

# WORK IT OUT

CREATING LOCAL SYSTEMS OF EMPLOYABILITY SUPPORT



## EXECUTIVE SUMMARY

**Local authorities take a great interest in getting their residents into work. Employment brings with it a wide range of benefits for citizens and the public purse, ranging from better health outcomes to reduced social care and benefit spending.**

Since 2011, employability has been dominated by the Work Programme, but recent policy changes have created a far more complex landscape. The Work Programme has been radically scaled back and will be replaced by a new Work and Health Programme. In a few areas it will be co-commissioned by combined authorities, and in most parts of the country it will operate in tandem with a range of local government services aimed at the most complex cases.

This report shows how councils are already occupying the space left by national employability programmes, and sets out a new deal between DWP, combined authorities and councils to re-engineer an effective system. This will involve a better division of risk between local and central government, and stronger incentives for councils to scale up their successful experiments with employability services.

Long-term unemployment has fallen significantly at the national level, but this does not mean the problem has gone away. Pockets of substantial unemployment remain in the North East, London and Scotland which require locally tailored solutions. Almost every council area will have a small number of complex, highly expensive cases, which justify substantial short-term investment to deliver long-term financial and social pay-offs. Locally-developed services and on-the-ground knowledge will be critical to addressing both of these problems, and will need to be fully integrated into the new and much scaled-back Work and Health Programme which goes live next year. Elements of employment and skills are being devolved to combined authorities, such as adult skills and apprenticeship budgets, which are featured in many deals. But in practice, these are small pots of money or for small groups of people. Bold promises to co-commission the Work Programme seem to have delivered little more than strategic discussions with a handful of combined authorities. These are steps in the right direction, but they do not go far enough or fast enough.

The case for change becomes more urgent with the insecurity surrounding negotiations for Britain leaving the European Union. Many innovative employability services rely upon match-funding from European Social Funds (ESF) and would not be possible on the same scale and impact without these external funds. The post-Brexit economic shocks will also impact heavily on the jobs available and the people able to fill them. The system needs to change urgently to both to mitigate the risk of withdrawal of these funds, and ensure the local level has levers in place to create a sustainable employment and skills system which makes sense for local labour markets and local demographics.

This report demonstrates that successful employability programmes are those which join up employment support and skills provision at a local level across multiple local authority boundaries. The key to all of this is stronger partnerships. Partnerships between different local authorities; between local authorities, Jobcentre Plus (JCP) and DWP; and between local authorities and the voluntary and private sector providers within their areas. Using a number of case studies, this report explores these partnerships and the important role that local authorities are already making.



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## NATIONAL LEVEL RECOMMENDATIONS

■ **Devolution needs to go further and faster.** We recommend that there is cohesive devolution to tackle youth unemployment, and accelerated devolution to tackle long-term unemployment, with an appropriate share of risk and reward between combined authorities and DWP.

□ **Phased devolution of 16-18 further education budgets.** The devolution of 16-18 further education budgets should mirror that of 19+ adult skills budgets, creating all-age skills budgets to be held at the combined authority level and distributed utilising local knowledge.

□ **Devolution of the apprenticeship levy.** As the Apprenticeship Grant for Employers is devolved, it makes sense

to also devolve the apprenticeship levy for local authorities to coordinate both administration and distribution of funds.

□ **Co-commissioning of Work and Health Programme for all devolved areas and open to all future devolution deals.** Devolving more budgetary powers around supporting long-term unemployed back into work, with provisions to help those who will not hit the eligibility criteria for national support, are critical to prevent people slipping through the net, and embedding fuller service integration at the local level.

□ **Co-commissioning of mainstream employment support.** Combined authorities should be able to co-commission where they are currently co-designing with DWP, and this offer should be available to all devolved areas.

- **Integrate Jobcentre Plus with local authority services.** There needs to be closer coordination between local authorities and JCP to join up benefits administration and employment advice services, minimising duplication between the two statutory bodies and ensuring smooth transitions for people.
- **Create a National Learning Network.** The dissemination of what works and what doesn't is not as

widespread as it could be. A national body, such as the LGA, should form a network to share best practice.

- **New data sharing legislation.** Data sharing between councils and JCP is limited, as is that between housing providers, health services and other public sector organisations who will often deal with the same people. New data sharing legislation can enable closer partnerships in all aspects of public service.

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## LOCAL LEVEL RECOMMENDATIONS

- **Local authorities need to form partnerships with neighbouring local authorities, JCP and the wider public sector.** Local authorities should take steps towards shaping their places regardless of whether they are part of devolution deals or not. They can do so in the following ways:

- **Co-locate JCP with other public services.** The end of the One Public Estate contracts in 2018 provides a great opportunity for renegotiating co-location of councils, private and voluntary sector providers, JCP, housing associations, health services and many more.
- **Partnerships with neighbouring local authorities.** Employability support works best at sub-regional scale, working across business districts and commuter towns to create employability systems within a place. Local authorities need to work with neighbouring local authorities, integrate support as far as possible, and co-commission services across local authority boundaries.

- **Develop Local Integration Boards.** Across local authorities, governance structures need to be in place to coordinate decision-making and accountability. Creating Local Integration Boards to join-up elements of the public sector are a useful tool to getting the right people around the table to align objectives and move towards greater integrated working, particularly including JCP.

- **Map supply and demand in the area.** Local authorities know their local labour market and the demographic of their area and can join up the two. They can do this by mapping local labour market trends; utilising local intelligence; and through brokering local relationships and networks. Local authorities then need to create appropriate avenues to disseminate this information to local employers and their residents.

Not every area will have a devolution deal or a combined authority to bid for more devolved powers to their areas but we argue throughout that local authorities need to seize opportunities to forge strong partnerships and take all the powers on offer to shape their places.