Local Government Association

Tackling worklessness and low skills – the case for devolution

Paul Raynes
Local Government Association
21 October 2008

promoting better local government

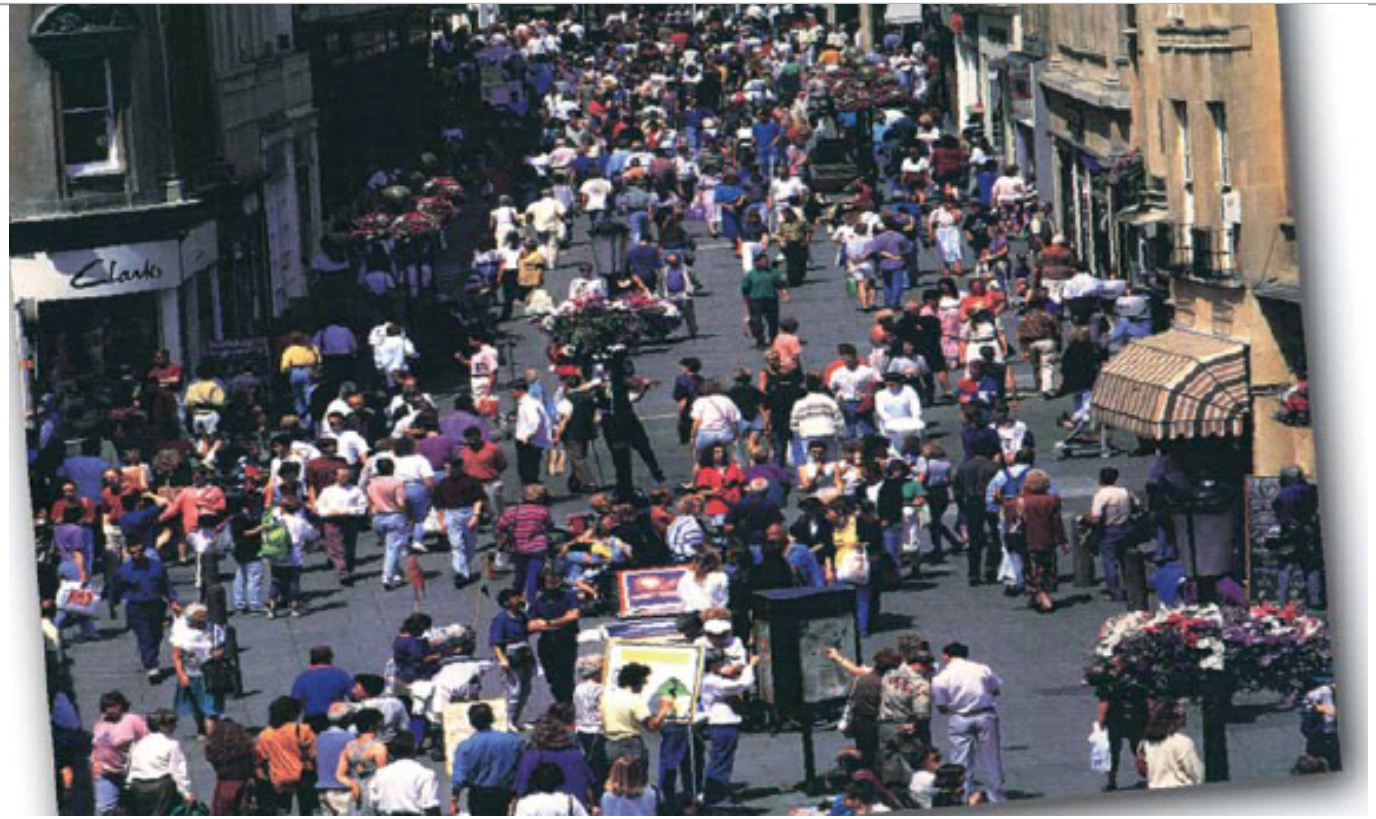
Context and problem

Local Government Association

- Falling rates of employment
- Groups with much lower rates and exposure – e.g. disabled lone parents 32.5%
- 3 million plus long-term workless
- Skills gaps
- Economic inactivity – North-west £3 billion of £13 billion productivity gap

This is the economy

Local Government Association



(But these people think it's Kent)

The real economy is sub regional

Local Government Association

- 78% journeys to work < 40 minutes
- 70% house moves < 20 miles
- industrial clustering at city-level, around transport hub or in shire
- skills gaps reflect labour demand from clusters
- and so on…

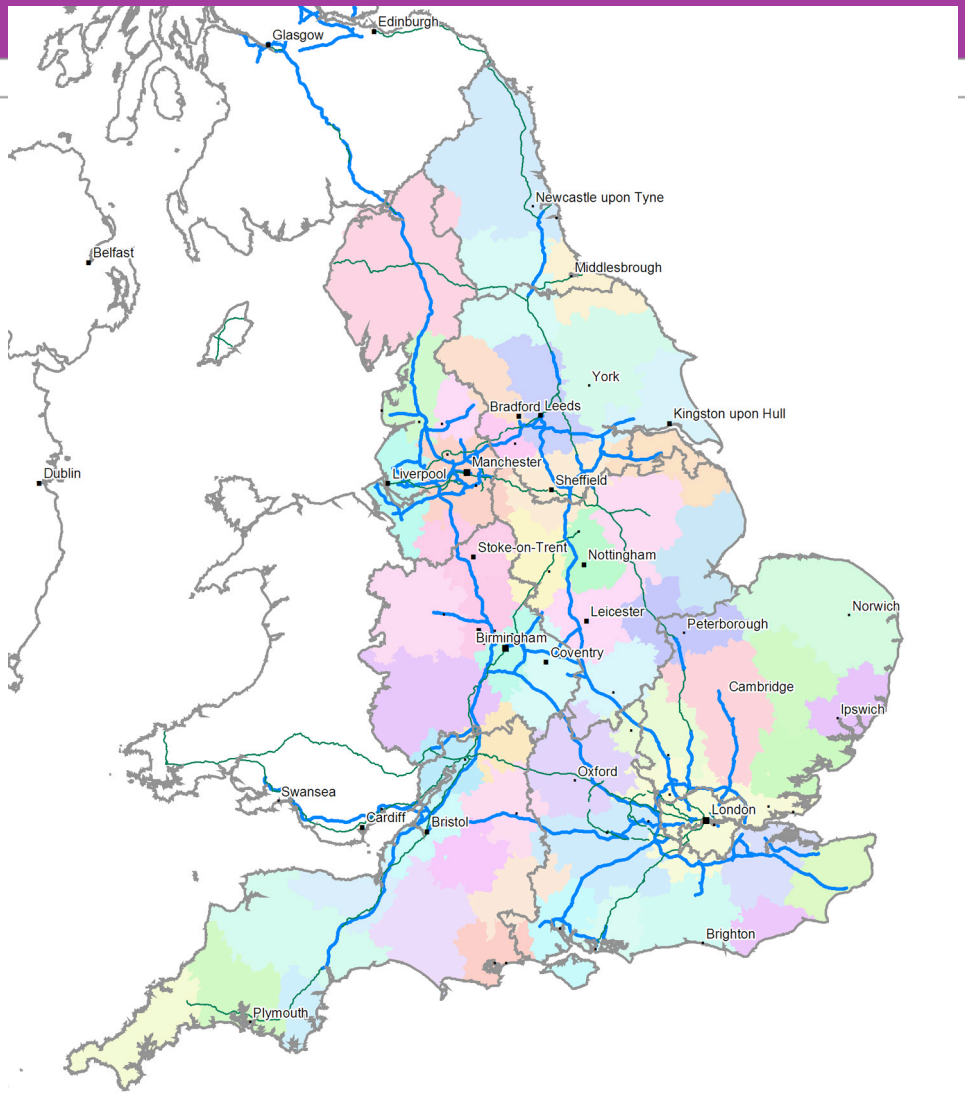
Sub-regional and local labour markets

Local Government Association

- Local variations within regions of employment rates
- Local industries with specific skills requirements
- Local providers
- Specific local concentrations of benefit claimants

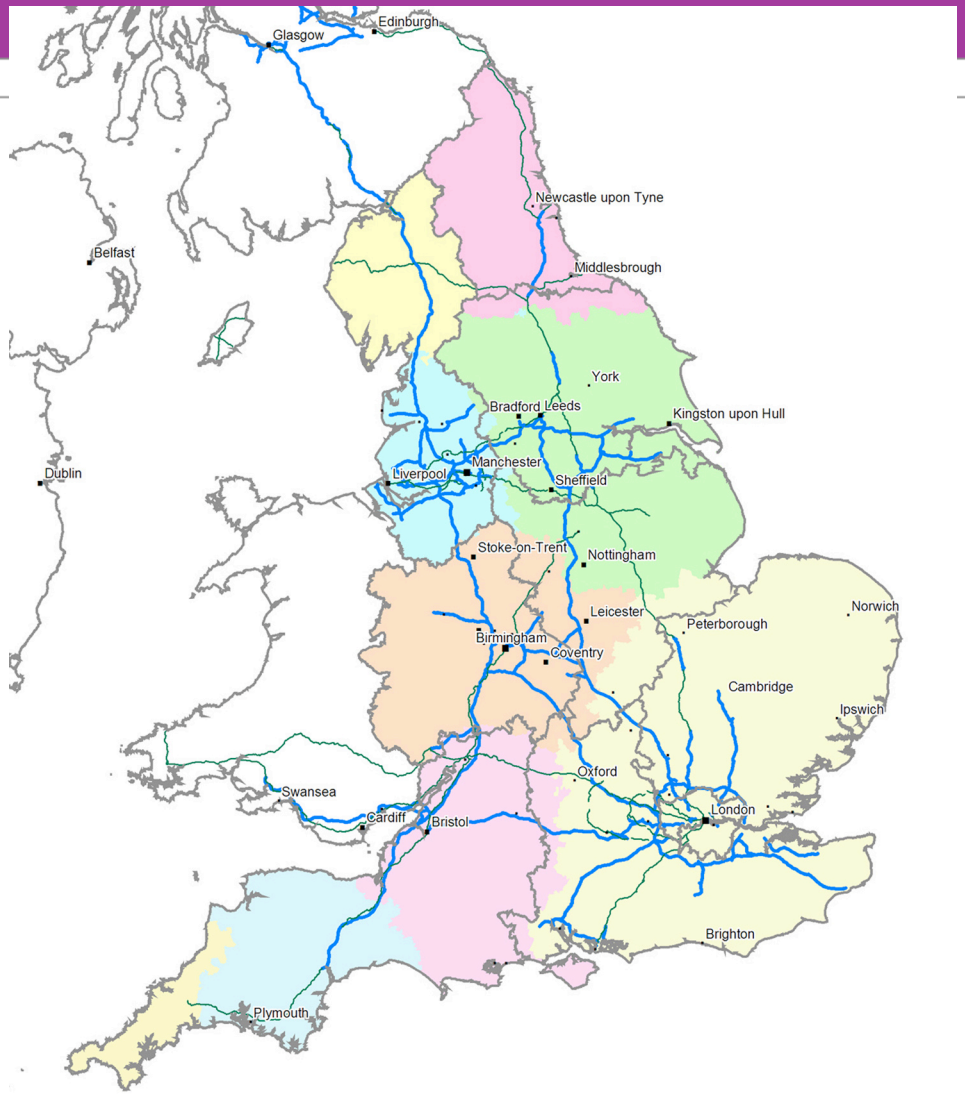
Labour market – 56 areas

Local Government Association



Oh, and the regional economy

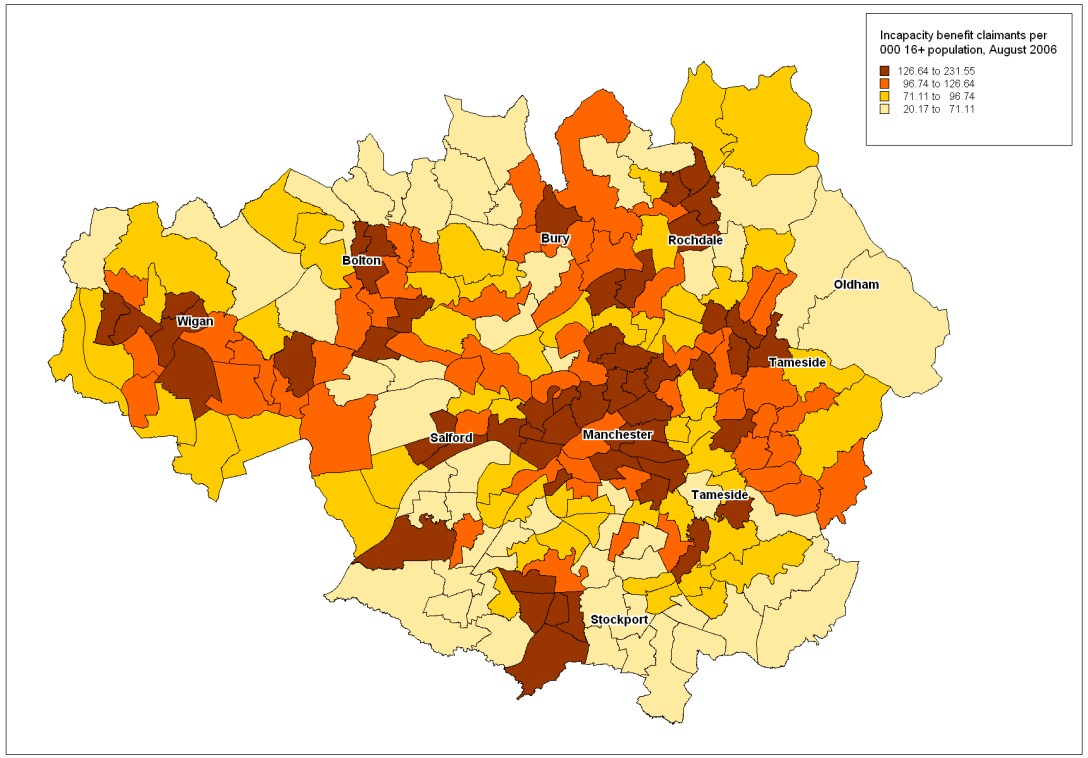
Local Government Association



Sub-regional and local labour markets

Local Government Association

Incapacity benefit claimants per 1,000 population in Greater Manchester – contrast Manchester city area

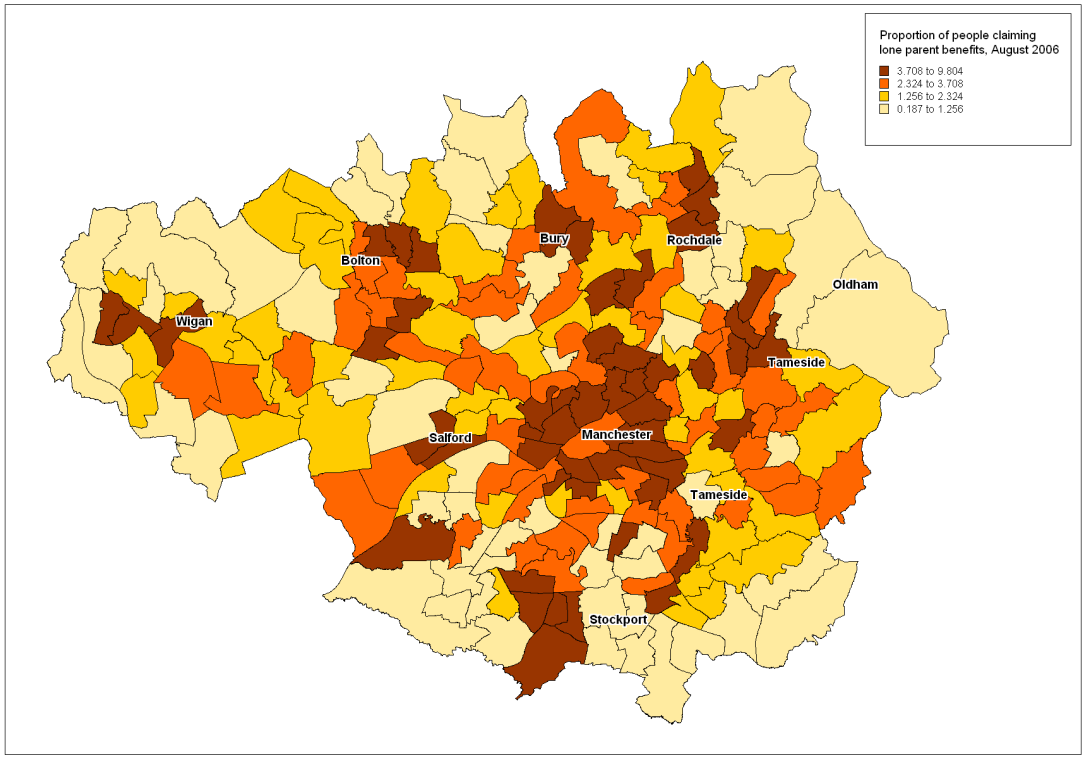


Source: Local Knowledge; Department for Work and Pensions working age claimant statistics

Sub-regional and local labour markets

Local Government Association

Proportion of people claiming lone parent benefits in Greater Manchester – contrast Manchester city area

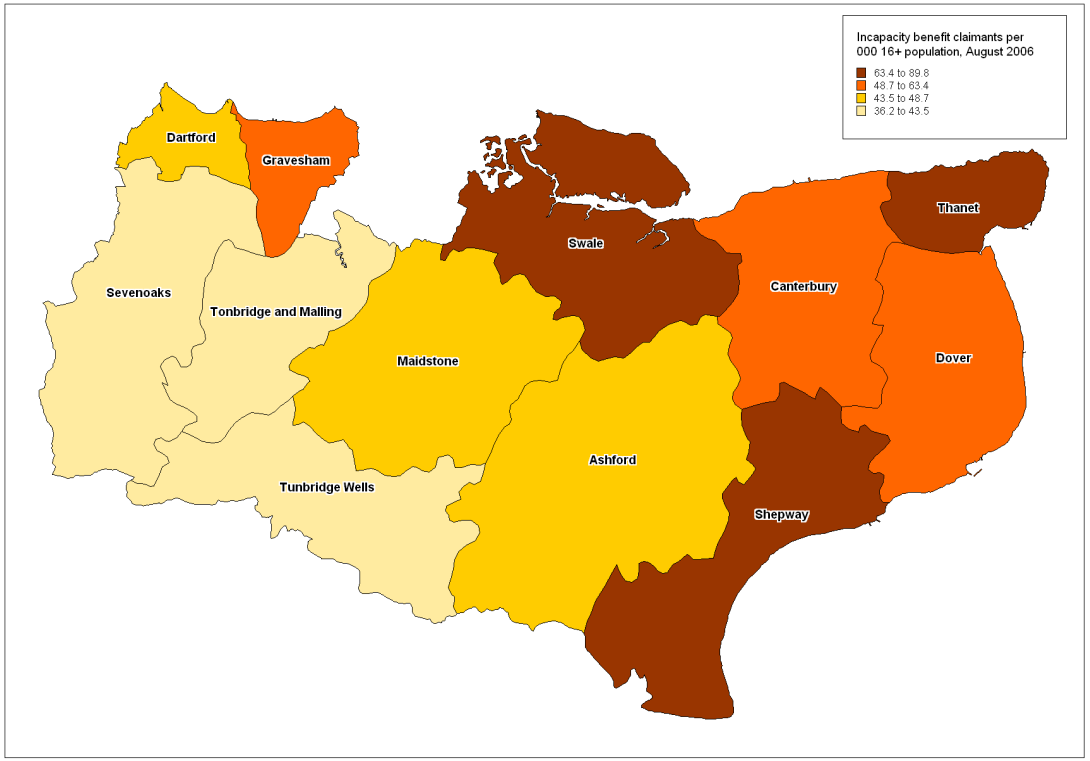


Source: Local Knowledge; Department for Work and Pensions working age claimant statistics

Sub-regional and local labour markets

Local Government Association

Incapacity benefit claimants per 1,000 population in Kent - high concentrations in Swale and Thanet

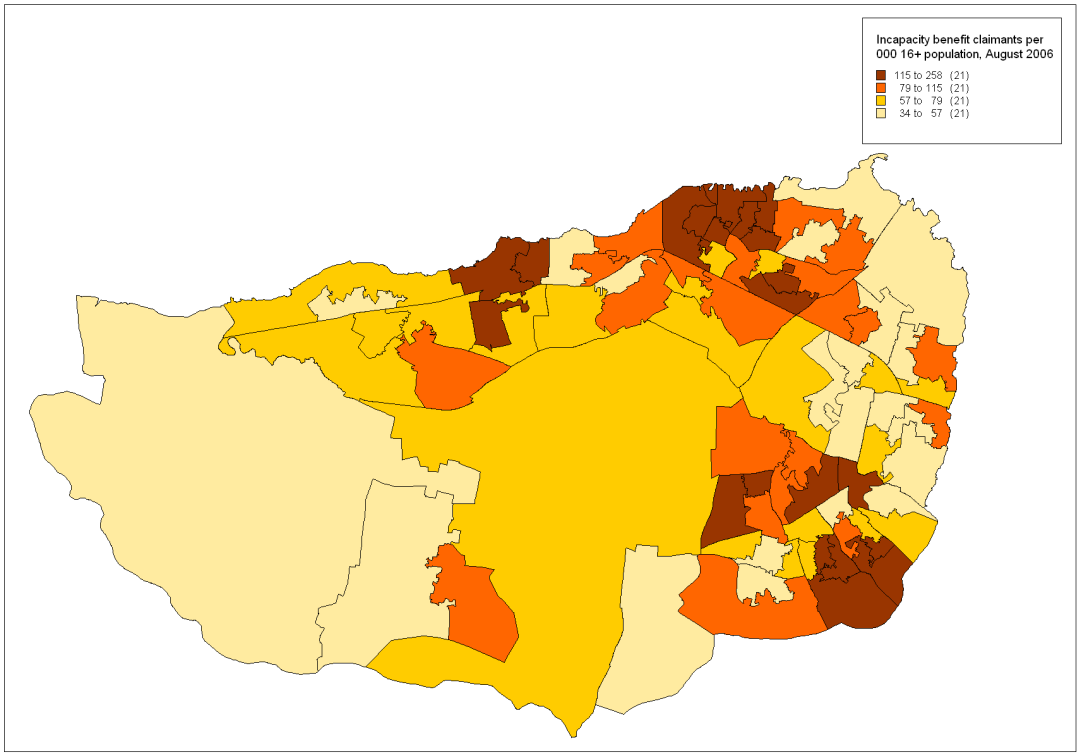


Source: Local Knowledge; Department for Work and Pensions working age claimant statistics

Sub-regional and local labour markets

Local Government Association

Incapacity benefit claimants per 1,000 population in Thanet – ward variations

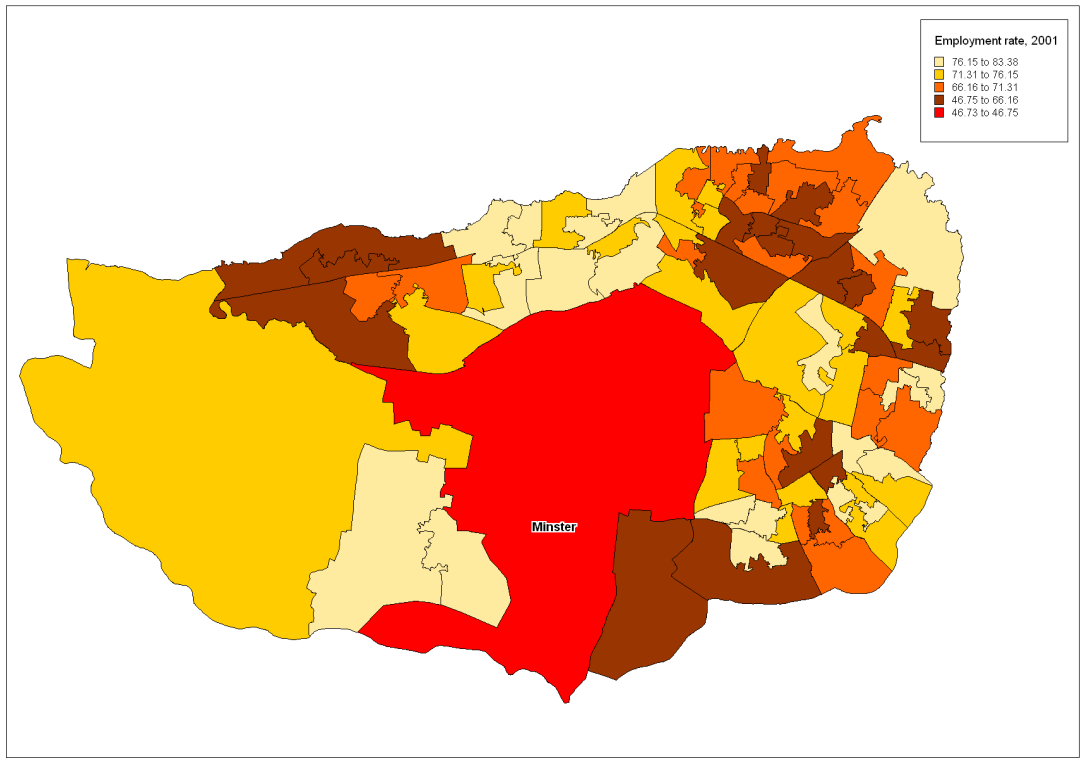


Source: Local Knowledge; Department for Work and Pensions working age claimant statistics

Sub-regional and local labour markets

Local Government Association

Employment rate in Thanet – Minster 47%, neighbouring areas 76% +



Source: Local Knowledge; Census 2001

The six pillars of a localised employment and skills system

Local Government Association

- **Governance** – sub-regional consortia of local partners
  - Analysing and determining local need
  - Co-ordinating, integrating, addressing gaps and duplication
  - Consistency with local demand
  - Developing pathways for the (un)employed
  - Sharing targets
  - Managing devolved budget
  - JCP and LSC freed up to fully participate

The six pillars of a localised employment and skills system

Local Government Association

- Empowered local managers of JCP and LSC successors
- Local power to flex the delivery rules
- Alignment with Local Area Agreements
- Devolved budgets – a block grant based on anticipated spend on national programmes
- Joint commissioning and procurement
- A shared information base

Better employment and skills outcomes

Local Government Association

- Efficiencies from:
  - Integration of services (multi-agency approach)
  - focus on local requirements
  - integration, co-ordination and alignment of services through the Local/Multi Area Agreement
  - personalisation and flexing programmes
  - accountability through local democratic control
  - sub-regional partnership re-investing surplus locally

The client experience

Local Government Association

Engagement
Visible employment and skills services
GPs/Health centres and surgeries, Sure Start, extended schools and childcare facilities
Community centres
Citizens Advice Bureau and financial advice centres

Access
Flexible eligibility criteria
Flexible community based delivery
Simple gateways with straightforward paths

Employment and skills programmes
Gaps in provision plugged
Duplication removed
Clear progression routes
Programmes consistent with local skills gaps
Improved job brokerage

Employment
Help with costs of travel and clothing
Financial advice on tax credits
Targeted advice on Housing Benefit
Affordable childcare

Job retention and progression
In work support to ensure job retention
Health services – “employment on prescription” to stem IB flows
Stronger employer LSC/ links

The Government response

Local Government Association

- Cities Strategy – sub-regional consortia
- DWP commissioning strategy
- Raising expectations – enabling the system to deliver
- Working Neighbourhoods Fund
- Employment and Skills Boards and MAAs
- Work Skills – Manchester and West Midlands
- 3 tier devolution

Making progress – the devolutionary scorecard – pluses and minuses

Local Government Association

- Contract geography
- Phase 1 FND and commissioning roll-out
- Strategic decisions on skills - Skills Funding Agency or sub-regional partners
- DWP working up a 3 tier devolutionary model
- Pilots in Manchester and West Midlands
- Joint commissioning in other areas too
- City Strategy extended but not broadened