

Stepping up to the challenge

**The Government's response to *Tackling worklessness* – a
*review of the contribution and role of English local authorities
and partnerships***

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Foreword

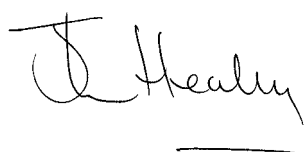
Worklessness has always been a challenging agenda. This is particularly true in the current economic climate when it is vital for public services to deliver for those most in need of support. More than ever, the recession emphasises the need to ensure that local employment and skills services are responsive to the needs of each individual and offer the real support they need to help them get into employment, or to access enterprise opportunities.

We welcome the review that Councillor Houghton and his team undertook for us. Through this response we have agreed with many of its recommendations. The review identified the need for local authorities and their partners to play a central role in our efforts to tackle worklessness. It set out a challenge; a challenge to us to do more to enable and support councils and their partners to deliver, and a challenge to partnerships to ensure that their efforts are best placed to make a real difference.

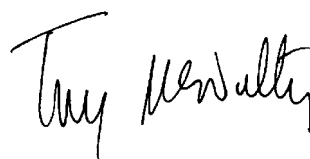
We have seen the mistakes that were made during the last recession. We are committed to ensuring these are not repeated and that together we offer additional help to people who are workless. It is right that additional support should be provided to help people get back to work and to ensure that those suffering job losses do not become long term unemployed.

As the Prime Minister has said, the downturn is absolutely the wrong time to turn our back on devolution or on public funding for the support or services that we need¹. In this response we have set out our offer and challenge to partnerships; an offer of additional resources, flexibilities and support, and a challenge to partnerships to do more and to work with us and their partners to improve outcomes and opportunities in their areas.

We are committed to ensuring that local authorities and their partners have the capacity and tools that they need to meet this challenge. Here we set out the basis for a stronger partnership between central and local government; a framework for sub-regional and local partnerships to demonstrate where they are ready and able to go further, and a framework to take forward future devolution on a stronger *something for something* basis.



John Healey
Minister of State for Local Government



Tony McNulty
Minister of State for Employment and Welfare Reform and Minister for London

¹ From speech given by the Prime Minister to the New Local Government Network on the renewed role of local authorities in helping people through the downturn – London, 29 January 2009.

Introduction

1. In May 2008, the Government asked Councillor Stephen Houghton and his review team, Claire Dove and Iqbal Wahhab, to examine how English local authorities and their partners can do more to tackle worklessness.
2. Specifically, we asked the review to consider how local authorities and their partners were using the Working Neighbourhoods Fund, what more central Government departments could do to support local partners to deliver better employment and skills services, and how we could encourage and improve partnership working across the public, private and third sector.
3. **The Government welcomes the final report of the tackling worklessness review.** We particularly share its main concern that the current economic situation risks increasing levels of persistent worklessness in deprived areas and amongst groups of people that are already at a disadvantage in the labour market.
4. The tackling worklessness review found that the gap between local authority areas with the highest and lowest unemployment rates has narrowed significantly over the past sixteen years, but the evidence is starting to demonstrate that this gap is widening again. Through our response we want to create the right conditions to ensure that these areas are not disproportionately affected by the downturn and to ensure real help for those that need it.
5. In the Budget, building on the recommendations of the review, we announced a Future Jobs Fund of over £1bn to create additional jobs for unemployed people. The Government is keen to work with local authorities and their partners to make this a reality. We will be looking to local authorities to lead this work in their areas, to coordinate across partners, to devise and create a range of good quality jobs for those most in need and to make these relevant to young people, disadvantaged groups and others in their communities.
6. The review found that improved partnership working between a wide range of partners, including Jobcentre Plus, the Learning and Skills Council and the Regional Development Agencies, is playing a significant role in improving services and outcomes for people – enabling services to be tailored to meet the needs of workless people in their communities and to better support local employers.
7. We welcome these findings, which reinforce the importance of the steps that we are already taking to empower partnerships to improve. The Department for Work and Pensions is already committed to allowing welfare to work providers more flexibility in how they deliver services. We have taken significant steps to devolve power to

local communities through Multi-Area Agreements and the two new 'City Regions' of Greater Manchester and Leeds.

8. We believe that a number of partnerships are ready and able to go further. In this response we have set out an offer and a challenge to partnerships; where we are prepared to go further in offering devolved controls and responsibilities to those with demonstrable capacity to do more, and an offer of support to those who do not yet.
9. The review particularly highlighted the need for local government to:
 - **make tackling worklessness a priority** for their areas and ensure that the right mix of provision is available to ensure that disadvantaged people and neighbourhoods are not losing out in the recession
 - ensure that **local partnership services and funded provision are integrated with mainstream employment and skills services** to best meet local needs
 - **demonstrate the contribution that partnerships are making** and where additional responsibilities and resources would make a difference; and
 - **make better use of the direct levers at their disposal** to create employment and training opportunities and to support businesses.
10. We fully accept the review's main recommendation that **helping people to find, and stay in, work should be a priority for local government** and for its partners. Local government and partnerships have already demonstrated their commitment to this agenda through the strategic priorities that they have set themselves in their sustainable community strategies, their local performance framework targets and through multi-area agreements. Ninety per cent have identified worklessness as a local priority in their local area agreement.
11. In delivering these priorities, it is essential that local authorities and their partners add real value and ensure that local services and responses offer additional support for people, and build on the mainstream services that central government and its agencies provide.
12. In response to the recession we have already put in place a strong offer of mainstream support for the unemployed. We recognise that more is now needed to help local authorities and their partners to do more to tackle increased worklessness. This response sets out details of the additional action that we will take to support local government by making additional resources available to them to create jobs within their communities and by strengthening partnership planning and delivery through an enhanced framework.

13. In arriving at this offer we have been careful to balance the devolution of increased powers and funding with clear requirements for partnerships to demonstrate an understanding of the nature of worklessness in their areas, to develop robust plans to tackle this and to demonstrate that further devolution will improve outcomes locally. **The offer is made on a something for something basis**; reflecting the challenge of the tackling worklessness review to both local and central government alike.
14. We welcome the emphasis made in the review to make greater use of local authorities' procurement and planning powers to encourage employers to open up more employment and training opportunities to disadvantaged groups in their communities. Of course, local authorities and their partners also need to act as exemplary employers themselves and to ensure that their own practices encourage and enable access to opportunities. In the current economic climate, it is vital that we offer appropriate, timely and real support to workless people, to give people access to opportunities to develop their experience and skills, and to give them the background and confidence to take advantage of opportunities as the global economic outlook improves.

The support we have put in place

15. The actions we are now taking build on the local structures and devolution offer we have already put in place:
- an **active Jobseekers Allowance (JSA) regime**; increasing intensity the longer people are on benefit, culminating in the Flexible New Deal
 - introduction of **Employment and Support Allowance** for new customers, with a commitment to migrate all existing Incapacity Benefits (IB) customers
 - rollout of **Pathways to Work** – mandatory programme for new IB/ ESA claimants and voluntary for existing claimants
 - introduction of **mandatory work-focused interviews** for existing incapacity benefits customers under 25 later this year, and for others when they move to ESA
 - other contracted **support for the most disadvantaged** – including European Social Fund, Progress2work/linkUP, IDEAS, and Access to Work; and
 - greater **commitments to partnership working**, including data sharing, employer engagement and Local Employment Partnerships.
16. As part of our response to the current global economic downturn, we have already taken steps to ensure that those facing redundancy and unemployment are helped back into work as quickly as possible. We are:
- working to **minimise the wider economic impact of large scale redundancies**, including the potential for additional redundancies in supply chains, through co-ordinated interventions that bring together the resources of Jobcentre Plus, Regional Development Agencies and the Learning and Skills Council
 - **investing £3bn** to ensure Jobcentre Plus and contracted employment programme providers can continue to offer their customers a first class service
 - expanding the **Jobcentre Plus Rapid Response Service**² to target both small and large scale redundancies and have refocused our Train 2 Gain funding to provide support for re-training in pre-redundancy situations
 - offering a new package of European Social Fund and Train to Gain-funded support to provide **extra pre-employment training** for at least 40,000 people who are under notice of redundancy or who are unemployed

² A strengthened Rapid Response Service was launched on 12 November 2008, doubling funding from £3 million to £6 million (see <http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=384006&NewsAreaID=2>). The Pre Budget Report announced a further doubling of Rapid Response Service funding. £12m will be available in 2009/10 (see http://www.hm-treasury.gov.uk/prebud_pbr08_speech.htm)

- providing £140m for an **additional 35,000 Apprenticeships**
 - changing the way **further education** colleges are funded, and rewarding them for getting people into work; and
 - providing a **new training offer to 18-24** year olds who have been unemployed for 12 months to give them skills they need to get a job.
17. From 6 April 2009, we introduced a package of support for people unemployed and claiming Jobseeker's Allowance for six months including³:
- **recruitment subsidy of £1,000** and access to 'on the job' training subsidies for eligible businesses that could typically be worth £1,500
 - providing **£83 million to support 75,000 people** into high quality training places
 - more **help for people who want to set up their own business**, including financial support and referral of customers by Jobcentre Plus to Business Link, with advice available to help them create a business plan and an employment credit of £50 per week for up to 16 weeks so that they have financial support during the early days and months of trading; and
 - additional **funding to extend the help that jobseekers can receive** from their personal advisers in Jobcentre Plus.
18. We are also providing real **help for the third sector** to cope with the difficult economic climate; to help them meet the increased demand for services and contribute to tackling unemployment – making £42.5m investment in the sector⁴.

Building on our initial response to the recession

Future Jobs Fund

19. It is clear that we now need to go further to ensure that no-one is left behind. In the Budget we announced a '**Future Jobs Fund**' of around £1bn that builds directly on the review's recommendation for a 'Challenge Fund', provide additional resources for local partnerships to do more to deal with the impact of the recession and to stimulate jobs for workless people.
20. The Future Jobs Fund forms part of the guarantee for every long term unemployed young person to be able to access work or training and, in addition to the commitment to create 100,000 employment opportunities for those aged 18-24,

³ The enhanced support for people who have been out of work for six months or more which came on stream on 6 April was announced by the PM at the employment summit on 12 January 2009. For more details see: <http://www.dwp.gov.uk/mediacentre/pressreleases/2009/jan/emp124-120109.asp>

⁴ Real Help for Communities – the Third Sector Action Plan, HM Government, April 2009. http://www.cabinetoffice.gov.uk/third_sector/real_help_for_communities.aspx

will also provide resources to create at least 50,000 jobs in the most deprived areas across Great Britain. In total the Fund will create 150,000 additional jobs between October 2009 and April 2011.

21. We wrote to all local authority chief executives in April to invite their views and to help develop the design of the Fund, and we held successful consultation events in England, Scotland and Wales on 7 and 8 May. This has informed our plans and alongside this response we are launching a bidding document for the new Fund, which sets out the criteria and bidding process in more detail.
22. Broadly, we expect that all successful bids must demonstrate that:
 - they will create extra jobs, lasting at least 6 months, either for long term unemployed young people or in unemployment hotspots
 - the work done will benefit local communities; and
 - the work will be under way quickly.
23. We expect partnerships to demonstrate in coming forward with proposals to deliver the Future Jobs Fund:
 - justification of the proposed approach: demonstrating that the jobs created will be of good quality, are additional and appropriate to local needs
 - a partnership approach: demonstrating the commitment of local partners across the public, private and third sector; and
 - that the proposals are integrated with the partnerships' wider response to their shared strategic priorities on worklessness.
24. The Future Jobs Fund will be administered centrally with bids invited from local authorities and other large organisations such as social enterprises and voluntary sector bodies. We expect that a significant proportion of bids will come from upper tier local authorities or sub-regional partnerships and that they will lead and coordinate bids for their area, working across partners to develop proposals. Bids will need to fit with existing partnership work across employment and skills delivery and show that they do not replicate or replace existing jobs.
25. We are keen to work with partnerships to turn this ambition into a reality quickly and will be looking to partnerships to be delivering jobs by late autumn. Timing is important as the purpose of the Fund is to create additional jobs to support people during the recession and to prevent them from starting to suffer from the effects of long-term worklessness. The challenge to partnerships is to ensure that real opportunities are available to people in their areas and to ensure that the opportunities benefit both those people and the communities where they live.

Strengthened integration, greater devolution

26. The review recommended a clearer **framework for integrating skills, employment and wider support for workless people**. It highlighted key lessons learnt so far from local planning and the integration of services, offering the wide range of support and services needed to meet the diverse needs of workless residents, in responding to concentrations of worklessness in some neighbourhoods, and in brigading partner's efforts and resources towards shared objectives.
27. The review stressed the need for more active, personalised support for people to help them overcome the diverse personal barriers they face to moving into work, and for more flexibility in the employment and skills system to enable individuals and front-line staff to tailor services and give the right mix of support.
28. We are already taking action to achieve these aims and have been progressively introducing greater flexibility into the system to enable partnerships greater control and influence over the way programmes are delivered and integrated. We have demonstrated our commitment to this agenda through:
 - allocating the **Working Neighbourhoods Fund** (WNF), worth £1.5bn over three years, as non-ringfenced Area Based Grant
 - the **Department for Work and Pension's Commissioning Strategy** is giving providers greater flexibility in the way that services are delivered and judging performance based on outcomes, value for money, quality, and the customer experience
 - the **City Strategy Pathfinders**, testing out how local partners can improve their use of funding to fill gaps in provision and provide more help to those who need it most; and
 - working directly with **multi-area agreement** partnerships **and city regions** to devolve greater influence and controls over employment and skills provision in their areas.
29. While recognising the progress that Government has been making in all of these areas, the review focused on the next steps to take forward the devolution of power to communities and to enable better integration of local and mainstream services.

30. We agree that a more integrated approach to devolving and delivering services is required. We previously set out our intention to consider greater levels of devolution, including the development of a joint commissioning process, where partners are able to present a robust case to demonstrate the benefits of doing this.
31. The expectations that we have previously set out include the need for local authorities and their partners to work together to deliver a credible business case, with a firm co-funding offer and demonstrating their track record of delivery, clear performance indicators, added value, and a strong focus on performance management and accountability⁵.
32. This is the basis of both our offer and our challenge to partnerships.

A strong framework for greater flexibility

33. We agree with the review's recommendation that there should be a clearer framework for integrating employment and skills, and that further devolution of responsibility to local areas should be on the basis of *something for something* approach. We are therefore setting out a strong, consistent framework for local partnerships, based on the **Worklessness Assessment and a Work and Skills Plan** advocated by the review. Initially these will be required for partnerships accessing the Future Jobs Fund⁶ and, beyond this, for partnerships that want to make the case for taking on greater responsibilities and for greater flexibility.
34. We agree with the review's recommendation that these plans should include integrated worklessness budgets which could, over time, form the basis for aligning and pooling funding and facilitating further co-commissioning of services. As set out in the Future Job Fund bidding document, we will favour bids that are able to align existing funding streams with the wider FJF package⁷.
35. We will not require Working Neighbourhoods Fund areas to complete a work and skills plan to continue to receive their comprehensive spending review 2007 allocations. However, all partnerships that want to make a case for the Future Jobs Fund will need to commit to produce a worklessness assessment and work and skills plan by April 2010.

⁵ Raising expectations and increasing support: reforming welfare for the future, CM7506. December 2006.

⁶ In bidding for the Future Jobs Fund Local Partnerships will need to include the costs of the Work and Skills Plans within their administrative costs.

⁷ Where areas have very limited flexible funding available they will not be penalised for failing to match Future Job Fund funding.

Worklessness assessment

36. We agree with the review's recommendation that a worklessness assessment should form an integral part of the proposed local authority economic assessment duty. The proposed duty is set out in the Local Democracy, Economic Development and Construction Bill, which is currently before Parliament. The expectation is that the duty will come into effect from April 2010 and that it will form an integral part of the evidence base for the preparation of the new style regional strategies (when implemented through the new legislation) and development plans prepared by local planning authorities.
37. The role of the assessment will be to provide a clear picture of the nature and scale of worklessness in an area. Our intention is to publish draft guidance on local economic assessments for consultation on the new duty later this year. This will, among other things, set out the key issues that the Government believes all local economic assessments should address in order to get a comprehensive picture of local economic conditions. In that context, the guidance will encourage local authorities to use their local economic assessment to assess the nature and scale of worklessness in their area and identify those barriers preventing people getting back to work. Any assessment of worklessness should provide the foundation for setting local strategic priorities and objectives.
38. Assessments of worklessness and work and skills plans should build on the local analyses, targets and actions already defined, for example in multi-area agreements and local area agreements.
39. Government guidance on local economic assessments will be complemented by more detailed sector led guidance from the Improvement and Development Agency for local government on how to take forward local economic assessments, which will also be published later this year.
40. The worklessness assessment and subsequent Work and Skills Plans will inform, and be informed by, Intergrated Regional Strategies which will provide the framework for sustainable economic growth in the English regions.

Work and skills plans

41. Guidance on the content of a work and skills plan will be developed over the coming months. However, it is our current expectation that the plans will require a local authority or partnership to:
 - set out their **strategic approach** to meeting the objectives defined in the worklessness assessment

- describe the current **funding arrangements** for tackling worklessness
 - set out **roles and responsibilities** of national, regional and local partners
 - demonstrate the **case for further devolution** of resources, powers, responsibilities and greater flexibilities; and
 - set out the **basis for partnerships to be accountable** for any greater responsibilities devolved to them.
42. Both the worklessness assessment and work and skills plan will need to be reviewed and evaluated regularly.

The benefits of this approach

43. The objective of this approach is to give local authorities and their partners the flexibility they need to respond to local needs and to provide a sufficient basis for partnerships to seek progressive freedoms and controls.
44. Worklessness assessments will establish a shared understanding of the profile of worklessness in an area. Partnerships can then determine where wraparound services are needed to address specific issues that are not being tackled by mainstream programmes. The plans will need to demonstrate how additional funding and controls – and specifically the Future Jobs Fund – will complement local spending and improve delivery of the objectives identified in the Worklessness Assessment.

Evaluation and monitoring

45. The review recommended that worklessness assessments and work and skills plans (where they exist) should be used as part of the evidence for the new **Comprehensive Area Assessment** (CAA) to be conducted by the local public service inspectorates. The inspectorates have made clear in their framework for CAA, published on 10 February 2009, that they will draw on all available evidence to inform their judgements. This will include data from the national indicator set, views from citizens and service users, self-evaluation and the information that local partnerships use to manage their own performance, and findings from audit, inspection and regulation. Consequently we would expect worklessness assessments to be a useful source of evidence for the inspectorates in carrying out the CAA. Equally they will be likely to look at how local authorities and their partners have built on this work to inform development of their local priorities and strategies, including future LAA improvement targets.

Providing support

46. To ensure that worklessness assessments and work and skills strategies are easy to complete and add value, we will offer the following support:

- **Guidance:** We will work with the Improvement and Development Agency for local government to publish guidance on completing a Worklessness Assessment and Work and Skills Plan, which we will publish as soon as possible
- **Data:** DWP will help local authorities and partnerships, where possible, to access the labour market information they need to complete their assessments. Central government departments will continue to explore, in partnership with the LGA and local partners, what additional data could be shared with local authorities to support their efforts to tackle worklessness
- **Support for partnership working:** We will support local partnership working and the alignment of performance monitoring systems, in supporting a shared understanding of worklessness between local partners and national providers, for example through Learning Networks and the National Worklessness Forum, and
- **Training:** Additional investment in Regional Improvement and Efficiency Partnerships and support through IDeA will help local staff to develop local assessments and delivery plans.

A national worklessness forum

47. The review recommended a national worklessness forum that would:

- identify best practice
- drive forward local responses to worklessness; and
- bring the voice of disadvantaged areas to the National Economic Council.

48. We accept this recommendation but want to ensure that it adds value and complements existing work to build the capacity of local partners to respond to worklessness. We will invest a further £3m to help local partners develop their capacity to respond to rising worklessness. These funds will be channelled through the Regional Improvement and Efficiency Partnerships to deliver support locally and we will work with the IDeA to coordinate a national worklessness forum.

49. We want the forum to be of value and benefit to partnerships and will shortly invite views on how it should operate and the support it should provide. A range of partnerships will be invited to an inaugural meeting, with representatives drawn from partnerships in areas of high worklessness, to determine how the forum proceeds.

Going further

50. We remain committed to welfare reform as we set out in *Raising Expectations and increasing support: reforming welfare for the future* and this includes progressing devolution to local partnerships. The Future Jobs fund is a devolved initiative – the decisions about the nature of the jobs will be taken locally within a framework determined nationally in consultation with local authorities and other delivery partners.
51. In taking further steps to empower local partnerships our aim is to achieve better results for workless people and improved effectiveness of public services.
52. This partnership between central and local government is based on a *something for something* approach. Therefore we will be looking for every area delivering the Future Jobs fund to fulfil two basic and sensible requirements:
- a Work and Skills plan; and
 - an appropriate and fit-for-purpose partnership.
53. In addition, for those areas wishing to pursue further devolution we will expect:
- strong governance arrangements; and
 - demonstrable capacity to deliver additional or improved employment and skills outcomes.
54. Below we describe, in summary, what we are planning to offer. We want partnerships to drive this agenda and, where there is a case to do so, to go beyond those areas set out below to develop innovative and evidenced proposals that challenge us to go further.

DWP commissioning

55. We confirm our commitment to offer sub-regions a greater role in the commissioning of DWP contracts and local areas a greater role in supporting delivery. In summary, our offer to local partnerships is:
- Level 1: improved influence over contract specifications, flexibility within contracts and improved communication between providers and local bodies
 - Level 2: co-commissioning of services; and
 - Level 3: devolving contracting responsibility to sub-regional partnerships.

56. We are currently in discussions with a number of areas on moving to Level 2 on co-commissioning of services and there is considerable scope for more partnerships to go further at this level of devolution.
57. We will therefore actively support those areas that make a good case that they wish to be considered under Level 2 arrangements. We will also be open to proposals for Level 3 devolution from those areas that have demonstrated improved impact on services and outcomes under Level 2. Where increased devolution and influence makes good business sense we will consider devolving contracting responsibility to sub-regional partnerships.

Statutory powers for adult learning and skills strategy

58. Recognising the different needs of areas is central to our approach of making sure that the right investments are made in the workforce of the future. Employment and Skills Boards can play an important role in tailoring skills training to the needs of the local economy, not only in our response to recession but also to build the skills that the economy will need in the future.
59. In London, the strategy setting role of the London Skills and Employment Board has had a real impact in setting priorities and shaping the pattern of spending on skills. Outside London we believe that Employment and Skills Boards with a strategy setting role would operate most effectively at the sub-regional level where there is a clearly defined economic geography with shared strategic issues – generally those areas with Multi Area Agreements.
60. Some areas have already made progress in establishing Boards and the framework to develop and agree strategies, and we will be working with the pilot City-Regions in Greater Manchester and Leeds to develop their proposals for strategy setting powers, expected to be in place within three to six months. We will shortly publish criteria for Employment and Skills Boards that wish to seek strategy-setting powers, which will include:
 - very strong employer membership
 - strong relationships with partners within their area and in the wider region; and
 - Jobcentre Plus will be an active participant at a senior level on these Boards.
61. A Work and Skills Plan may form part of the case made by emerging Employment and Skills Boards for the devolution of strategy setting powers for adult skills funding.

Development of regional European Social Fund (ESF) spending plans, commencing 2011

62. We will invite areas to have a major input to the development of regional ESF frameworks for the 2011-13 phase of the England ESF programme and to the production and agreement of regional co-financing plans. Areas will also play a role in writing and agreeing the tender specifications that are issued by the regional ESF Co-Financing Organisations (CFOs). This will help to ensure that ESF funding is being clearly driven by local strategies and planned in co-ordination with other funding streams to maximise its impact.

Improved outreach for deprived communities

63. We have substantial evidence from previous programmes to show that outreach helps some of the hardest to reach to engage with the labour market. We want to encourage more and better outreach of both mainstream and local services in the most deprived communities. We are aware that this is a high priority for many local authorities that face a range of challenges within these communities. There is often a high proportion of social housing in these communities, therefore the active involvement of registered social landlords will be important.
64. We will explore what more we can do to develop targeted, work-focused outreach services in neighbourhoods with high concentrations of worklessness. This will include working with partners to identify how we work together to deliver outreach services in our deprived communities, building on work in those areas who have plans or who have already developed innovative approaches.

Solutions for business

65. Solutions for business, the Government's streamlined package of business support products accessed via Business Link, includes support aimed specifically at raising levels of enterprise in deprived areas and groups currently under-represented in business activity.

A challenge to local partnerships

66. Local authorities and their partners have a strong contribution to make. The downturn may mean they will need to alter their priorities and find the financial and human resources to tackle worklessness, aligning their funding to match opportunities presented by government initiatives.
67. Many have made a good start: for example the London Borough of Lewisham's budget for 2009/10 includes over £2m to be spent on the Council's action plan to address the economic downturn, increasing support for information and advice agencies in the voluntary and community sector, and implementing a Lewisham Apprenticeship Scheme. Local partnerships should:
- through the Sustainable Community Strategy and Local Area Agreement, **facilitate coordination and collaboration** across multiple partners to deliver coordinated, comprehensive and tailored strategies and interventions
 - **deliver complementary services** (including childcare, housing, social services and community work) that support mainstream provision
 - **deliver outreach activities** targeted at the hardest to reach residents and communities; and
 - **build demand side strength** by providing the conditions for business success (for example through provision of infrastructure, services, improvements to the public realm and planning for business growth).

Local authorities as employers and procurers

68. The review also recommended that further steps be taken by local government to provide apprenticeship opportunities, sign up to Local Employment Partnership agreements, expand work experience opportunities and to act as exemplar employers by making the Skills Pledge and investing in the training and development of their staff.
69. We agree with the review's recommendation that local authorities have a lead to play in making a success of economic development and regeneration in their communities by tackling unemployment, boosting skills and training, and building strong partnerships.
70. It has been agreed by Cabinet that departments and non-departmental public bodies need to fill at least 25 per cent of external recruitment through **Local Employment Partnerships**.

71. We will expect authorities to notify all their externally advertised job vacancies to Jobcentre Plus and LG Jobs and sign up to a Local Employment Partnership (LEP) with Jobcentre Plus. Local government can also ensure that local partners are engaged with all public sector infrastructure projects to ensure that recruitment and training are an integral part of the procurement process. We want to work with local government to develop best practice models.
72. We will be working with the LGA and Improvement and Development Agency (IDeA) to support authorities in aiming to match the commitment that central government will fill 25 per cent of its externally advertised non specialist jobs through Local Employment Partnerships. Local government can also ensure that local partners are engaged with all public sector infrastructure projects to ensure that recruitment and training are considered in contracts. We want to continue to work with local government to develop best practice models.
73. A Jobcentre Plus, IDeA, LGA, and local authority exemplar group have developed a **strategic framework and supporting toolkit** to enable local authorities to self assess and evaluate their current participation. The Toolkit will provide a link to an extensive directory of case studies and best practice models.
74. The National Apprenticeships Service went live in April and a dedicated network of staff will provide regional support to local government. They will work with authorities and other public sector employers to encourage them to take on apprentices and provide support to them. We are encouraging innovative approaches to apprenticeship provision and would like to see local authorities with experience of apprenticeships become involved. A prospectus inviting bids for a total £7m of funding to set up Apprenticeship Training Agencies (ATAs) and similar partnerships was published on 24 April 2009. ATAs will employ apprentices but hire them out to businesses, giving the host employers more flexibility and reducing the administrative burden on them. The funding stream will be open to public and private sectors.

Procurement

75. Government is committed to considering skills issues and promoting training through procurement. That means routinely using procurement to promote investment in skills both when letting new contracts, and working with existing contractors on a voluntary basis. We have made a series of specific commitments within this: that we will ensure everyone working on central government contracts can access literacy and numeracy skills training if they need it and that we will consider the case for introducing a requirement that a proportion of the project workforce is apprentices when departments and agencies let new construction contracts.

76. We agree with one review that **local authorities should use their procurement power to embed skills and training** requirements in the £42bn a year that the review estimates is spent on external procurement. We also want to encourage local authorities to make greater use of planning powers (including section 106 agreements) to promote skills and training. We challenge them to follow the lead set by central government, and in doing so make a real contribution to their core objectives around worklessness and economic development.
77. The Department for Innovation, Universities and Skills and the Office of Government Commerce recently published a guidance document – *Promoting Skills through Public Procurement*⁸ – which aims to provide practical advice to procuring authorities, including local authorities, on how to embed skills training and apprenticeships in all aspects and stages of the procurement process.

⁸ Available at www.dius.gov.uk/skillsprocurement and www.ogc.gov.uk

Support for the third sector and social enterprise

78. The importance of the third sector and social enterprise was highlighted throughout the review. Throughout the consultations for the review there was much concern expressed from the third sector about their role in providing support to workless people, specifically in relation to the new DWP Commissioning Framework. These issues were specifically dealt with by a separate independent review by Tony Hawkhead.
79. However, the review wanted to ensure that the third sector were encouraged to provide more and were not disadvantaged in new arrangements. In response to this challenge, the new Future Jobs Fund will include extra support for social enterprise and will be a significant opportunity for the third sector to do more.
80. In addition, the review suggested:
- DWP contractors should be required to consult with local authorities over the use of funding for building third sector capacity
 - local authorities should be involved in the DWP code of conduct accreditation pilots for DWP contractors to ensure that they are able to provide evidence concerning provider support for the third sector; and
 - local authorities should seek to ensure that their work and skills plans are compact compliant and meet DWP code of conduct where applicable.
81. **We will encourage DWP contractors to consult with local authorities** but would not want to make it a formal requirement. The commissioning strategy sets out the importance of more active customer engagement with a focus on localisation, stronger links with local partnerships and the increased flexibility will allow providers to make the decisions they need to deliver a personalised, flexible service for our customers.
82. We are anticipating that a local authority representative will become a member of the new advisory group for the DWP Commissioning Strategy Code of Conduct quality standard (which includes the accreditation pilots), adding an important dimension and depth of experience to the development of this piece of work.
82. The compact is an agreement between the Government and voluntary and community sector in England. It recognises shared values, principles and commitments and sets out guidelines for how both parties should work together. DWP's Commissioning Strategy Code of Conduct was developed using the principles of the compact's procurement code to ensure that the interests of the third sector were reflected in future supply chain relationships. We would support the suggestion that work and skills plans should seek to adhere to the values of the compact where appropriate.

Annex

Government response to Houghton and DWP's devolution offer

The review team investigated local partnership working to tackle worklessness and reached its conclusions at the same time as DWP was developing its own devolution offer for England. This Annex summarises the DWP devolution offer and how the response to Houghton will take that forward.

England-wide DWP policy on devolution

The Government's aspirations for DWP commissioned programmes are for three levels of devolution for our contracted employment programmes at sub-regional level. The three levels of devolution are:

Level 1

This provides partners with the opportunity to shape DWP contracted employment provision to meet local requirements, against a national spine of provision. This is the minimum level of consultation that will be offered to local areas for all DWP's future commissioning activity. Examples of what this will mean in practice include consultation with you prior to beginning a procurement exercise to ensure that the tendering documentation reflects local issues; inviting you to participate in provider events; and enabling you to comment on tenders to ensure they reflect local needs. This will help to ensure that the selected providers deliver provision that is joined up effectively with existing local services, meets the needs of the individual and reflects the requirements of the local labour market.

Level 1 is also about delivery. DWP's new flexible contracts, where we will specify outcomes to providers but be less prescriptive on how they achieve those outcomes, will allow local areas to work with contracted providers to shape provision to meet local needs. The Government is keen to embed these new contracting arrangements into localities so that contracts deliver the right support for localities, individuals and local employers.

Level 2

This involves partners providing some funding to enhance the services delivered under the DWP contracts and facilitate a 'co-commissioning' approach. For instance, local authorities may want to expand the delivery of the services to new customer groups, facilitate additional participants or enable the link up of skills and employment provision under one contract.

Level 3

At this level, partners would have even more influence and control over the commissioning process. It could involve DWP handing over a level of accountability and contracting responsibility to partnerships for delivery of specified outcomes. However, the Government is keen to develop the details of Level 3 in dialogue with the local authority sector. We would expect to see partnerships progress through Levels 1 and 2. This would provide evidence that a partnership was in a robust position to acquire delivery partners, contract with them to high commercial standards and use our funding to deliver improved services and outcomes to people in their locality. Devolution beyond Level 2 will depend on their being a clear business case (based on evidence) that it will improve delivery.

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