



**Tackling worklessness: review of the contribution  
of local authorities and partnerships**

**ERSA response to the interim report**

**January 2009**

Contact: Amanda McIntyre, ERSA, 101 Newington Causeway, London, SE1 6BN. Tel  
07748617877

## Contents

1. Introduction.....	Page 3
2. Over-arching themes for suggested further consideration .....	Page 4
3. Reflections on the detail of the interim report.....	Page 7
4. What difference does the Review want to make?.....	Page 11
5. Working smarter: improving performance .....	Page 14
6. Doing more for disadvantaged areas .....	Page 17
7. Investing in local capacity .....	Page 20

## **1. Introduction**

1.1 ERSA (the Employment Related Services Association) welcomed the establishment of the 'Tackling Worklessness' Review because we agreed that further thinking was needed on how English local authorities and their partners can do more to tackle worklessness.

1.2 ERSA is the voice of independent providers of welfare-to-work services, from across the private, public and voluntary sectors. Our members account for at least 65% of DWP's contracted-out provision and also run a wide range of other statutory and charitable programmes. Working with employers, ERSA members help the long-term unemployed and others who need support to find jobs, stay in work and develop their skills.

1.3 Therefore our members are key partners to local authorities and other public agencies tackling worklessness and related issues at the local level. We hope for this Review to learn the lessons from current policies and practice – the exemplary and the less good - and also to address the implications of the current economic climate, to put forward a package of measures that will strengthen local partnership working.

## 2. Over-arching themes for suggested further consideration

2.1 Later on in this response, we provide comments on the detail of the interim report. First, we suggest three over-arching themes that we would encourage the Review team to consider and emphasise more strongly in the final report. They are: strengthening local strategic leadership; harnessing the full contribution of independent providers of welfare-to-work services; and avoiding any hiatus in delivery (including the awarding of contracts) during the transition to more joined up and carefully planned provision.

### **Effective local leadership: the most important factor for success**

2.2 While national action would be useful in creating more conducive conditions for local initiative, the quality of the response at local level will largely determine success. The interim report does recognise this. For example, Chapter 9, conclusions and next steps, refers to “a responsibility on local government to demonstrate that it is already making an impact – and can do more.”

2.3 Yet the interim report seems to focus mostly on how to create the right conditions to *enable* local action. We would encourage the final report to balance that element of its recommendations with more detail on the responsibilities of local leaders to *drive* local action. It would be good to spell out what success might look like, especially in terms of the leadership behaviours that will drive success.

2.4 We suggest drawing on good practice and also acknowledging common areas of weakness that must be addressed. One aspect of good leadership, that we would particularly encourage you to advocate, is being outward-looking and collaborative. Hence we would encourage you to make clear the importance of local authorities working together as well as involving the full range of external stakeholders. We would also encourage you to ensure that the final report is clearly positioned around what would achieve the best outcomes for workless people. It would be particularly useful to include lessons learned by local and multi-area partnerships that, by their own admission, have been on a journey to reach the stage where they:

- Have a common and thorough understanding of worklessness locally
- And are now working well together to address the challenges.

### **Strategic input from independent providers: potentially highly valuable but currently under-used**

2.5 We welcome the recognition in the interim report of the role of independent providers in service delivery, including your awareness of the implications of flexible New Deal, eg top tier contractors effectively becoming a local delivery channel for DWP.

2.6 We would ask you to encourage local leaders to recognise and harness to a much greater extent the value that independent providers can bring to thinking on strategy. For example, independent providers will have a good understanding of the local labour market and the underlying local causes of worklessness. This means that they are well placed to help develop the worklessness assessments and work and skills plans – and more generally to participate in the LSP machinery that is responsible for tackling worklessness. We sense that, to date, your Review has had little contact with independent providers – and suggest that is indicative of their largely untapped contribution to strategic thinking at local level.

2.7 Local authorities can be wary of inviting providers into strategic forums for fear of creating conflicts of interest or giving incumbent providers an unfair competitive advantage when it is time to re-compete contracts. This thinking is partly a legacy from early forms of local government contracting, notably the arms-length and often adversarial relationships of the Compulsory Competitive Tendering era.

2.8 Public procurement has evolved considerably since then, particularly in local government. Moreover, partnering between the public, private and voluntary sectors to deliver welfare-to-work services is at the leading edge of the latest phase of this evolution – the shift towards outcome-based commissioning. This requires much more of a one-team approach between commissioners and providers, to devise strategies and to manage delivery risks. Therefore we encourage the Review specifically to recommend that councils, LSPs, City Strategy partnerships etc invite the independent providers to join their relevant strategic forums.

2.9 While we can understand why authorities would worry about the potential for conflicts of interest, we would expect this to turn out to be much less of a problem in practice. Moreover, councils are experienced in managing the potential conflicts of interest that can arise through the ‘outside’ interests of other constituencies represented within their strategic decision making forums. They should be able similarly to handle any sensitivities in this context, while gaining really useful insights through having their contractual providers ‘around the table’.

2.10 We acknowledge that, given the range of independent providers operating within any area, judgments will have to be made locally about the most appropriate provider engagement strategy. We would expect authorities to put in place appropriate local arrangements for consultation across the provider community – and also for the providers themselves to work together on contributing towards local strategic decision-making.

### **Hiatus in delivery and in the award of contracts: a risk that implementation of the Review must avoid**

2.11 The Worklessness Review rightly argues for improvements in how worklessness strategies are developed and implemented, in particular recommending stronger and more integrated planning. Clearly, the Review

recommendations cannot be implemented overnight. There is a real danger of a hiatus in delivery while the new arrangements are being established, eg as evaluations and action plans are drawn up and as decision-making forums start to develop momentum.

2.12 In particular, there is a danger of a slow-down in decision-making regarding all aspects of commissioning from independent providers, from the postponement of new procurements, through delays in procurements already underway, to the stalling of initiatives to develop or extend existing delivery partnerships. We give this warning based on our experience of what can often happen (not just in respect of welfare-to-work but across public services) when national or local frameworks change, triggering a requirement in some way to re-think delivery strategies. This danger must not be allowed to materialise now in the delivery of welfare-to-work and related services, especially given the need for urgent action to address rising unemployment.

2.13 Another frequent consequence of changes to the frameworks for delivering public services locally, especially where the change is aiming to improve integration, is a shift from working with private and voluntary sector providers towards more in-house provision. Similarly, we would encourage the Review to recommend that this does not happen.

2.14 As demand for welfare-to-work services continues to rise during the economic downturn, swifter and more wide-ranging progress will be achieved through making best use of existing private and voluntary sector provider capacity, rather than local authorities and other public agencies setting up new in-house operations. In particular, there may be new possibilities to draw on the capacity of smaller local providers for the provision of local wrap-around services, as FND leads to a restructuring of the DWP's supply chain.

2.15 The recommendations of the Worklessness Review create a stronger role for local authorities and other local commissioners in influencing the development of local welfare-to-work markets. Councils will need to understand and fulfil their role in: making best use of available capacity within markets; and enabling and driving the independent sector to respond effectively, innovatively and at an affordable price. The flow of contracting opportunities, as well as the contractual terms and models of partnership working on offer, will be key determinants of whether localities attract and retain the very best independent provision and achieve the best outcomes from their delivery partnerships.

### 3. Reflections on the detail of the interim report

#### The economic context for local economies

3.1 ERSA welcomes the Worklessness Review as further evidence of national and local government commitment to press ahead with welfare reforms during challenging labour market conditions. The economic downturn will reduce the number of vacancies and people who take on some new jobs may find that they do not last. We agree that those further from the labour market, such as the long term unemployed, lone parents and people with disabilities, should be given the support they need to compete for the jobs available. We also agree that improving the support means increasing flexibility and focusing more on designing and delivering services to be appropriate locally.

#### ***Many workless people have multiple barriers to employment – especially low basic skills***

3.2 We think it is helpful that you point out within your assessment of the economic context that many people without work have multiple barriers to employment - and that reaching out to them and addressing their needs is not easy but requires a concerted and sustained effort across Government.

3.3 You are right to consider data that compares the progress in reducing unemployment across different groupings, in order to understand where effort needs to be concentrated. The differences are not only geographical. We suggest that the Review draws on analysis of the data by the Centre for Economic and Social Inclusion (CESI), which points particularly to persistent high unemployment levels and a failure to close the gap for people with low skills.

3.4 This data echoes the experience of our members who find that many of their long-term unemployed clients have serious basic skills needs that have not been accurately diagnosed and/or addressed to date. Strengthening basic skills assessments and the increasing the provision of basic skills support will be key to reducing unemployment inequalities.

3.5 A focus on improving basic skills would also help to achieve another goal that the Review recognises as important, ie the need to ensure that BME communities benefit from welfare-to-work support. The Equalities and Human Rights Commission, for instance, also makes this point.

#### ***Much good practice exists - yet welfare reform is needed and the reform journey will take time***

3.6 ERSA is encouraged by your findings of high levels of satisfaction with the support currently offered. We think there is much good practice across the public, private and voluntary sectors, which probably needs to be recognised and celebrated more than it is. Equally, we support the thrust of the

Government's welfare reform agenda because we agree on the need for systemic change, particularly to increase the flexibility of services. Your findings so far have already been influenced by current uncertainties that are inevitable because we are in the early stage of a long-term welfare reform journey. Policy makers, commissioners and providers from all sectors will need to expect their role and the ground rules within which they operate to evolve considerably over the next decade. This shifting context has implications for your Review: devolution is part of the shift and it has to be achieved while other aspects of the framework are also evolving.

***Making a difference requires time and trust***

3.6 We welcome your recognition that 'interventions with workless people were required over a sustained period in order to make a difference', and also your observations about 'the time needed to build relationships of trust with workless people'. On the theme of trust, we would add that some clients will be more comfortable about sharing personal information with independent providers, simply because they fear 'the system' and through no fault of the JCP adviser or other public sector official offering high quality customer care and support. This means that independent providers can sometimes be better placed to carry out diagnostic work to identify the most appropriate support. We encourage commissioners to consider the implications of this reality in considering the roles of public agencies and independent providers – and the teamwork between them.

***Longer term and more certain funding enables providers to plan ahead and form partnerships***

3.7 ERSA supports your finding that longer term funding puts providers in a better position to offer sustained support to clients, join up their support with other services and generally remain sustainable (eg through the ability to plan ahead, retain skilled staff etc). We echo your observations about the damage caused by stops and starts in funding – indeed such experience helps to explain why avoiding a hiatus is one of the over-arching themes to which we suggest you give further consideration.

***Commissioning should attract and retain best in class provision as supply chains evolve***

3.8 We recognise your observation that the introduction of FND creates uncertainty. As you say, many small local providers are worried about losing funding. Some are also concerned about losing influence locally. For those bidding to be primes, there is also uncertainty about how their role and funding will develop. Yet the concept of putting in place sub-regional prime contractors, who help to coordinate support across a geographical area, across commissioners and across the provider base has strong merits. One consequence will surely be that supply chains will evolve considerably – and this will play out differently across the country. It is also worth remembering that Round One of FND is the first major programme aiming to implement the DWP commissioning strategy: future rounds of FND and other commissioning

programmes will also be following that strategy and no doubt developing implementation techniques.

3.9 Achieving the welfare reform agenda depends partly upon commissioners being able to draw on a diverse range of world-class independent providers – mainstream, specialist and niche, of all sizes, coming from all sectors and increasingly also in forms that bring together the sectors. Commissioners should be wary of contractual forms and conditions that are counterproductive because they inevitably exclude world-class organisations of a particular size or of a particular structure from fulfilling what ought to be a role in which they would excel.

3.10 Moreover, a key responsibility for commissioners at national, sub-regional and local level will be to ensure that their approach to commissioning attracts and retains best in class providers - and motivates them to gear their innovation and continuous improvement to meet evolving priorities for welfare reform. We encourage the Review to recommend that policy makers and commissioners understand, value and fulfil this market development responsibility.

***It is important to learn the lessons from the first year of WNF Commissioning***

3.11 We are pleased that your research has found grounds for confidence about the future use of Working Neighbourhood Funds. We were aware of problems in the first year, not least because of what we heard from local authority officers. At the CESI Welfare-to-Work convention in June 2008, a number of local authority delegates spoke from the floor about their frustration at ‘raids’ on WNF money from other parts of their organisations, with at best spurious connections to tackling worklessness.

3.12 There are important lessons about local government leadership here. We think that many local authorities need to step up their internal communications to ‘sell’ internally their core place-shaping role and, within that, their role in tackling worklessness. While the concept of local government as place-shaper is more understood at senior levels of the managerial and political leadership, not all councils have managed yet to cascade this through their organisations.

3.13 The more that councils can demonstrate that, say, their WNF money is contributing towards locally relevant work to tackle worklessness, the easier it will be to persuade central government to back off from ringfencing and issuing edicts about precisely how the money must be spent.

***We welcome the enthusiasm of local partnerships to raise their game – and we would like to help***

3.14 We are encouraged by your finding that local partnerships are keen to raise their game. All partnerships tackling worklessness, at whatever stage in their development, face a challenging time. We welcome your

acknowledgement that current performance and capacity varies. As you know from our earlier comments, we particularly encourage partnerships to be more open and draw more fully on the strategic contributions of independent providers of welfare-to-work services.

3.15 Alongside individual contributions of ERSA members to local partnerships, ERSA itself would be keen to establish a dialogue with local government. A forum jointly led by the Local Government Association and ERSA, for example, could promote effective partnership working between local government and independent providers and explore together how best to achieve devolution and integration of services.

#### **4. What difference does the Review want to make?**

4.1 We agree that it is helpful to clarify local government's three roles: enabling and co-ordinating; scrutiny and monitoring; funding and delivery. Understanding and communicating these distinctions is part of the task we referred to above, when suggesting that many councils have more to do, in order to explain the implications of their core place-shaping remit. These roles also point to the skills set increasingly required from local government and others with local leadership responsibilities.

4.2 We support the emphasis on tackling disadvantage and supporting those further from the labour market. We also recognise that the case for supporting people with complex needs is most visible at the local level, because that is where the gains are most visible, in terms of social inclusion, community resilience and reduced dependency on public services.

4.3 We also welcome the emphasis on reducing inequalities and 'closing employment rate gaps for disadvantaged groups'. We would encourage you to consider recognising explicitly that those with low basic skills levels fall within this group. This then has implications for how local government fulfils its roles in education, the training of young people etc - and also how it works with other agencies responsible for skills and helps to embed the principle of integrated employment and skills.

#### **The role of local authorities and partnerships**

4.4 We agree on the need to clarify the role of local authorities and Local Strategic Partnerships in tackling worklessness. This is not simply a task for central government or for this Review. It is up to each local authority and each LSP to clarify and communicate its role locally. We recognise that this needs to happen within a context that is full of uncertainty, in that welfare reforms are just getting underway, new sub-regional delivery structures are about to be set up through FND and other parts of the infrastructure are also changing, particularly the bodies responsible for skills.

4.5 Local and national government share a leadership responsibility in achieving a settlement in terms of the roles and responsibilities of organisations operating nationally, sub-regionally and locally. But there is already considerable scope for local government to show leadership, eg through the well-being power, the development of Local Area Agreements, Multi-Area Agreements etc.

4.6 Sir Michael Lyons' most profound remark in his Review of local government was probably that many local authorities do not need specific new powers as much as they "need to develop a sense of powerfulness and capability to perform their place-shaping role and change their behaviours to pursue that goal".

***Refining the proposed 3 steps could create better conditions for achieving underlying goals***

4.6 The interim report recommends three steps to take forward Government's commitment to devolution:

- Step 1: All upper tier authorities should have a responsibility to provide local labour market assessments. They should also be required to establish mechanisms to scrutinise the performance of all providers in their area and make proposals for how performance can be improved.
- Step 2: The areas for co-commissioning of services should be defined and work commenced immediately on planning an integrated response to rising unemployment, incorporating DWP programmes, LSC funds and WNF. In some areas this may require additional funds to cope with higher numbers of claimants and it may also mean extending the number of WNF authorities.
- Step 3: A national task force should be established, reporting to the National Economic Council, and charged with driving forward this change and ensuring there is a co-ordinated and effective response to unemployment in priority areas and for priority groups.

4.7 We agree with the underlying goals here – but suggest that the detail needs refining:

- Regarding step 1: we agree that there should be local assessments of labour markets, including worklessness. Clearly local authorities should not produce these single-handed: the contribution of other parts of the public sector as well as local employers, voluntary sector experts and independent providers of welfare to work services, will be key. We also agree that there should be local assessments of progress in addressing the challenges, with ideas for improving results. However the nature of the scrutiny requires careful consideration. As currently drafted, local authorities would 'scrutinise the performance of all providers'. Elsewhere in the Interim report, you refer to the scrutiny of 'supply side measures', which is better terminology. We have two potential concerns and a suggestion with reference to the concept of scrutinising 'all providers':
  - > We would not wish this to be misinterpreted in situations where independent providers are delivering services under contract to some part of the public sector. Independent providers would certainly wish to be 'round the table', discussing how best to improve local results in reducing worklessness and, within that context, to explain their performance, eg good practice, areas for improvement, constraints etc. But it must always be understood

that this scrutiny is distinct from contract management – indeed the scrutiny must be constructive and conducive to effective management of the contract by whichever public body holds that responsibility

- > The local assessment should not be limited to considering the performance of individual providers – rather it should focus more on assessing whether the total package of ‘supply side measures’ is achieving the best possible results, eg identifying gaps in provision, opportunities for better results through more flexible and effective partnership working etc
- > Any analysis of performance of supply side measures locally should link into the work going on at national level to measure performance of welfare-to-work provision and to improve management information
- Regarding step 2: co-commissioning is just one form of integration. We suggest that the emphasis should be on planning an integrated response, both to the more cyclical rising unemployment caused by the economic downturn and to the more structural problems of worklessness, using the best mixture of partnership working techniques, eg alignment as well as co-commissioning
- Regarding step 3: we are not quite clear about the remit of the National Task Force, whether it would be responsible for: developing and embedding any new devolution settlement across the country; and/or supporting a concerted and integrated effort to support priority areas; and/or supporting local government and partnerships to fulfill their leadership responsibilities locally. We suggest that you clarify this. ERSA would also be keen to participate in any National Task Force, to draw in the perspective of independent providers and also to act as a channel of communication back out to this stakeholder group.

4.8 We also wonder whether the three steps might be supplemented with something that gives a bit more weight to local government and their partners fulfilling their local leadership role. This could include emphasis on local authorities working with each other and the full range of external stakeholders, including local employers.

## 5. Working smarter: improving performance

### *We see worklessness assessments & work and skills plans as local tools to drive up performance*

5.1 We agree that it will be useful to have 'worklessness assessments', though we prefer the term that they seem to have been given in the previous chapter, ie 'labour market assessments'. This would make it easier for them to cover strengths and opportunities as well as weaknesses in the local labour market, and they should specifically include an analysis of worklessness.

5.2 We note the suggestion that the worklessness assessment 'should cover provider capacity in the locality to deliver across all employment, skills and enterprise programmes'. We think this assessment of capacity would fit better within the work and skills plan. More profoundly, on provider capacity, we stress again the importance of commissioners understanding, valuing and fulfilling their role in developing thriving markets for the provision of welfare-to-work services, attracting and retaining a diverse, world-class supply base to meet emerging requirements. By putting the capacity assessment within the work and skills plan, it can more logically also set out the steps being taken to ensure that provider capacity is being nurtured and driven, so that the level and quality of provision meets current and emerging demand.

5.3 You may need to clarify further the role of work and skills plans, whether they are: a local tool for making sure that there is a shared local strategy and everyone is pulling together locally to deliver it; and/or a tool to gain access to national funding and satisfy national government of the capacity of local leaders to manage devolved delivery. (We think that it is currently envisaged to be both – and that if areas want a work and skills plan for the first reason, they may develop one, while if they want national funding, they have to have one. However, we encourage you to spell out the role a little more clearly.)

5.4 We note the recommendation that 'central government should also act to ensure that the assessments are of a high standard and have core elements.' Standard templates will be useful so long as they do not stifle local leaders from telling the local story. Equally, upwards reporting to central government will be useful so long as it does not stifle or deter high quality engagement with all those locally who need to understand and contribute towards reducing unemployment and improving employability.

5.5 Providers will wish to contribute to worklessness assessments and work and skills plans – and also to use these reports as part of the basis for ongoing dialogue with commissioners and policy makers locally. As mentioned earlier, independent providers are often frustrated at how difficult it can be to gain access to strategic thinking locally, even where they are providing significant local services and therefore understand at least some of the context – and have valuable insights to contribute. We would encourage the final report to encourage local engagement with the community at least as much as upwards reporting to central government

***Every effort should be made to understand local employers' needs***

5.6 We encourage you to draw out more sharply the importance of local authorities and their partners working with local employers to understand and respond to their needs. Their contribution is invaluable in analysing labour markets, shaping strategy, and also clarifying what makes for effective delivery of welfare-to-work services, eg in terms of an integrated approach to employment and skills. In short, the involvement of local employers is key to promoting sustainable employment.

***It is important to learn the lessons from City Strategies***

5.7 We note your finding that 'City Strategies have also been leading the way in developing strategies with targets and aligned funding'. ERSA members have mixed experience of City Strategies. In some areas, independent providers have had a chance to contribute but in many others, they have been excluded and even struggled to find out about the strategic thinking and, particularly, about the results being achieved. Indeed the Interim report has very little to say about City Strategies and we wonder if that is because the evidence base so far is light. We would be keen to know more about what the Review has found out so far and about the lessons to be learned from City Strategy.

5.8 We are conscious that, in many areas, City Strategy has created the impetus for the public sector to come together locally for the first time to analyse local labour market and worklessness challenges – and to develop a shared response. We have heard extremely useful and honest reports from some City Strategy partnerships about the 'difficult journey' this has been – and we would encourage the Review to draw constructively on this kind of experience.

***Areas should prove their ability to commission, if applying for a Work and Skills Integrated Budget***

5.9 We recognise the benefits of 'joined-up' and longer term funding flowing from central government to localities to address welfare-to-work and skills needs. The Interim report refers to 'areas' being offered a 'Work and Skills Integrated Budget' if their work and skills plans (backed by current practice) is judged to be sufficiently robust. We would like to understand more about which body might receive the funding, eg would it be the LSP, local authority or some other forum? We also recommend that there is a robust test of whether the area – and specifically the body receiving the budget – has sufficiently strong commissioning expertise to be able to assume this commissioning responsibility. Partnership forums such as LSPs are still finding their feet: many still struggle to align their own core budgets and co-commissioning to date has been limited.

5.10 We can see how co-commissioning opportunities can be powerful incentives for local partnerships: they may work harder to accelerate their development to reach the point where they are strong enough to co-

commission. But equally we would advocate a phased approach to safeguard and drive up the quality of commissioning.

5.11 Perhaps the phased introduction of an Integrated Work and Skills Budget could be achieved through a gradual increase over time in the pots of funding that might be eligible for inclusion. The Interim report envisages the Integrated Budget enabling co-commissioning of a wide range of DWP and DIUS national programmes, eg FND and Pathways, as well as including WNF or equivalent funds that are specifically destined to be spent locally. This might be the ultimate scenario but ERSA would recommend a phased approach and that you make recommendations as to appropriate paths to reach this point. More generally, better co-ordination of provision across the public sector at local, sub-regional and national levels and across different funding streams (eg welfare-to-work, skills, health etc) will improve value for money and ensure the total value is greater than the sum of the parts.

5.12 Every effort should also be made to ensure that any move towards integrated budgeting does not create a hiatus in service delivery and in the award of contracts. Similarly, we encourage the Review to warn authorities against the temptation of using budget mechanism changes to bring welfare-to-work and skills support services in-house, thereby losing locally valuable independent provider capacity.

### ***Self employment and enterprise***

5.13 We welcome your recognition of the importance of promoting self employment and enterprise. Self employment has a proven track record as a welfare-to-work solution that continues to achieve high success rates during economic downturns. We would be happy to provide further information from our members on the kind of support that works particularly well for people considering this option.

## 6. Doing more for disadvantaged areas

### *We welcome the focus on ensuring that workless people benefit from job creation*

6.1 We welcome the creative thinking within the Interim report to make sure that those further from the labour market benefit from initiatives to create jobs during the economic downturn. We are keen to take part in any work to develop the concept of a National Challenge Fund to create temporary work of public benefit. Our initial thoughts, building on the outline in the Interim report are that:

- We agree that temporary work for public benefit should be organised locally, making sure that projects are of demonstrable benefit to local communities and provide employment opportunities that address the needs of local workless people
- We particularly welcome the aim to stimulate projects 'that will offer valuable work experience, skills and support with finding a longer-term sustainable job' – and consequently the recognition that independent providers of welfare-to-work services, alongside Jobcentre Plus, should be involved
- It will be important to make sure that the jobs created are additional and do not displace 'mainstream' employment – and also that the employment opportunities do create a path for clients by building up their employability
- We agree that local authorities are well placed to act as the focal point, but there are various possibilities for who acts as the employer and also who manages the projects. There should be opportunities to involve the private and voluntary and social enterprise organisations which, in most areas, now provide a wide range of contacted-out public services and back-up support

6.2 We are conscious that this proposal sits alongside the Prime Minister's initiative to create jobs through a fiscal stimulus in response to the economic downturn. It also sits alongside a proposal to introduce 'work for your benefit' as a potential next step for those who remain unemployed after Flexible New Deal. Clearly some thought will be needed on how these initiatives fit together – and also how they learn from each other. We are particularly supportive of the National Challenge Fund's explicit recognition of three key points: those further from the labour market must benefit; the jobs must offer quality employment in the eyes of the employees and the local community; and employability support must be integrated into the employment offering, requiring the involvement of welfare-to-work providers.

***Affordability and value for money calculations should include benefits savings and wider benefits***

6.3 We welcome the Review's encouragement for local authorities to consider using benefits savings more creatively, through funding projects on the basis of an AME/DEL switch. Benefits savings are a key part of why high quality programmes to tackle worklessness offer excellent value for money and should be considered as affordable to the public purse. Indeed, we would encourage the Review to go further and draw out the other factors that should be taken into consideration in assessing the social return on investment into welfare-to-work initiatives. These include the reduced call on other public services, eg healthcare, social housing, social services, civic justice, and the value of the contributions to the public purse made (eg through tax) once someone is in sustained employment. Moreover, the less tangible but also important community benefits in terms of building resilient communities, with high levels of economic and social inclusion are also particularly valuable at the local level. Some of these benefits are difficult to quantify accurately, but that should not mean they are ignored from the equation.

**The public sector as employers and procurers**

6.4 We welcome the Review's recommendation that the public sector should step up its offer as employer of local people, particularly to increase numbers of apprentices and recruit more from among those who are currently unemployed. Public sector jobs and apprenticeship offers to the more marginalised fall well below what would be considered as best practice, and yet this is a key opportunity to lead other employers by example. Also the public sector job selection procedure can be very bureaucratic and extended. It should be simplified, so that opportunities are more easily and quickly accessible. We suggest that you might encourage the public sector to work with independent providers as well as Jobcentre Plus, in order to make sure that those further from the labour market (who are often supported by the independent providers) have opportunities to compete for jobs.

***Public procurers can tackle worklessness through procurement – if they plan this from the outset***

6.5 We encourage the Review to develop further its ideas for how the public sector can do more as procurer. The Interim report recommends that the public sector should use its significant market power as a procurer in the economy 'to encourage all bidders and suppliers to offer more opportunities to workless people, and enable more social enterprises to bid for contracts.'

6.6 The public sector's role goes beyond encouragement: public authorities must plan from the outset of any procurement if they want to achieve economic and social outcomes, which would include support for the long term unemployed, the creation of training opportunities etc. To maximise scope to achieve these sorts of objectives, they must relate to the subject matter of the contract and the specification should be written in outcome terms. The

public sector must also ensure that its requirements in relation to tackling worklessness are consistent with other aspects of its specification - and with its approach to evaluating the value for money and quality of bids.

6.7 For example, a contract specified in outcome terms, eg 'the regeneration of a housing estate', will provide much more scope than a narrowly defined specification to 'install new kitchens and bathrooms and repoint external brickwork'. An outcome-termed contract would more readily position bidders to put forward proposals to build local civic pride in the estate and reduce vandalism by recruiting and training local people to carry out the work. Bidders might incorporate some kind of welfare-to-work provision, so that the unemployed people they recruit are supported into work, knowing that the costs and benefits of this aspect of their solution would be properly evaluated. Similarly, when bidders explain that the recruitment and training of long term unemployed to do the work will have an impact on the timescale for completing the project, this will also be respected by the public procurer.

6.8 The potential for achieving economic, social and environmental outcomes (including employment-related goals) through public procurement and commissioning is increasingly understood. There is a range of recent guidance that sets out latest thinking, including these two reports which were published in 2008:

- *Costing the future: Securing value for money through sustainable procurement*, Westminster Sustainable Procurement Forum, which can be downloaded from [http://www.policyconnect.org.uk/docs/content/procurement\\_final\\_report-0.pdf](http://www.policyconnect.org.uk/docs/content/procurement_final_report-0.pdf)
- *Equality of opportunity and sustainable development in public sector procurement*, Northern Ireland Equality Commission and Central Procurement Directorate (summary version), which can be downloaded from [http://www.cpdni.gov.uk/equality\\_of\\_opportunity\\_-\\_summary\\_guidance.pdf](http://www.cpdni.gov.uk/equality_of_opportunity_-_summary_guidance.pdf)

6.9 Public procurers can also work with their existing 'contractor' base, which we define broadly to mean all those private, voluntary and social enterprise organisations delivering public services, construction projects, support services etc to the public sector under contract. Indeed, we think these organisations could have a major role in helping to deliver community benefit projects that create temporary jobs for long term benefit claimants.

## **7. Investing in local capacity**

7.1 We welcome the recognition of the need to build local capacity – indeed we think this is crucial and would encourage further consideration for the final report of what this might entail. We agree on two important issues identified in the Interim report: more local flexibility for Jobcentre Plus; and better sharing of information between local partners.

7.2 We are having useful discussions on similar points with DWP and Jobcentre Plus, about improving the sharing of information and encouraging more flexible working between Jobcentre Plus and local independent providers. The current 'New Ways of Working' initiative, being taken forward by DWP and Jobcentre Plus should also help, as it is pushing in the same direction as the Interim report.

7.3 We also agree with the Interim report that local partnerships will need technical support, eg to analyse local labour markets, develop excellent plans and manage delivery. We would also encourage you to reflect on how best to provide what is probably at least as important: support for local partnerships to develop their capacity in local leadership.

7.4 ERSA is keen to work closely with the Review team in the closing phases of the Review to ensure that the final recommendations are well informed by the expertise and experience of independent providers of welfare-to-work services.