents have been supported through an end-to-end service, as advocated by the REF, from initial community engagement, registration and induction, into a wide ranging menu of

Sunderland Employment Strategy

provision, tailored to particular needs, finally resulting in employment, with sustainability (where the person has maintained their employment at the company) measured at both 13 and 26 weeks. The model has ensured that each element of the journey has been delivered by the most appropriate delivery partner, to achieve effective progression and also cost savings by removing potential duplication.

Diagram 1: Regional Employability Framework (REF)



The journey to employment has been tracked via a common management information system, the Hanlon “Skills Register” which every provider has used to record client progression and entry into employment. This has provided management with consistent information on performance, both on an individual project and at various spatial levels (including super output area, ward, area and city-wide).

The employability programme aimed to focus delivery on ‘hard to reach/hard to help’ clients, to add value to mainstream Jobcentre Plus provision. Engagement of people in receipt of ‘inactive benefits’ was prioritised, namely those on Incapacity Benefit (IB) and Income Support (IS). A focus was also given to residents living in the most economically deprived areas of the city (measured as the top 30% lower super output areas).

The core Job Linkage service was delivered through a network of 14 neighbourhood-based centres, located within key deprived wards. This neighbourhood approach encouraged voluntary participation of benefit

recipients for whom there was no mandatory requirement to look for work, ie the 'hard to reach'.

The core Job Linkage service has been supplemented by a range of specialist providers, who were grant funded to provide holistic, wrap-around support to directly target 'hard to reach/hard to help' client groups and/or address specific barriers². A total of 15 employability projects were grant funded to provide this specialist support, delivered by organisations from across the public, private and voluntary sectors.

Current Delivery Model – Enterprise

Boosting Enterprise

In order to stimulate enterprise at a neighbourhood level, the WNS proposed a Boosting Enterprise Programme which was aimed at offering a range of support to encourage more business start-ups. The core element of the programme was Neighbourhood Talent Scouts and Business Advisors, along with a number of support projects, these being:

- Access to Finance – to mitigate difficulty in acquiring start-up finance
- Visible Workspaces – to identify and then provide latent and known demand for start-up workspace
- Enterprise in Education – to embed enterprising skills within secondary school age children, demonstrating enterprise is a future viable alternative to employment
- Additional Specialist engagement, motivation and support – to provide flexible funding to add value to the core delivery by Talent Scouts and Business Advisors for the provision of bespoke engagement and motivation support not available within the main core programme support
- Franchising – to promote franchising as a route to self-employment and support potential franchisees with information and advice
- Procurement – to develop a system to support and encourage more local firms to apply for and deliver council contracts
- Underserved Markets – to research the gaps in service provision and match new business start-ups into new markets

A Consortium of local organisations; North East Business and Innovation Centre, Sustainable Enterprises Sunderland, FISCUS, Sunderland North Community Business Centre and Gentoo were awarded a competitive contract to deliver the core element which had output targets of : 800 referrals into pre-business support and 400 new 'Enterprise Ready' businesses.

² These included people with health problems (physical, mental, learning difficulties), financial inclusion/debt management, people lacking recent/relevant work experience or with low/no skills, people who were homeless or with drug/alcohol issues, offenders/ex-offenders, carers/ex-carers, people from the BME community, NEETs, older workers and lone parents.

Sunderland Employment Strategy

A team of 9 Talent Scouts were located in targeted neighbourhoods and it was their role to engage with residents who were interested in self-employment, through the use of existing community networks, and to work with these clients on individual barriers to self employment, such as confidence, self-esteem, childcare etc. Once the personal barriers had been addressed the clients were referred to one of 7 Business Advisors, also based in neighbourhood centres who offered support to assist them to be 'Enterprise ready'. This support included practical skills for business such as business planning, marketing, financial management and signposting to mainstream business support agencies and services.

Evaluation

This section highlights key findings from the research, review and evaluation work undertaken on our current activity. The findings are summarised in this section, more detail can be found in the appendices.

Key Findings

Enterprise

The Enterprise review was undertaken using the following methods:

- Self-assessment of project activity by the project deliverers undertaken in July 2010, covering Talent Scouts and Business Advisors, Access to Finance, Specialist Support (Benefit and Tax Advice), and Procurement.
- A postal questionnaire sent to 50 new start-ups conducted during September 2010
- Best-practice benchmarking undertaken by S4W Consultants
- Performance information undertaken by S4W Consultants
- 3 focus groups held during September 2010 at Houghton, Grindon and Hendon

The main findings from the review were that:

- the spread of start-ups across the city is good with coverage in every area
- the type of businesses set up within the programme show variety and has not led to saturation in any particular geographical area of the city
- focused work at a neighbourhood level using community based organisations is effective at engaging and supporting harder to reach clients into self-employment
- Named and retained advisors offering intensive one to one bespoke support through out the pre-start up stage has a strong correlation with successful self-employment outcomes

Sunderland Employment Strategy

- Access to finance is a major barrier to enterprise and offering start-up grants is a major incentive to pre-start ups
- Ongoing support is required once the business has started especially with marketing, and assistance with seeking other finance in order to grow

Employment

Worklessness Assessment

As part of the Employment Strategy's evidence base, a detailed worklessness assessment has been carried out. The Houghton Review recommended, "The causes and context of worklessness are different from place to place and, therefore the answers to it also require an understanding based not only on place but of those affected by it." Consequently, the assessment covered population, characteristics, geography, employer demand issues and barriers to employment. The full findings are attached as an Annex.

Statistics show there continues to be a downward trend for people claiming Jobseekers Allowance (JSA), which at 9,297 in September 2010, stands at its lowest level since August 2009 (however this still represents 5.28% of the working age population). However, to get a true picture of 'worklessness', all out-of-work benefits must be considered. The findings showed that in November 2009 there were 34,270 people claiming a range of out-of-work benefits, including Incapacity Benefit (IB), Employment Support Allowance (ESA) and Income Support (IS) as well as JSA. This represents almost 20% of Sunderland's working age population and this figure reflects more accurately the scale of the worklessness problem faced by the City. In addition, there are a substantial number of people who are not working, but for various reasons, do not claim any form of 'out-of-work benefit' and these also need to be considered under this strategy.

There have been some indications of improvements: numbers claiming out of work benefits showed a welcome reduction in 2009, after rising sharply in 2008. The number of people employed has also showed a modest increase over the period 2005-09, compared to an overall decrease in both the North East and Great Britain. Similarly, the number of economically inactive residents in Sunderland has steadily decreased and the rate is now below that for the region and almost the same as the national rate. These results may seem to be at least partly due to Sunderland's Working Neighbourhoods Strategy and evidence that the model used has been effective in general terms. However, few of the city's 43 worst performing lower super output areas (LSOAs) showed any reduction in the rate of people claiming out-of-work benefits. This suggests that there still needs to be a targeted approach to supporting Sunderland's most deprived neighbourhoods, to narrow the gap between the better performing and the worst performing areas of the City.

Job Linkage Review

The review and evaluation of Job Linkage was carried out in the period June to September 2010 by consultants Roger Tym & Partners. It was commissioned to consider the service's overall performance, the relevance, impact, efficiency, effectiveness and sustainability of the Job Linkage network, how effectively it embraces partnership working and to identify key performance lessons.

The findings indicate that Job Linkage is a fundamentally successful model with clear strengths. Since 1996, Job Linkage has developed considerable experience in delivering high quality, personalised employability to services: to those in the community with most severe barriers in accessing employment opportunities: and in the city's most deprived wards. There is widespread recognition within the City Region and from Jobcentre Plus (JCP) management of Job Linkage's effectiveness in engaging its target groups and in improving their employability. There is also recognition that the Employer Link service is complementary to that offered by JCP, engaging small and medium sized enterprises (SMEs) to a far higher degree than JCP has been able to do.

Job Linkage is an important part of Sunderland's employability infrastructure and the delivery staff are well known and experienced in the community. While its network of centres enables ready access to employability services, it also affords access to a range of other community facilities and services.

Job Linkage is seen as broadly successful and doing what it is meant to do, ie moving people from benefits, closer to an active role in the labour market and ultimately into work. As borne out by the annual and quarterly monitoring reports, the scale of its activity in engaging new clients, providing relevant advice and training and matching them with employment opportunities is impressive. In terms of value for money, the service has achieved a high volume of outputs at relatively low cost.

In its conclusion, the report recommends that Job Linkage positions itself to act as a sub contractor under Work Programme, with the intention to sustain an adequate amount of infrastructure across the city, to continue to offer a meaningful level of quality provision to Sunderland's out-of-work residents..

Focus Groups – service users and delivery providers

The consultation process, particularly with current service users and also with delivery providers, recognised the importance of continuing to ensure a wide and diverse range of employability provision is available, suitable for people with very different needs, including the long term unemployed, people with disabilities, people with either no or low skills and others that could be described as the more 'socially excluded' people within Sunderland's communities.

Sunderland Employment Strategy

In terms of the model of delivery, certain key features were seen to be essential. These included employability provision being located within a local community setting, for ease of access for the service users and to achieve a sense of 'responsiveness' to local need. The availability of intensive, one-to-one support, customised to individual needs and delivered by a dedicated, named adviser was also high on the list of priorities. The adviser should be able to signpost clients to a wide range of specialist providers, to address specific barriers to employment, such as debt advice or housing issues. Access to flexible funding was also seen as important in the delivery model, again for the purpose of removing 'barriers to employment' such as travel costs or clothing for interviews.

When considering the Council's future strategic role, there was common agreement that ensuring and influencing the continued provision of an effective employability service was an essential part of the Council's role, especially in the present economic climate. As well as providing some of the City's most disadvantaged residents with an effective level of support to find work (not always available from mainstream services) it was felt this would also have a beneficial impact on the City's economy by helping to increase the number of residents in work and reducing those on out-of-work benefits.

4. New Policy and its Impact

The Coalition Government has developed new policy to reform the welfare state, changing the way that people can receive benefits and the way that they can apply for work. This policy change has a direct effect on the Employment Strategy and how it can support Sunderland residents. Whilst the previous chapter has highlighted the good work that the Working Neighbourhoods Strategy (WNS) has achieved for the residents benefiting from its services, this chapter explains the recent policy announcements from the Coalition Government, and the impact of this on the Employment Strategy and Sunderland residents.

The Coalition Government has taken the decision to reduce public spending in an attempt to reduce the country's financial deficit. This includes spending on benefits. Commenting on the Department of Work and Pensions website;

“The Government has identified two key problems with the current system: work incentives are poor and the system is too complex. We want to reform the system to help people to move into and progress in work, while supporting the most vulnerable.”

Many of the policy announcements have been to encourage people on out-of-work benefits (including Incapacity Benefits) into employment or self employment. Following a lengthy consultation process, the Government has set out the specifics of its plans for welfare reforms in the White Paper *“Universal Credits: welfare that works”* in November 2010. This aims to create a fairer and more affordable welfare system, improve incentives to work and tackle dependency, while protecting those who are genuinely unable to work.

A significant announcement in the comprehensive spending review of October 2010 was that the current system of means-tested benefits will be replaced by the introduction of a single, universal benefit that will be tapered off as the recipient enters work, decreasing as the recipient receives a higher salary. This is to ensure that “work always pays” and people who find employment will be financially better off than those who are on benefits.

Changes to the Incapacity and Employment Support Allowance are also taking effect. Those who currently claim sickness-related benefits (such as Incapacity Benefit and Severe Disability Allowance) will undergo a Work Capability Assessment; if they are deemed unable to work, they will remain on the benefit, however, if they are deemed capable of undertaking some level of work, they will be put onto JSA and expected to find suitable employment. All current recipients of IB will be reassessed in this manner.

The Work Programme

Alongside these changes to the welfare system, there are also changes to the way that those looking for work are helped to find employment. Current

Sunderland Employment Strategy

programmes such as New Deal and Pathways to Work will cease and be replaced by a single national scheme, the Work Programme that *“will provide a single, personalised welfare to work programme for all client groups, delivered through contracted out provision.”* The Coalition Government is putting in place a framework from which to select suitable providers from the private and voluntary sector and it is expected that the Work Programme will be operational by summer 2011.

The providers for the Work Programme are expected to be very large, financially secure organisations and they will be contracted to deliver employability services on behalf of the Department of Work and Pensions (DWP). The main providers, or ‘Prime Contractors’ as they are being described, are expected to select a number of sub contractors to assist in the delivery in local areas. The Primes are encouraged to identify partners, ideally from within the Voluntary and Community Sector (VCS) who have experience and a proven track record of working with workless clients in their neighbourhoods. This approach is intended make best use of existing infrastructures and networks, to enable the new scheme to make maximum impact as soon as possible.

In recent years, analysis of worklessness and ‘economic inactivity’ has focused on various categories of clients, based on the type of benefit they claimed. With the move towards a universal benefit, this method of client segmentation has to change. People currently in receipt of IB will undergo a Work Capability Assessment (WCA), to see if they are capable of carrying out some form of work. The focus will shift from what a person can’t do, to what a person can, in terms of work. This will result in the number of people claiming IB decreasing, whilst those actively seeking employment (ie claiming JSA) rising.

Every client who is actively seeking employment will be supported to do so by the Work Programme, from a set point in their claimant history (ranging from 3 months to 12 months on benefits). Those clients who are medically assessed and deemed incapable of carrying out any form of work will remain on an appropriate benefit and will not be expected to actively seek employment. (The details of these benefit changes and the process for transferring people to alternative benefits is still emerging and will become clearer in the coming months.)

Sunderland Employment Strategy

The customer groups who will receive support under the Work Programme are as follows³:

Customer Group	Time of Referral	Basis for referral
JSA customers aged 25+	From 12 months	Mandatory
JSA customers aged 18-24	From 9 months	Mandatory
JSA customers who have recently moved from Incapacity Benefit	From 3 months	Mandatory
JSA customers facing significant disadvantage (eg young people with significant barriers, NEETs, ex offenders)	From 3 months	Mandatory or voluntary depending on circumstance
All Employment and Support Allowance customers	At any time after their Work Capability Assessment	Voluntary
Employment and Support Allowance (income related) customers who are placed in the Work Related Activity Group	When customers are expected to be fit for work in 3 months	Mandatory

Those most in need of support, for example ex-offenders or those young people who are struggling to make the transition between education and work, will be offered early access to the Work Programme (ie from 3 months on benefits) to ensure they receive it within a timescale that is most appropriate to them.

Support for those not included in the Work Programme

The Work Programme is not being delivered in isolation: it will be supported by a more flexible advisory service in Jobcentre Plus, which will give local offices more control and allow them to deliver in a way that is responsive to local needs. Clients who are not eligible for Work Programme will have access to a range of other support measures, as follows:

- Jobcentre Plus (JCP), along with its strategic partners, will help people to volunteer, do work experience or take advantage of peer-to-peer support, before they enter the Work Programme. These initiatives are part of the “Get Britain Working” measures. As part of this, DWP has launched ‘Work Clubs’, which encourage people who are out of work to exchange skills and share experiences, and ‘Work Together’, which allows people to develop work skills through volunteering.
- From 25 October 2010, DWP has also been offering disabled people with significant employment support needs access to Work Choice, which will run alongside the Work Programme, and provide the

³ The Work Programme Prospectus, DWP, November 2010

Sunderland Employment Strategy

additional help that the most severely disabled people need to get back to work.

- Finally, JCP will offer enhanced support to lone parents in receipt of Income Support. This will include an offer of support through the JCP “Support Contract”, the JCP Flexible Fund and ongoing advisor support. JCP will also continue to play a key role in helping customers with benefit claims, decisions and appeals.

There are also a significant number of people in Sunderland who are not eligible for Jobcentre Plus support. These are people who are not in receipt of any form of out-of-work benefits. In the period of Working Neighbourhoods Funding from 1 April 2009 to December 2010, approximately 2,000 such clients registered with and received support from the Job Linkage service. Consequently, a key focus of the Employment Strategy will be to examine how employability support can continue to be provided for this cohort of clients in the future.

Quality of service

Within the Work Programme, DWP is clear that providers are best placed to know what works for customers and so the contracts will not specify what providers should deliver. However, the clients should know what level of service they can expect. As a result, bidders for Work Programme contracts will be asked to provide a summary in their tender of the minimum service they will offer to all client groups. These minimum service levels will be translated into a small number of Key Performance Indicators within each contract and will be articulated to clients at the point they start the provision. These promised service levels will be made public so that clients and their representatives will be able to judge whether providers are delivering what they have promised. An important role of the local strategic partnership will be to monitor the service levels and ensure that all residents are receiving a quality service.

Related Policy Areas

Whilst the most significant change impacting on the Employment Strategy is the Work Programme, other policy changes also need to be considered.

Local Enterprise Partnerships (LEPs)

LEPs will replace Regional Development Agencies which will be disbanded by 2012. They will bring councils and businesses together on an equal footing, across natural economic geographies and will have as their primary focus planning and infrastructure projects, with less of a focus on economic development to drive economic growth. LEPs will receive no core funding and will be expected to fund its own day-to-day running costs.

LEPs will be able to submit bids into the new Regional Growth Fund (RGF), which is worth £1.4 billion over 3 years. Its purpose is to encourage private

Sunderland Employment Strategy

sector enterprise by providing support for projects with significant potential for economic growth and job creation. It is also intended to support those areas of the country that are currently dependent on the public sector to make the transition to sustainable, private sector-led growth. The fund will encourage private sector enterprise (including social enterprises) to create opportunities for affected localities to adjust to reductions in public spending and enable private sector investors, businesses, the public sector and communities to come together with an overall strategy for their area. It is envisaged it will provide a mixture of direct support for investments that would otherwise not occur (and which will create sustainable employment) and infrastructure provision to remove barriers to private sector-led economic growth. There is an opportunity for the North Eastern LEP to submit a bid for NGF to support activities that will directly support job creation and enterprise initiatives.

Business Link and Enterprise Support

The future of enterprise support is also subject to significant change. While some enterprise support will be delivered through the Work Programme, through the 'Working for Yourself' strand a number of uncertainties remain over the future make-up of the enterprise and business support agenda.

Changes to Business Link mean it will lose its existing regional focus and move towards becoming a national telephone and web based support service. As a consequence there are concerns around the potential impact of these developments to the future delivery of this support within the North East.

The availability and nature of enterprise and business support clearly has a potential impact on enterprise development.

Learning and Skills

The learning and skills infrastructure is also going through a significant period of transition, including the way in which lead providers such as colleges of Further Education are funded, with the loss of ring fenced budgets for the unemployed and cuts to funding for adult skills, which will impact on the future skills agenda.

It is envisaged that employer engagement activity will increasingly be left to individual providers, with a potential lack of strategically driven activity in this area. This may lead to the Skills Funding Agency taking a step back from this work and shifting towards an increasingly national focus and infrastructure. Learning and skills impact will be explored in more detail within the Skills Strategy for Sunderland.

5. The Changing Labour Market

Policy changes have created considerable uncertainty over future developments for employability and enterprise. Welfare and benefits reform is at the heart of the Coalition Government's agenda, however the detail of the precise programmes and policy intervention position are only just emerging. Nevertheless, these policy shifts will have a major influencing role in the design and delivery of Sunderland's strategy to support employability and enterprise activity and the use of any discretionary funding which may become available. It is therefore crucial that the Employment Strategy is a dynamic document subject to early and regular review to ensure emerging policy detail and new policy can be fully reflected.

The impact of the recession

At the point of UK recession in Autumn 2008 Sunderland's pattern of benefit claimants was showing a definite downward trend particularly long-term JSAs and also clients in receipt of incapacity benefit (those normally described as 'hard to help').

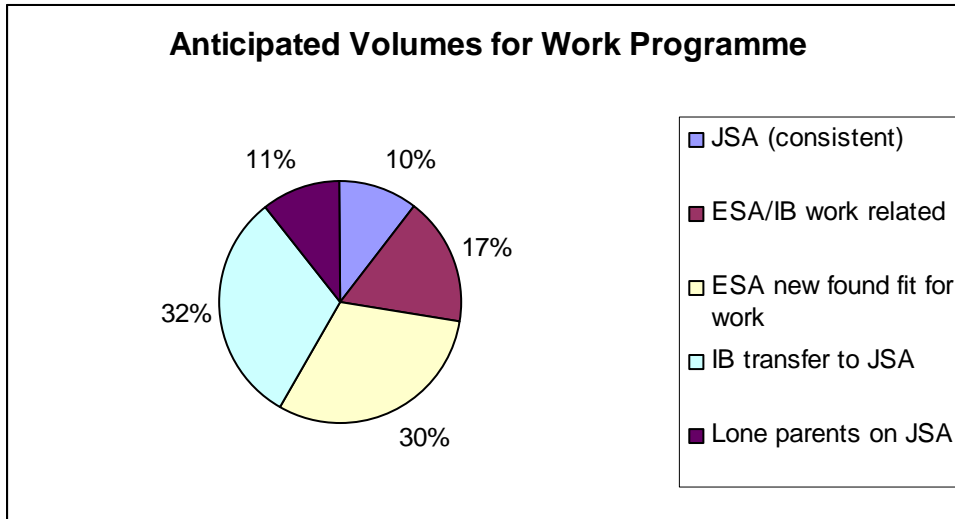
The impact of the recession has seen massive increases in JSA numbers (from 5,240 or 3% of the working age population in November 2005 to 10,560 or 6% at its peak in February 2009) however interestingly there was much less of an impact on non-JSA clients as would have been expected looking at trends from previous recessions. Whilst JSA figures rose steeply, the worklessness assessment demonstrated Sunderland's economically inactive⁴ figures have gradually reduced from 45,300 or 25.8% in 2005 down to 37,100 or 21.2% in 2009, this pattern has continued and suggests a strong correlation to initiatives delivered under WNS.

It is expected that during the period of delivery of this employment strategy that changes in policy will mean a reduction in clients claiming sickness benefits for which there is no compulsion to seek employment. Welfare to Work policy will see greater numbers of people being classified as 'fit for work' and therefore their benefit type will be changed to reflect that.

The following analysis has been carried out by the Centre for Economic & Social Inclusion, to estimate the relative percentages of the various cohorts expected to make up the Work Programme client base in the future.

⁴ The economically inactive are defined as people of working age who are not working, are not in full-time education or training and are not actively seeking work.

Sunderland Employment Strategy



It is anticipated that around 10% of clients will be 'typical' JSAs, in terms of our prior understanding of this client type. These are the 'consistent' JSA shown above.

By far the dominant group will be those who have been found fit for work under the new regime and who, in the old system, would have been on health-related benefits. It is expected that around 32% will be clients who have been transferred from IB to JSA, having been found fit for work through a Work Capability Assessment. A further 30% will be those on Employment Support Allowance (ESA) who have been found fit for work. It is likely that these people will require more intensive support, potentially over a longer period of time, before they successfully move into a job, compared to people without previous health issues.

Public Sector Job Losses

Recent policy papers state job losses of as many as 49,000 workers with 20,000⁵ of those in the public sector between 2010 and 2015 for the north east. The job losses arise from a number of factors, a contracting public sector supply chain within the north east, indirect impacts of spending cuts occurring outside of the north east and reduced household consumption; this is significant to Sunderland as the public sector is one of the largest employers in the City (indeed in the wider North East), with 2008 estimates showing public sector employment as 22%⁶, with a resultant decrease in Gross Value Added (GVA) of £1.8bn. Those leaving the public sector will be expected to find employment in the private and third sector and they too will be supported by the Work Programme.

⁵ 'Mind the Gap': Assessing the impact of reduced government spending on the north east economy, Durham University, November 2010

⁶ Workplace based ABI extract, ONS, 2008

Sunderland Employment Strategy

What this will mean is that employment provision will be extremely different from summer 2011 than we have experienced previously, and so will our future market. In previous years, there were a number of government funded programmes and strategic initiatives, each catering for a different beneficiary type (ie Pathways to Work for IB claimants, New Deal for JSA claimants, Working Neighbourhoods-funded programmes in Sunderland targeting the 'hardest-to-help', etc), from the summer of 2011 there will be a single offer, the Work Programme, which will be expected to offer employability support to a very wide and diverse client group.

It is therefore the role of the Employment Strategy to understand the Work Programme and its potential impact on supporting clients to move off benefits and into sustainable employment, identifying what mainstream provision will be able to deliver successfully and then work with our partners on actions to support value-added activity to support those clients who may fall outside of mainstream support.

6. Future Strategy

The future employment strategy is about the changing landscape and how partners' actions will respond to it. The following chapters outline the programmes that will be available from mainstream service, identifies where the gaps might be and the actions to be taken to address these gaps.

Our strategic objectives for employment and enterprise, as stated in the Economic Masterplan, are:

- To work with employers and job seekers to match the right people with the right jobs;
- To tackle issues that inhibit people from working;
- To support people once they have a job;
- To encourage enterprise at a neighbourhood level.

The outcomes to be achieved by the strategy are:

- Raise the employment rate, because if more people are working there is more money in the economy.
 - The employment rate for Sunderland has deteriorated significantly since the recession began and today stands at 64.9%. A target of securing a 0.5% improvement per annum was previously agreed within the City Region's MAA (as smaller geographical levels are subject to big statistical fluctuations) and it is considered reasonable to expect this level of growth across the City Region over the next 3 years.
- Reduce those on out-of-work benefits, because if less people are on benefits there is less drain on the City's resources.
 - There has been significant improvement (0.8%) over the past 12 months, relating to rapid job growth as businesses reconstitute their workforce post recession. This is higher than the target which had been set within the LAA (which was between 0.5 and 0.7%). More modest improvement can be expected over the next few years, with a 0.5% increase per annum increase being a challenging but realistic target.
- Increase the numbers of young people working and living in the City, because young people are the drivers of the future economy.

Sunderland Employment Strategy

- Sunderland's population has experienced an 11.8% reduction in the 15-29 age group since 1991, which is more severe than both national and regional declines. There are several indicators of improvement for this target, including population and NEET statistics. There is currently no single specific performance measure to use for this outcome, rather a combination of measures that taken together, can demonstrate a positive impact.
- Narrow the gap between the priority neighbourhoods⁷ and the City average, reducing overall workless rates in the priority neighbourhoods, because this will bring more people out of poverty and help bridge the poverty gap.
 - The LAA set a target of a reduction of the number of people claiming out-of-work benefits in the worst performing areas, by 0.9%. As the economic situation worsened during the recession, this was revised and expressed in terms of minimising the extent of deterioration. Taking past experience into account and recognising that we will not have the benefit of WNF interventions, narrowing the gap significantly will be difficult to achieve. However, a target of 0.7% improvement per annum may be realistic.
- Increase the numbers of new businesses formed particularly in the more deprived areas, because this will create wealth for the City.
 - The LAA target of NI171 was based on VAT registration rates, although this was revised following the release of the New Business Registration Rate (VAT and PAYE). The targets related to an annual increase of 1.4 business registrations per 10,000 population. Latest performance data suggests this is still a realistic target.
- Improve the survival rate of business start-ups and help existing businesses to expand, because this will lead to a sustainable business base.
 - Although there is currently no national performance indicator to measure the success rate of business start-ups, there is an expectation that over 80% of people who receive enterprise support will sustain their business for 2 years. This has been evidenced by local enterprise support agencies and will be used as the target for

⁷ Priority neighbourhoods are those Lower Super Output areas which are in top 30% of deprivation as measured by the Indices of Deprivation 2007

Sunderland Employment Strategy

neighbourhood-based enterprise support services in Sunderland under this strategy.

Whilst there exists a significant amount of uncertainty in the future for employment and skills infrastructure, key priority client groups are emerging which are different to those identified and worked with in the past. In terms of the Employment Strategy, it is important to emphasise that we are in transient times and it is far from certain whether the government's proposals will adequately support all client groups. There will be a need to regularly monitor and evaluate future Work Programme delivery to ensure that its performance shapes any additional, non-mainstream interventions that may be needed and put in place by partners.

The Employment Strategy will seek to create a unified approach for all partners responsible for employability activity, to avoid the potential of fragmentation and duplication of effort. The Strategy will articulate a common approach and a shared understanding to inform efficient and effective working.

There is a clear need for an increased focus on the employer side, to ensure that deliverers of employability programmes are fully informed about demand for skills and also to ensure clients are being progressed off benefits and towards viable opportunities in growth areas. This will be explored in more detail within the Skills Strategy for Sunderland.

The starting point for the future strategy was looking at the working age population, segmented into several distinct cohorts. Each cohort has been examined to identify its unique requirements, followed by a consideration of available resources and the roles of various agencies in meeting those requirements.

Sunderland Employment Strategy

Segmenting working age population for the Sunderland Employment Strategy

Cohort	Programme or Action Required	Effect
Those in low skilled/poorly paid jobs	Up-skilling / Re-skilling	More efficient labour market Space created for new job entrants
Those under threat of redundancy in public/private sectors Those not eligible for / not in receipt of benefits	Information Advice and Guidance / Re-skilling Triage and support (IAG, etc)	
JSA (aged 25+) / JSA (18+) / JSA (ex IB) / ESA (ex IB) / ESA (flow) / ESA (volunteers)	WORK PROGRAMME (Work Capability Assessments will determine if those currently on IB move into the Work Programme or not)	Moving clients off benefits and into work
Most severely disabled IB/ESA claimants	WORK CHOICE	To move into suitable work and improve quality of life
Lone Parents on Income Support	JCP Support Contract	Moving clients into work

Consultation has identified potential gaps that may occur when the effect of the Work Programme is mapped against cohorts of the working age population (which includes benefit claimants in receipt of JSA, IB, IS, ESA; those people who are working but are under threat of redundancy; those who are working but have low skills in vulnerable jobs and others not working but not in receipt of benefits).

It can be seen that there are potential gaps in three cohorts of the working age population which will not be covered by mainstream employability programmes:

- those who are employed, but who have low skills or in poorly paid jobs;
- those who are employed but are under threat of redundancy (particularly in the public sector, but also in the private and voluntary sector); and will need support to re-skill or up-skill;
- those who are economically inactive, not eligible for or not in receipt of out-of-work benefits;

Sunderland Employment Strategy

The Employment Strategy will identify interventions that will be:

- delivered to support individuals who will qualify for mainstream support into sustainable employment or self-employment;
- developed to support these individuals who fall outside of mainstream support, into sustainable employment or self-employment.

Interventions will prioritise these individuals into two groups

- those in employment
- those out of work

and identify the focus for activity, if resources were to become available.

This is explained in more detail in the following chapter.

7. Action Planning

Potential Actions and Opportunities

The Employment Strategy's actions will be divided into two priorities:

- Priority 1: a focus on people who are out of work;
- Priority 2: a focus on people in employment, but who require either re-skilling or up-skilling.

There is significant potential overlap with the content of both the Skills Strategy and also the Enterprise and Innovation Strategy. The Skills Strategy will look in more detail at the sectors of growth, to determine the types of skills people will need to enter these sectors, to ensure our 'supply' of people matches the 'demand' of employers.

The Enterprise & Innovation Strategy will focus on the priorities required for long term city-wide economic growth, but will also replicate the neighbourhood dimension detailed within this strategy. It is well recognised that self-employment is one of the two ways of tackling high levels of worklessness in Sunderland – by supporting people either into a job or into setting up their own business. This strategy will focus on rebalancing the economy towards greater private sector provision through business start-ups, where 'working for yourself' is both a route off benefits for some people and an opportunity to move from the public to private sector for others.

This chapter has been produced at a time where there are still a lot of unknowns around the provision of mainstream employability/self employment programmes. Therefore, it provides a snapshot using the information that is currently available to anticipate the type of actions required. It is difficult to predict the type and volume of support that will be available for various client cohorts through the Work Programme, therefore the potential 'gaps' in provision that have been identified in this strategy may change, or others may emerge. Consequently, estimates have been made, but the strategy will be reviewed on a 3 monthly basis by the Aim 4 Delivery Group between April 2011 and March 2012, to ensure that when further details become clear, this Chapter is updated.

Priority 1 – Extending Employment Opportunities (for those out of work)

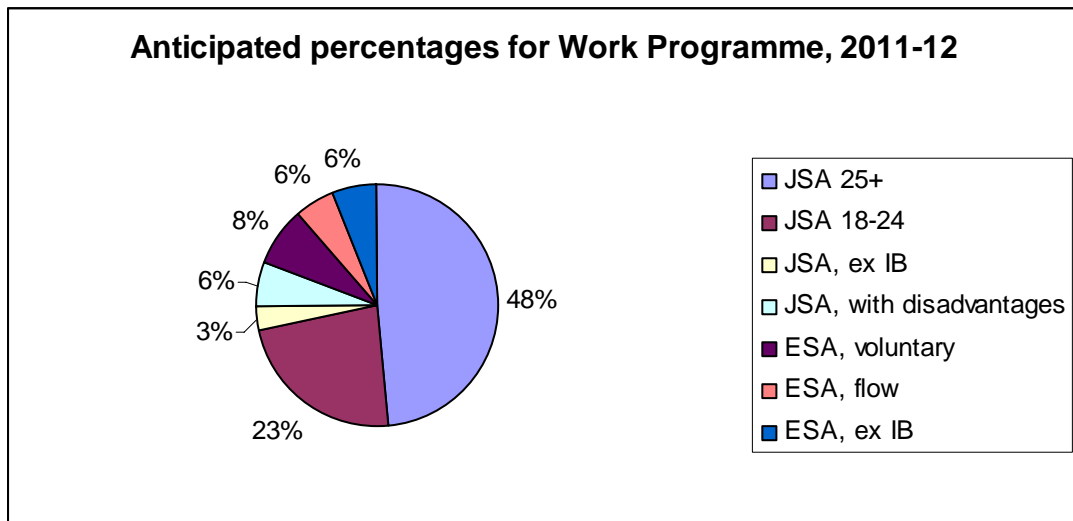
P1.1 The Work Programme – the 'mainstream offer'

The Work Programme will be available from the Summer of 2011 and is expected to caseload up to 870,000 clients nationally in its first year of operation, with a total of 3.2 million expecting to be supported over the 5 year period up to March 2015⁸. The diagram below shows the relative

⁸ The DWP Work Programme Prospectus, November 2010

Sunderland Employment Strategy

percentages of client cohorts which are expected to make up the total caseload for the first year of deliver, 2011-12.



The main changes in the approach of the Work Programme compared to previous initiatives are

- a move towards explicitly rewarding providers based on the savings that the state makes by having people in work rather than unemployed;
- the anticipated inclusion of Incapacity Benefit (IB) and Employment and Support Allowance (ESA) claimants alongside Jobseeker's Allowance (JSA) claimants on a single programme for all unemployed adults, rather than a range of different welfare regimes;
- a greater focus on sustainable jobs.

It is important to understand the implications of the policy to reassess more than 2.5 million IB claimants nationally under the 'Work Capability Assessment'. Our worklessness assessment shows the number of people on sickness-related benefits (IB/ESA) in Sunderland was 19,220, or 10.9% of the working age population (compared to 7.1% nationally). This migration started in October 2010 and early results showed around 70% of claimants were assessed as fit for work.

It is expected this migration policy will result in an unprecedented volume of new JSA claimants who need specialist support services to re-engage themselves with the labour market. Whilst lessons may have been learnt from previous programmes dealing with clients with health issues, such as Pathways to Work, there is no direct comparator to indicate the level of support this group will need to move to job-readiness. For this reason, a key requirement of the Employment Strategy will be to monitor the performance relating to this client cohort, in terms of the numbers successfully moving off benefits and into employment.

Actions

1.1a : establish appropriate lines of communication with Work Programme providers (both prime contractors and sub contractors), once they have been selected.

1.1b : facilitate representation for Work Programme prime contractors at appropriate strategic partnership meetings (Economic Leadership Board, LSP and/or LEP).

1.1c : monitor performance of Work Programme provision, to assess its impact in terms of different client cohorts.

1.1d : inform Work Programme providers of 'demand side' opportunities for clients, that will represent sustainable jobs in and around the Sunderland economic area.

1.1e : maximise the use of 'social clauses' within Council contracts, to increase the number of targeted recruitment and training (TRT) opportunities for unemployed residents created through procurement and commissioning activity.

1.1f : link with Sunderland's Child Poverty Strategy, recognising that to support people off benefits and into a job is a route out of poverty for many families.

1.1g : ensure the provision of any skills components delivered within the Work Programme, (particularly pre-employability route-ways and intermediate labour market (ILM) programmes) is informed by the Skills and Employment Demand Survey, which is due to be carried out in the Spring of 2011 and the subsequent Skills Strategy for Sunderland.

1.1h : inform and influence DWP, as commissioners of mainstream employability services, to ensure contract specifications and subsequent delivery is appropriate to the needs of the City.

Responsibility: Aim 4 delivery group of the Economic Masterplan.

P1.2 Support for individuals with severe, complex or higher level support needs

The Work Programme will be expected to provide support for individuals "facing significant disadvantages" and some of these will have severe, complex and often multiple barriers to employment. It will be crucial for these clients that the Programme will provide sufficiently intensive, flexible, tailored provision to meet their unique needs.

It is understood that such provision can be relatively expensive to provide and concerns have been expressed regarding the future extent of this type of

Sunderland Employment Strategy

support, under a 'payment by results' funding regime. If it is an expensive and lengthy process to support 'hard to help' clients into jobs, but others can be moved into work more quickly and cheaply, then a prime contractor may decide to focus on those who are easier to help, in order to guarantee more output payments. It is understood that DWP are intending to establish a funding system based on 'differential payments' to guard against such a situation occurring, however, this must be closely monitored to ensure all residents continue to have access to suitable support, to meet their specific requirements.

For people with the highest level of physical and/or mental disabilities and those with learning difficulties/disabilities, an alternative mainstream programme is available - Work Choice. This programme supports disabled people who have complex needs, primarily those who are likely to need more intensive specialist support to find employment or retain their position when they have entered work. In Sunderland, this programme is delivered by two providers, Shaw Trust and Remploy and clients are referred to them by Jobcentre Plus Disability Employment Advisers.

Actions

1.2a : establish communication links and monitor performance of mainstream programme providers, to ensure all 'hard-to-help' clients have access to high quality, appropriate employability support.

1.2b : inform and influence delivery methods to be used by Work Programme providers working with clients "facing significant disadvantages", using best practice examples as identified through the Job Linkage review.

1.2c : monitor the number of voluntary referrals to the Work Programme, from clients who are "facing significant disadvantages".

1.2d : co-ordinate activity taking place across all council directorates, particularly Health, Housing and Adult Services, who have a role in supporting residents with physical, mental and/or learning difficulties/disabilities.

1.2e : explore the possibility of commissioning additional employability support activity, through the City's five Area Committees, to target priority 'hard-to-help' client groups who may require more intensive interventions to boost mainstream provision.

1.2f : encourage and support all providers of employability services in Sunderland to give equality of opportunity to all clients, to ensure that no client is disadvantaged because of their race, gender, disability, age, religion or sexuality.

Responsibility : Aim 4 delivery group of the Economic Masterplan.

P1.3 Bridging support during the transition to Work Programme

Sunderland Employment Strategy

This is an important short term priority, for the period from 1 April 2011 to the summer of 2011. The Council will strategically manage the transition of Job Linkage from being a Council-funded service, to one which has the potential to be 'mainstreamed' by becoming a sub contractor under the DWP-funded Work Programme.

People who are in receipt of out-of-work benefits and for whom there is an expectation that they should be seeking work, will be required to join the Work Programme to receive employability support from the summer of 2011. However, it is not yet clear how quickly the Work Programme will start and how speedily these referrals will be made by Jobcentre Plus, so every effort will be made to retain a level of the Job Linkage service across the city from 1 April 2011 (when WNS funding ends). This support will be extended to the current Job Linkage clients, as well as any additional 'hard to help' residents who have previously not engaged but require support after 31 March 2011. This service will be provided through the existing Job Linkage delivery team, led by Sunderland North Community Business Centre (SNCBC) and funded through WNF under-spend.

Actions

1.3a : sustain existing Job Linkage service post 31 March 2011 using WNF under-spend, until the Work Programme is operational in Sunderland.

1.3b : ensure a smooth transition for existing Job Linkage clients onto the Work Programme, where appropriate.

1.3c : identify any possible alternative provision for those existing Job Linkage clients who will not be eligible for the Work Programme but who need continuing support.

Responsibility : Aim 4 delivery group of the Economic Masterplan

P1.4 Provision for people who are 'not in receipt of benefits' and so not eligible for DWP-funded mainstream support

'Mainstream' employability support, ie provision which is funded by DWP such as the Work Programme and Work Choice, is only available to people who are in receipt of out-of-work benefits. People who are not eligible for such benefits, or chose not to claim such benefits, are not eligible to receive support from mainstream programmes.

In Sunderland, the Working Neighbourhoods Strategy recognised that such people still valued the support, advice and guidance from employability services and so ensured that this provision was available to this cohort of clients through the Job Linkage service. In the period from 1 April 2009 to (date), approximately 2,000 people who were 'not in receipt of benefits' registered for support to look for work. This cohort is made up of different

groups, including those who are partners of wage-earners, or people who chose not to make a claim for benefits, as well as some who were in low-skilled, low-paid jobs and who wanted to move into a better job.

Whilst helping to move these people into work will not reduce the UK's benefits bill, there is a strong fiscal business case for providing this support. The more people that are economically active in the city, the stronger the city's economy will become. More money will be generated from income tax and there will be more money earned that can be spent in the local economy. Progressing people into higher skilled, higher paid work will also create entry level vacancies for clients moving off benefits into work. In addition, there are other areas of positive impact which are attributed to working, such as those relating to health, crime and community cohesion.

Actions

1.4a : explore opportunities to provide an employability service for people who are not eligible for mainstream provision (for example through the Council's SIB funding and commissioned through the Area Committees).

Responsibility : Aim 4 delivery group of the Economic Masterplan

P1.5 Work Clubs

Work Clubs are one of the series of 'Get Britain Working' measures⁹, which are now being implemented by Jobcentre Plus, to sit alongside the Work Programme.

A Work Club is intended to provide unemployed people with a place to meet and exchange skills, share experiences, find opportunities, make contacts and get support to help them in their return to work. The Clubs are expected to be community-based and run by non-Government bodies (ideally led by Third Sector organisations, to utilise their ability to engage with priority groups), which will offer a friendly, non-threatening environment for clients, however, no funding will be made available to set up and run them.

JCP staff will signpost clients to these services in the early period of their claim for benefits and prior to the time when they becoming eligible to join the Work Programme. It is expected that the client will receive information and advice from the Work Club, which will help them to find a job. This will reduce the numbers who will subsequently have to move onto the Work Programme.

Jobcentre Plus will encourage the holders of two existing contracts (the 'Support Contract' and 'nextstep') to assist community groups to set up Work Clubs in Sunderland¹⁰. This contracted provision may be integrated into the

⁹ Get Britain Working: Conservative proposals to tackle unemployment and welfare reform, October 2009

¹⁰ JCP's 'Support Contract' is delivered in Sunderland by Employability and Skills Group (**esg**) based in Sheffield, who are a leading supplier of Welfare to Work and vocational skills services across the UK).

Sunderland Employment Strategy

Work Club, however this will depend upon the contracted provider and the availability of their own resources to do so.

The menu of provision across Work Clubs will vary, but might include providing clients with an insight into a particular industry/sector, visits to workplaces, or running employment-focused sessions, or workshops on recruitment methods and interview techniques.

All residents of the City will be eligible for support at a Work Club, regardless of their employment status or benefit type.

Actions

1.5a : encourage the setting up of Work Clubs in key areas of deprivation across the City.

1.5b : provide practical advice and guidance to those organisations wanting to establish a Work Club in Sunderland.

Responsibility : Aim 4 delivery group of the Economic Masterplan.

P1.6 Work Together

Volunteering is recognised as a way of developing work skills through 'Work Together', which is one of the 'Get Britain Working' measures.

Volunteering is an important strand of the Big Society agenda, which champions the premise that communities should be more proactive in helping themselves, with policies being developed that will give communities more powers to become more active.

Volunteering has been recognised as a route-way into employment for those who may have more complex needs and therefore be further from the labour market. Volunteering can help an individual move closer to the world of work. It can help them develop valuable work skills whilst they are looking for paid work.

The Work Together initiative will help unemployed people who are interested in volunteering so that they can find suitable opportunities. It will be available to all benefit recipients from the start of their claim. Jobcentre advisers will encourage and signpost clients to sources of information on volunteering, local voluntary organisations, online services and to particular opportunities.

Actions

The 'nextstep' provision is delivered in Sunderland by **CfbT** Education Trust, whose headquarters are in Reading, but who operates across the UK and internationally.

Sunderland Employment Strategy

1.6a : ensure Sunderland-based voluntary organisations are fully informed regarding the Work Together initiative, to maximise the appropriate support available to all clients.

1.6b : raise the profile of volunteering amongst Sunderland employers, to increase the number of volunteering opportunities across the city.

Responsibility : Aim 4 delivery group of the Economic Masterplan.

P1.7 Enterprise Support

Enterprise activity in the form of pre-start up business support will be required to bridge the gap in the period from April 2011, until the Working for Yourself strand of the Work Programme is implemented. It is envisaged that this activity will be delivered through a variation and extension of the current Talent Scouts and Neighbourhood Advisor project, delivered by the Sunderland Enterprise Consortia.

If there is to be economic recovery then there has to be growth in the private sector, however there is unlikely to be sufficient growth within the current private sector to generate the required labour demand to match job losses in the public sector. Therefore more small businesses need to be created and then supported to grow. The 'Work for Yourself' strand of the Work Programme will provide clients who have been unemployed for six months and who are interested in self employment with access to a business mentor who will provide guidance and support as they develop their business ideas and through the early stages of trading.

Once clients can demonstrate that they have a viable business proposition, they will be able to claim financial support, which will consist of a weekly allowance payable at a level broadly equivalent to their JSA payments for 3 months and then at half the rate for a further 3 months. If they need start-up capital they may also be able to access a loan of up to £1,000 to help with their start-up costs. The package of support could be worth up to £2,000 to each unemployed person who wants to start their own business.

The DWP intends to 'trail blaze' the mentoring and loan elements of the Allowance from January 2011 in Merseyside, before rolling out the full offer in areas where the unemployment challenge is the greatest from April 2011. This will also need to be reflected within the Enterprise and Innovation Strategy being developed under Aim 1 of the Economic Masterplan.

Enterprise support also needs to cover those who are in work and wish to move into working for themselves as well as those who not in work.

Actions

1.7a : explore the possibility of commissioning additional enterprise support activity, through the City's five Area Committees, to target priority 'hard-to-

Sunderland Employment Strategy

help' client groups who may require more intensive interventions to boost mainstream provision.

1.7b : develop a Regional Growth Fund proposal for enterprise activity, to both help with the transition of workers from the public to the private sector and also to provide intensive start-up support at a neighbourhood level to strengthen the emerging mainstream offer.

1.7c : identify resources to sustain neighbourhood-level enterprise support from end of March 2011 until the Work for Yourself initiative is operational.

1.7d : ensure this area of activity is reviewed frequently, whilst in its early stages of implementation.

Responsibility : Aim 4 delivery group of the Economic Masterplan.

P1.8 NEET agenda

A further strand under the Government's "Get Britain Working" measures involves "Youth Action for Work". Young people have been badly affected during the recession and for many, despite being job ready and work focussed, it is still very difficult to find suitable employment. The Work Programme will provide support for young people aged 18+, but additional provision is required for people in the 16-18 age range, who are NEET (not in employment, education or training).

The Sunderland Strategy 2008-25 identifies that, while participation in education, training or employment increased from 74% in 2004 to 78.5% in 2007, at 12.3% Sunderland had the highest proportion of 16-18 year olds who are NEET in Tyne and Wear. The more recent worklessness assessment showed a continuing downward trend, reducing to 9.5% in 2009 but this was still greater than the north east rate of 9% and the national rate of 6.4%. Considerable investment was made through the Working Neighbourhoods Strategy, however this area continues to be a key priority for the City.

European funding is currently available and will be awarded to provide specific support for the period 2011 to 2013. This will fund activities that will contribute to a reduction in the number of NEET young people in the City.

Actions

1.8a : monitor the impact of ESF NEET project delivery in Sunderland.

Responsibility : Aim 4 delivery group of the Economic Masterplan.

P1.9 Management Information (MI)

Sunderland Employment Strategy

A key aspect of Sunderland's Working Neighbourhoods Strategy has been the introduction of a single, common MI system, which all service providers use for client tracking, monitoring and recording of performance. The approach was advocated by the REF and its implementation in Sunderland has provided valuable information on the impact of the WNS and allowed for more informed decision-making during the last two years.

In the short term, post March 2011, there a requirement for any 'transition' activities to provide management information for monitoring purposes. However the current funding arrangements for the Hanlon MI system will cease in March 2011 and, despite widespread acknowledgement of its suitability and value, there are a number of uncertainties about its use in the future.

Discussions are being held with Tyne & Wear City Region Employment Consortium, who are looking to provide ongoing funding to pay for site licenses and user licenses for the year 2011-12 for those delivery organisations who wish to continue to use the Hanlon system.

Discussions are also being held between the Tyne & Wear City Region Employment Consortium and all potential prime contractors for the Work Programme, to encourage the primes to adopt the Hanlon system for use within the Work Programme.

If use of the Hanlon system is discontinued, then an alternative system of recording and reporting Management Information will need to be developed and implemented very quickly. Bearing in mind that our role as strategic partners in future will be to influence the mainstream delivery, particularly for the Work Programme, this will only be possible if performance information is made available to evidence what is being achieved.

Actions

1.9a : identify which MI system will be used during the transition period from March 2011 onwards.

1.9b : support City Region colleagues to promote the benefits of using the Hanlon MI system to the Prime Contractors for the Work Programme.

1.9c : agree suitable performance information to be reported and monitored during the period 2011-2014 (to the Aim 4 delivery group?).

19d : gather information on clients' experience of employability services, in order to provide ongoing feedback to providers and continually improve service delivery.

Responsibility : Aim 4 delivery group of the Economic Masterplan.

Priority 2 – Ensuring job progression and mobility (for those in work)

P2.1 In-work support (for those groups with the highest support needs and those entering work after a sustained period out of employment)

An integral feature of the Work Programme is the provision of support to clients once they have moved into employment. It is recognised that clients frequently continue to experience problems in the early months of employment, which often lead to them leaving their job and returning to benefits. The provision of in-work support (sometimes known as post employment support) can help to ensure employment is sustained by giving practical and relevant assistance at critical times. Prime contractors will receive 'in work sustained payments' as part of the payment structure of the Work Programme, as a reward for strong performance in this area.

In-work support is also available across the City Region, funded One North East's Single Programme.¹¹ This provides in depth support and mentoring for people who are in employment, addresses barriers and signposts to other relevant support agencies. The main aim is progression and retention of the client.

Actions

2.1a : monitor the impact of in-work support provision.

2.1b : ensure providers of in-work support raise awareness of current provision to encourage take-up of service.

2.1c : ensure all providers of in-work support align their individual services, to create added value and reduce any potential duplication.

Responsibility : Aim 4 delivery group of the Economic Masterplan.

P2.2 Work-based skills progression – to provide opportunities for career progression which will ensure a supply of jobs at entry level

Two recent publications by the Coalition Government (*Skills for Sustainable Growth: Strategy Document (Skills Strategy)* and *Further Education – New Horizon, Investing in Skills for Sustainable Growth*) describe the Government's plans to reform the further education system and set out the changes that are being brought about in the skills sector. The Skills Funding Agency is the body responsible for providing the mainstream resources to achieve these objectives.

The key messages within these documents highlight the Government's intentions to invest in skills training both for people who are in work and those who are seeking employment. The emphasis is firmly on increasing the number of Apprenticeships for Adults, particularly at level 3 and for young

¹¹ This contract runs until March 2012 and is being delivered in Sunderland by **esg**.

people. There is also a continuing priority on ensuring the unemployed on 'active benefits' are able to access training in generic employability skills that will help them to enter work and maintaining a focus on the low skilled.

Mainstream resources will be directed towards delivering apprenticeships, with a renewed emphasis on securing nationally an additional 50,000 apprenticeship placements. However, there is a greater requirement for employers to contribute to the cost of the training¹².

The North East has traditional high levels of participation in apprenticeships; however this has been in part attributable to the take-up of 'programme led apprenticeships' as a route to engagement and participation. The recent announcement of the withdrawal of 'programme led apprenticeships' is expected to impact heavily on participation rates. In future, an apprenticeship can only be delivered if the learner has employed status.

The former 'Train to Gain' programme is being replaced by a wider workplace learning offer which will target SMEs¹³ and provide funding to train and progress low skilled staff. For non-apprenticeship training, the Skills Funding Agency will co-fund people undertaking second level 2 qualifications (at 50%) who are employed within an SME. However, co-funding will not be available for second level 2s for people working in larger companies with 250 or more employees. Non-apprenticeship level 3 provision, which is outside current entitlement¹⁴ will no longer be eligible for co-funding in the workplace for employers of any size.

These policy changes mean that in future more responsibility will be placed upon employers, who will have to make a greater financial investment in training their staff than in the past, particularly larger employers and those who do not wish to offer a full apprenticeship route to their staff.

The North East Skills Priorities Statement, 2011-12, recognises the following emerging sectors: industrial biotechnology, plastic electronics, offshore wind and ultra-low carbon vehicles. The fast pace of technological change and the emergence of new sectors will lead to a demand for new skills and, consequently, new courses to meet this demand. Developing such new courses involves a degree of risk, however, catalytic public investment can mitigate the risk and incentivise the development of specialisms in key growth areas, to anticipate and pre-empt demand. A future bid for Regional Growth Fund may be a way to make significant progress in this area.

The Tyne and Wear City Region's Employment and Skills Board has within its Action Plan an objective *"To secure more strategic, agile and demand-led employment and skills systems, better able to anticipate and respond to both current and emerging skills needs"*. Sunderland is represented at Board level

¹² Employers will be required to co-fund 19+ Apprenticeships at 50%.

¹³ Small and Medium Sized Employers with fewer than 250 employees.

¹⁴ Individuals aged 19-24 will be funded to achieve their first Level 3 qualification.

Sunderland Employment Strategy

by both the private sector and public sector, which will ensure that any action at a local level will also be of benefit at a City Region level and vice versa.

Sunderland's Skills Strategy will more fully articulate the actions relating to skills development within the City and the importance of stimulating employer demand for skills, particularly higher level skills. (The proportion of the workforce in the North East qualified to level 2 now exceeds the national average.)

Actions

2.2a : promote Apprenticeships. Use networks to promote the creation and filling of apprenticeships, with a priority focus on new sectors.

2.2b : promote progression to Level 3, particularly in craft, technician and advanced craft skills.

2.2c : continue the focus on employability skills, targeted at geographic areas with high concentrations of long-term unemployment.

2.2d : strengthen employer engagement activities, particularly in the emerging sectors of industrial biotechnology, plastic electronics, offshore wind and ultra-low carbon vehicles.

2.2e : submit a bid for Regional Growth Fund, to invest in the development of specialist skills in emerging growth sectors.

Responsibility : Aim 4 delivery group of the Economic Masterplan.

P2.3 Public to Private Sector Transition - supporting the economic shifts through assistance to enable those being made redundant in the public sector in transition to private sector employment, with a particular focus on the disadvantaged groups disproportionately affected by these cuts

Sunderland City Council has recognised the need to find different ways to manage the economic downturn and stimulate growth in the private sector. In December 2010 it launched an innovative pilot scheme to assist employees who wished to move into either part time or full time self-employment, within a framework which offers professional one to one intensive start up support, providing advice on ideas generation, finance, marketing and paid leave of up to 20 days in which to make their business idea a reality. The model will be tested and evaluated up to the end of March 2011, with potential for the development of a robust model which could be replicated throughout the public sector.

The Government's strategy for skills, "*Skills for sustainable growth*", will expand the apprenticeship programme for adults and support more people to undertake vocational training, particularly with a demand-led approach driven by the private sector. The strategy includes Government-backed loans from

Sunderland Employment Strategy

2013 for learners aged over 24, giving people access to finance to gain new skills.

With a shrinking public sector, workers who find themselves redundant will need to look to the private sector for employment opportunities. There is a concern that the skills set required for the private sector might not match with those gained in the public sector, which will result in a need for re-skilling or replacing outmoded skills. This area needs further research and should be a strong component of Sunderland's emerging Skills Strategy.

The Economic Review and North East Skills Priorities statement both provide an overview of skills and employment issues and opportunities in the North East. They set out priorities for the North East which will inform provision for the academic year 2011-12. It is no surprise that they recognise the skills profile in the North East needs to be raised, both in terms of levels of attainment and in stimulating demand for higher level skills, if the North East is to deliver on increasing levels of economic growth, jobs, opportunities and skills.

2.3a Action : ensure the Sunderland Skills Strategy complements the North East Skills Priorities Statement¹⁵.

2.3b Action : use the findings of the Skills and Employer Demand Survey to inform the direction of public sector staff looking to transfer into the private sector.

2.3c Action : promote Sunderland Council pilot scheme, "Be your own boss", to encourage entrepreneurship in its staff.

Responsibility : Aim 4 delivery group of the Economic Masterplan.

¹⁵ North East Regional Skills Priorities Statement 2011/12, September 2010, Skills North East.

8. Governance, Monitoring and Review

Governance

The Employment Strategy will fall under the remit of the Aim 4 delivery group of the Economic Masterplan,

The Aim 4 delivery group is made up of multi-sectoral partners from within the City who will have a shared responsibility for employability, enterprise and skills within Sunderland. The Aim 4 Delivery group is accountable to the Economic Leadership Board and it will be within its remit to provide regular reports on the progress of the delivery of the Employment Strategy.

Monitoring and review arrangements

The Employment Strategy is being developed during a time of transition and great change to employability support which requires a flexible monitoring and review framework adaptable enough to allow for dynamism and emerging change to be reflected.

The Employment Strategy will be reviewed on a 3 monthly basis by the Aim 4 Delivery Group between April 2011 and March 2012, and reports provided to the Economic Leadership Board, to ensure it reflects the detail of the Work Programme and other emergent central government policy which may impact on it.

From April 2012 to March 2014 the Employment Strategy will be reviewed on an annual basis and reports provided to the Economic Leadership Board.

	Year 1				Year 2	Year 3
	2011-12	2011-12	2011-12	2011-12	2012-13	2013-14
Review due	June 11	Sept 11	Dec 11	March 12	Dec 12	Dec 13

Success in delivering the outcomes will be measured against the performance indicators and targets, as described in chapters 6 and 7 above.

Annex A

Economic Master Plan

Annex B

Worklessness Assessment

Annex C

Job Linkage Review

Annex D

**Enterprise Support Mechanisms
Review**

Annex E

**S4W Performance Indicator Report
(Summary Document)**

Annex F

Related Strategy Areas

The strategy will cover the 3 year period 2011-14 and will support the delivery, at a neighbourhood level, of the Economic Masterplan for Sunderland, which sets the direction for the City's economy for the next 15 years.