

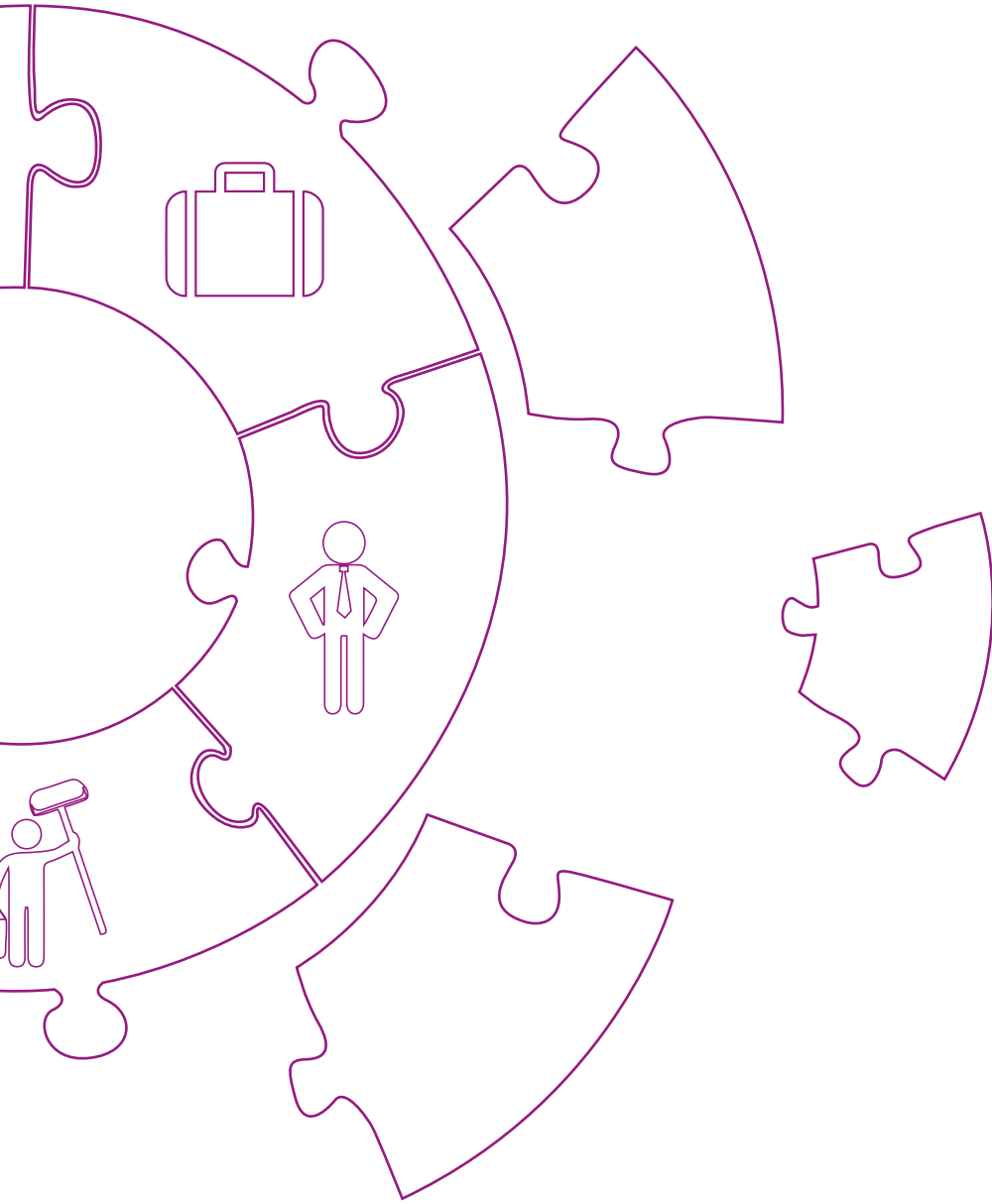
CCN

COUNTY COUNCILS NETWORK

County Devolution

Our Plan for Government
2015-20

Employment



#CountyDevo

March 2015

www.countycouncilsnetwork.org.uk

Background

Employment

Following the recession, economic recovery has been taking place over the last few years with national unemployment now below the 6% mark.¹ However, there remain some fundamental issues which need to be addressed, including long-term and youth unemployment and complex needs.

The recession has hit young people particularly hard. It is widely understood that youth unemployment can have long-term effects to the individuals and communities involved, such as lower earnings and periods of unemployment throughout life, as well as health and social impacts. It is imperative that we ensure the whole system works to support young people at risk of becoming NEET (Not in Employment, Education or Training) to gain quality skills and find meaningful employment.

Equally, well-tailored services need to be available to support people to find sustainable employment who have been long-term or recurrently unemployed.

This kind of complex need requires a joined up approach from public services. Particularly in bringing employment, skills, mental and physical health services together around communities, families and individuals. It has been demonstrated that local, place-based approaches can address complex need and secure sustainable outcomes, in a way that centrally administered programmes have not.

Government employment initiatives, such as the Work Programme and the Youth Contract, are not delivering as well as they could. This is particularly pronounced when looking at outcomes for those who are 'hardest to help' and who are long-term unemployed. A snapshot in the summer of 2014 found that only 27% of those aged 25 and over who completed the Work Programme achieved employment outcomes. For those on Employment and Support Allowance (ESA) only 11% achieved employment outcomes.²

In a review of the Work Programme, the Public Accounts Committee found that mechanisms put in place by Government *'have not been effective in preventing contractors from focusing on easier-to-help claimants and parking the harder-to-help clients, often those with a range of disabilities including mental health challenges.'*³

Local partnerships could play a vital role in calibrating incentives and targeting resources to meet local need.

Youth and long-term unemployment put strain on the economy and public sector, and limit people's life chances. A review commissioned by the Department of Work and Pensions found that being out of work for long periods was generally bad for your health, resulting in a two-to-three times increased risk of poor general health and a two-to-three times increased risk of mental health problems.⁴

The current top-down model is not delivering. With appropriate empowerment counties have huge opportunities to secure young people's futures, bring long-term unemployed people back in to work and address areas and demographics of complex need.

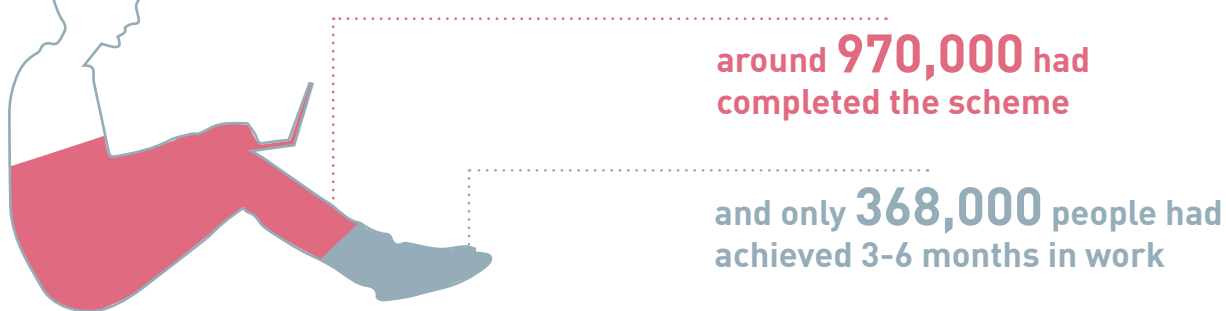
For every £1 of public spending saved by getting somebody back into work...ⁱ



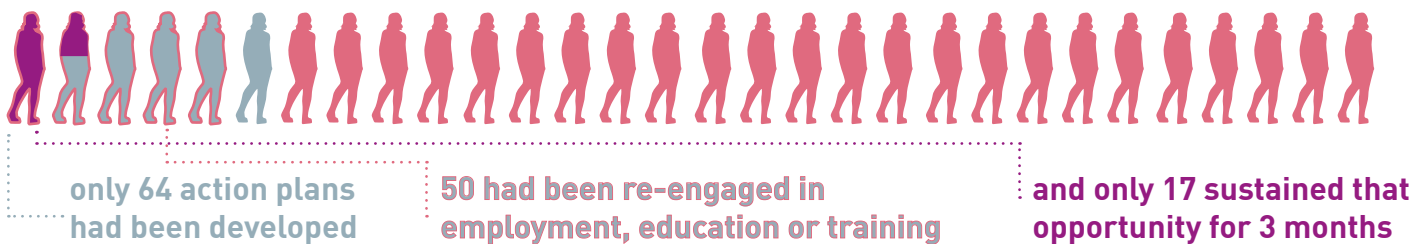
Of those who had completed the full two years of the Work Programme in July 2014...ⁱⁱ



As of September 2014, 1.6 million people had joined the Work Programme...ⁱⁱⁱ



As of February 2014, 303 young people had been referred to the Youth Contract in Essex^{iv}



County Context

Employment

County areas perform relatively well in terms of employment. However, below the aggregated picture there are areas and demographics within counties which contend with issues including long-term unemployment and low skills. The needs of these individuals and communities are often complex and inter-dependent. If support fails to properly address these needs there are consequences for the individuals, communities, and local economies.

On average county economies are low on the deprivation scale, they show the lowest levels of unemployment⁵ and the lowest proportion of workless households.⁶ As of quarter three of 2014/15, CCN's membership were showing 5% unemployment on average.⁷

However, affluence and deprivation varies across counties. Some counties are relatively high in terms of deprivation and other more affluent counties still hold pockets of real deprivation and complex needs including low skills and unemployment. In fact, of the top ten most deprived areas in the country the 1st, 2nd and 7th are within counties. Counties hold communities which present particular needs such as substantially rural areas, coastal communities and areas where traditional trades and industries have become redundant.

Counties have also varied widely in the growth they have seen in employment in the last few years. Between 2009 and 2013 total employment levels in CCN members has remained relatively steady. However, some areas have experienced above average growth in employment and others significant decline.

Counties have the lowest proportion of people claiming out of work benefits.⁸ Of those that do, counties have the smallest proportion accessing Job Seekers Allowance. However, they have the highest proportion of claimants accessing Employment Support Allowance

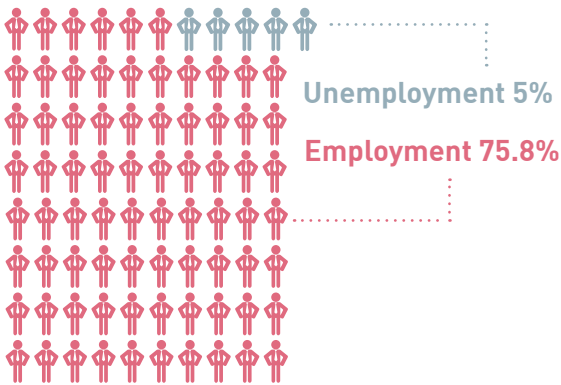
(ESA) or Incapacity Benefits, at over 64% of all out of work claimants in their areas.⁹ We know Governmental programmes such as the Work Programme are failing to reach people on ESA – it is therefore imperative for counties that this is rectified.

Outside of London counties have, on average, the lowest rates of 16-18 year olds not NEET.¹⁰ Although their performance is generally good, counties are not performing as well with NEET figures for some demographics, for example care leavers¹¹ and youth offenders.¹² Additionally, the proportion of young people who are NEET in the UK is above the OECD average.¹³ This means that, although counties are performing comparatively well overall, they must be empowered to continue to improve this performance. Decentralisation measures could bolster the long-term prospects of the country and improve outcomes for vulnerable groups.

National issues such as youth and long term unemployment and communities with complex needs, exist in both city and county areas. Our over centralised system is not addressing the specific and varying need which exists. Local partnerships are in a position to achieve this through joint commissioning programmes with central government, leading on place-based approaches and directly holding and utilising budgets and powers to shape outcomes.

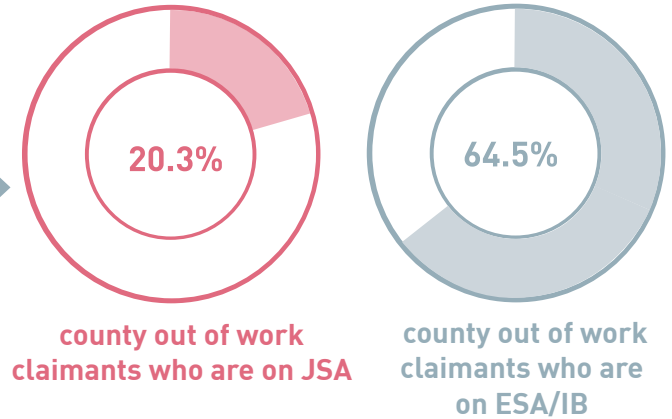
HEADLINES

Counties have the lowest levels of unemployment and people claiming out of work benefits, however...^v

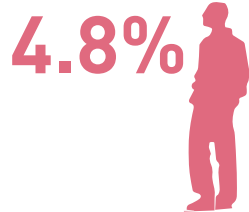


BELOW THE HEADLINES

...counties have the highest proportion of claimants who are on Employment Support Allowance amongst those unemployed.^{vi}



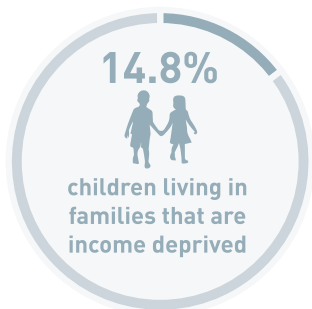
Generally counties have low levels of young people who are NEET...^{vii}



...however, the levels of vulnerable young people who become NEET in county areas is still too high.^{viii}

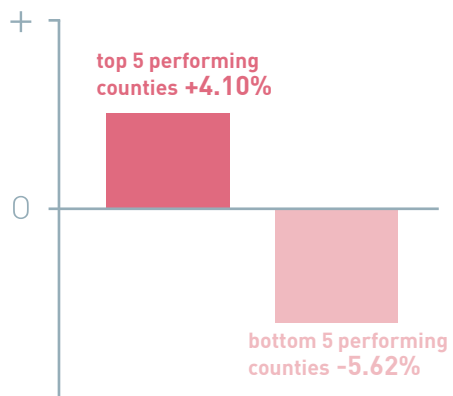


Counties have the lowest levels of deprivation, poverty and workless households, however...^{ix}



...counties have 3 of the top 10 most deprived areas, and employment growth varies greatly across counties.^x

Employment growth 2009-2013, England 2%



Call for Evidence: Essex

Essex Apprenticeships is a programme for NEET 16-21 year olds. This wage subsidy scheme is targeted at key sectors and districts with high NEET levels and disadvantaged and vulnerable young people. It has seen 3,000 starts since late 2009. For the first 1400 starts, 70% saw sustained employment, often with training, beyond 12 months. Using BIS methodology this shows a return on investment is £15.17 per £1 of public investment, a net present value of c. £409.5m.

Essex's Transformational Skills Programme has contributed to reducing the proportion of young people, 16-19, NEET – from 6.9% in March 2010 to 4.7% as at February 2014. Essex is using a real-time statistical approach to tracking NEET young people with a view to matching them to available opportunities and support. The average lifetime cost of a NEET is estimated as £160k in benefits costs and lost earnings. This demonstrates the importance of early intervention.

Essex's Paid Work Experience project is a scheme for vulnerable young people aged 16-21, for example care leavers and young offenders. This has seen significant retention and progressions to employment and training at 51%. This built on lessons from interviews and focus groups with district areas and through the Whole Essex Community Budget.

Proposals:

- Essex Skills and Employment Board should be given a role in co-commissioning the successor to DWP's Work Programme, and in holding current work programme providers to account on performance.
- Funding for time-limited national skills initiatives, such as the Youth Contract, should be devolved to the Essex Employment and Skills Board.

Call for Evidence: Derbyshire

Current efforts to tackle unemployment and achieve the ambition of becoming NEET-free will be undermined if appropriate skills and training, together with high quality careers advice and guidance, is not available or accessible to all residents, particularly young people.

The Work Programme model was designed, commissioned, implemented and delivered in isolation, preventing local councils and local partners from offering localised knowledge and expertise. Although this has seen improvement since the Work Programme inception, providers still often operate in isolation from each other and local partners. This has led to inefficiencies in terms of value for money and the actual number of participants finding employment.

Proposals:

- Government commits to working with the proposed D2 Combined Authority to identify and implement suitable approaches to devolve appropriate Employment and Skills budgets and responsibilities with an aim to devolved funding being in place from 2017-18.
- The proposed D2 CA provides Government with a scrutiny role on the Work Programme delivery in the D2 CA until the first round of the Work Programme expires in March 2016, and has the opportunity to recommend and enforce changes to current delivery.
- That the proposed D2 CA acts as the commissioning body for the next phase of the Work Programme in the Derbyshire area and works with Government to compile and commission locally designed specifications, select and improve providers, and scrutinise local performance and hold providers to account.

Offer:

The greater alignment of labour market, skills and education provision and work with employers will enable the Derbyshire and Derby area to:

- Reduce the number of NEET young people, with an ambition to become NEET-free by 2021
- Bring about substantial reduction in youth and long-term unemployment
- Ensure publically funded employment and skills budgets provide better value for money
- Improve outputs across the range of 'destination' measures for young people and those seeking employment

Devolution Proposals

There is currently disconnection and duplication between skills, employment support and other public services.

The Work Programme has little connection to other skills provision and variable engagement with other Jobcentre Plus services. The 'black box system' means that local areas are not aware of the approaches taken by contractors, and equally contractors are commissioning services such as drug and alcohol treatment which are duplicating what is already there. Supplementary Government programmes such as the Youth Contract are not designed alongside local initiatives and so duplication happens and the chance for added value is lost.

We need much closer working between central government and local partnerships and empowerment of local partners to hold the ring and bring services and stakeholders together to achieve this.

1. Joint commissioning of future welfare to work programmes

Being centrally designed and commissioned the Work Programme is not delivering as well as it could, especially for people on ESA and those who are hardest to reach.

Local partnerships could bring vital knowledge and understanding of their communities to better design targeted support and incentives for contractors to achieve outcomes for the hardest to reach.

The Department for Work and Pensions has said that they will take on the findings from inquiries about the Work Programme to improve it going forward. They are also designing the next stage of the Work Programme in a way which will allow Greater Manchester and potentially Sheffield City Region to be joint commissioners. We propose that this opportunity is maximised

and all local areas are engaged as joint commissioners in their locality, particularly to address issues in meeting the needs of those hardest to reach.

As part of devolved and decentralised employment support, we call for a new approach to the welfare to work system

- **Local partnerships should be joint commissioners with the Department for Work and Pensions for the next phase of the Work Programme to help tackle long term unemployment.**
- **In preparation for this, and in the interests of improving outcomes as soon as possible, local areas should be enabled to work with the current providers to join up services and better tailor support for those furthest from work.**

2. Place-based approach to meet complex need around unemployment

Whole Place Community Budgets have shown how partners from across the public sector can come together around families and individuals to address complex and interrelated need.

Approaches such as Working Well in Greater Manchester are seeing Government support and investment. We propose that we use the vast wealth of evidence in favour of place-based approaches, and move beyond the pilot model to a more holistic approach. As with the Working Well scheme, we propose that Government give a clear commitment to supporting and investing in local approaches, which evidence the effectiveness of bringing partners together around communities, families and individuals to support access to work.

It is imperative that provision, including employment, skills, mental and physical health services is adequately joined up around individuals and families who need it.

As part of devolved and decentralised employment support, we call for a joined up, place based approach to complex need around unemployment:

- **Roll out of comprehensive place-based approaches to address complex need around unemployment. This would be designed to complement welfare to work, for those who are furthest away from work.**
- **An imperative for Jobcentre Plus (JCP) to align commissioning and services with other public services and local partnerships.**

3. Local reward for reducing unemployment

The Joseph Rowntree Foundation have recently found that for every £1 of public spending saved by getting somebody back into work, 80p is accrued to central government and just 7p goes to local authorities.¹⁴ The report suggests that successful and innovative local authorities should be able to keep more of the savings to reinvest locally.

Alongside joint commissioning and devolution of employment support schemes, we propose that local government, or local partnerships are offered a greater proportion of the savings made by supporting people back in to work. This could strengthen incentives and resources for supporting those who are vulnerable and hard to reach and create a virtuous circle of outcomes and efficiencies.

As part of devolved and decentralised employment support, we call for a new approach to reinvestment of efficiencies made through local initiatives:

- **Local government or local partnerships should be allocated a proportion of the savings made through supporting people back in to work, particularly those who have been long-term unemployed.**

4. Devolution of budgets for supplementary employment and skills initiatives

In addition to mainstream funding for employment support and skills there have been a number of additional initiatives run by central government such as the Youth Contract and Employer Ownership of Skills. Different schemes have enjoyed different levels of success across the country. As schemes are not tailored to local economies or joined up with local provision, important opportunities can be missed or duplication or difficulty of access can occur.

Devolution, or at least joint commissioning between local partnerships and central government would ensure that scarce resources were maximised and such schemes complement existing provision and are designed to meet specific local needs.

As part of new devolved and decentralised employment provision, we call for a new approach to supplementary public sector employment and skills initiatives and funding:

- **Funding for time-limited national skills and employment initiatives should be devolved to local partnerships to allow a joined up and targeted approach.**

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²National Audit Office, Department for Work and Pensions. *The Work Programme (July 2014)*

³Public Accounts Committee. *21st Report, The Work Programme (October 2014)*

⁴Department for Work and Pensions. *Is work good for your health and wellbeing? An Independent Review (2006)*

⁵NOMIS. *Annual Population Survey (Q3 2014)*

⁶NOMIS. *Annual Population Survey (2013)*

⁷NOMIS. *Annual Population Survey (quarterly rolling updates) (2014)*

⁸NOMIS. *Labour Market Statistics (2012/13)*

⁹NOMIS. *Benefit Claimants – working age claimant group (Q2 2014)*

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¹¹Department for Education. *Care Leavers in Education, Employment or Training (29013/14)*

¹²Youth Justice Board. *Youth Offenders in Suitable Education, Employment or Training (2012)*

¹³Commons Library. *NEET: Young people not in Education, Employment or Training (February 2015)*

¹⁴Joseph Rowntree Foundation. *The Benefits of Tackling Worklessness and Low Pay (December 2014)*

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^I The Joseph Rowntree Foundation, *The Benefits of Tackling Worklessness and Low Pay (December 2014)*

^{II} National Audit Office & Department for Work and Pensions, *The Work Programme (July 2014)*

^{III} Department for Work and Pensions. *Quarterly Work Programme National Statistics to Sept 2014 (December 2014)* This represents 23% of all claimants who have had enough time to achieve it. December 2014

^{IV} *Figures in Essex, (February 2014)*. This represents 5.6% of those referred in Essex

^V NOMIS. *Annual Population Survey (Q3 2014)*

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^{VII} Department for Education. *Young People not in Education, Employment or Training, 16-18 years (2013)*

^{VIII} Department for Education. *Care Leavers in Education, Employment or Training (29013/14)* & Youth Justice Board. *Youth Offenders in Suitable Education, Employment or Training (2012)*

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CCN

COUNTY COUNCILS NETWORK

Founded in 1997, the County Councils Network (CCN) is a network of 37 County Councils and Unitary authorities that serve county areas. We are a cross-party organisation, expressing the views of member councils to the wider local government association and to Central Government departments.

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