

**Social Exclusion Unit
Jobs and Enterprise in Deprived Areas report
Cross-department senior officials steering group
Report on visit to Knowsley Metropolitan Borough Council
03 October 2005
10:30am – 2:30pm**

Background

The Social Exclusion Unit's '**Jobs and Enterprise in Deprived Areas**' report was launched in September 2004. It included crosscutting issues that affect different Government departments and their delivery agencies. The report contained new analysis about very local pockets of worklessness (both unemployment and economic inactivity) across the country, despite employment being at record levels. It explained where these concentrations of worklessness are, who lives in them and why they happen. The report also set out agreed policy actions across Government to address the issues it raised to help people move into work, regenerate deprived areas and support businesses.

The Jobs and Enterprise in Deprived Areas cross-department senior officials steering group which oversees the implementation of the policy actions in the report visited **Knowsley Metropolitan Borough Council on 3 October**. The group comprised of senior officials from Department for Work and Pensions, Jobcentre Plus Head Office, Department for Trade and Industry/Small Business Service, Her Majesty's Treasury, and Office of the Deputy Prime Minister – Social Exclusion Unit, and Social Housing.

In attendance from Knowsley Council were: Council Leader; Director of Department of Regeneration & Neighbourhoods (DRN); Assistant Director of DRN and Head of Neighbourhood Management; Assistant Director of DRN and Head of Economy & Employment; Head of Employment Skills & Inclusion.

From Jobcentre Plus: Worklessness in Neighbourhoods (WIN) Programme Manager; Employment Projects Manager; Regional Head of Jobcentre Plus; Labour Market Information Officer. The NDC Chief Executive and Fusion Programme Manager were also present.

The main purpose of the visit was to see first hand some of the practical things being undertaken by Knowsley Council, Jobcentre Plus, and other key stakeholders in relation to Jobs and Enterprise. This included hearing about the impact of the Jobs and Enterprise in Deprived Areas report on the ground. In addition, the site visit provided an opportunity for mutual learning, wider and more effective dissemination of the Jobs and Enterprise in Deprived Areas findings and its implementation at a local level.

Knowsley and the visit

Knowsley Council achieved Beacon status for 'Removing Barriers to Work', and is known for its innovative practice in the field of employment & enterprise and excellent partnership working.

The day began with welcoming remarks from the leader of the council – Cllr Round, and Director of Regeneration and Neighbourhoods – Barbara Spicer. They both highlighted the work of the council and partners in stabilizing the population of Knowsley, attracting inward investment and reducing unemployment. This has resulted in a massive reduction in their unemployment rate – down to 4%, from 20% in the early 1990s. They described shift from 'areas' agenda to 'peoples' agenda and the clear political steer that neighbourhood regeneration should be the driving force, and the need for better joining-up at all levels of Government.

The rest of the day consisted of presentations, discussions, exchanges of views/experiences and visit to the local Jobcentre Plus office.

Presentations and interactive sessions focussed on:

- neighbourhood deprivation
- how neighbourhood intelligence informs employment and skills strategy;
- work strands that support the Jobs and Enterprise in Deprived Areas agenda in Knowsley;
- local delivery – lessons learnt;
 - New Deal for Communities;
 - Working Neighbourhoods project (WIN);
- Social enterprise and Business start-up strategy
- Fusion 21 strategy

The Knowsley Partnership – Neighbourhood and Community Regeneration

This presentation outlined the scale and nature of the challenge in Knowsley; their approach, and the relationship they will need with Government.

Main points:

Scale and nature of challenge

- A fifth of the borough is within the top 1% most deprived nationally, a third in the top 3%
- More than half is within the top 10% most deprived
- Some groups of people face multiple disadvantage and marginalisation

It was mentioned that although there is a 'places' dimension to the problem, there are also particular groups within the community who may be disadvantaged and locked into a 'cycle of decline'.

Approach

- Shift from economy to neighbourhoods and people
- Council and members as community leaders – facilitating change and accountability

- Focus on small area outcomes and accountability at local level
- Identify and tackle the drivers of deprivation together
- Public service reform as a driver for change
- Integrated solution to complex and inter-connected issues

Reference was made to the requirement to understand the needs of places and people, and a recognition that service delivery may need to differ across areas and groups, be flexible and responsive to users needs – ‘top down meets bottom up’; and the cultural change required to build this intelligence and flexibility.

Relationship they will need with Government

- To be understood and supported by Government in a ‘special relationship’
 - core cities, places project – strategic significance
 - pilots, freedoms and flexibilities
 - learning together

It was further stated that Knowsley is the leading edge of neighbourhoods thinking and doing.

How neighbourhood intelligence informs Employment and Skills strategy

The council used Super Output data, maps and labour market intelligence to identify economically inactive people in the borough and was able to identify streets with the highest level of IB claimants. They established baseline, targets, scope, and scale of the problem and shared with the Economic Forum. A target was set for achieving a 70% employment rate in Knowsley by 2010. They also have ward targets for Incapacity benefit, over 50s, lone parents, people with no qualifications and women returners, and for Lower Super Output Areas (ie at a very local level).

Main points

- stimulate joint working, intelligence sharing, and joint initiatives
- contribute to attaining 80% UK employment rate
- increased emphasis on inactive benefit claimants
- focus on skills for those in and out of work

Work strands that support the jobs and enterprise agenda

In the 1980's Knowsley had an unemployment rate of 20%, also a low of 155 VAT business registrations a year. Since then significant economic growth has occurred in the borough, in 2005 unemployment has become 'frictional' (ie relating to people moving jobs) at 3.9%. In addition, Knowsley has 215 VAT business registrations a higher increase over the past 2 years of available figures than in Merseyside, North West or GB. Knowsley also has the 7th highest business growth rate in the country at 3.1% of all GB local authorities.

Knowsley's Business & Enterprise Start Up Strategy (KEBSUS) in 2002 helped to encourage this improvement. Projects that have come out of the strategy include, 'Formalising the Informal Economy', 'The Youth Enterprise Academy', 'Project Beehive', 'Silver Entrepreneurs', which are all helping and

have helped to encourage a culture of entrepreneurial activity and promote business growth in the Borough.

Next Steps will include a focus on the Local Economic Growth Initiative and how that can help to further promote and encourage entrepreneurial activity and business growth. They are also currently reviewing KEBSUS, and continue to be committed to increasing competitiveness and innovation.

'Knowsley Works'

Knowsley Works is a dedicated team of 13 staff to support the delivery of the council's Employment and Skills Strategy. The team works in partnership with Jobcentre Plus, local voluntary organisations, Connexions, Disability Organisations, and Employers. The target groups for this initiative are: those 16-18 year old NEETs; 18-24 unemployed New Deal; Lone Parents; Incapacity benefit claimants; women returners; offenders; 50+ long term unemployed and people with disability. Clients have the opportunity to participate in real work experience both within the council and with 'real' local employer. They also gain relevant vocational qualifications and move into sustainable employment. In 2005, the scheme supported 684 clients through various training programmes, of which 547 clients have move into sustainable employment.

Local delivery – lessons learnt

New Deal for Communities (government's strategy to tackle multiple deprivation in the most deprived neighbourhoods)

The NDC area in North Huyton focuses on tackling problems with housing. The belief is that people won't talk about jobs until they have some sort of decent housing. 80% of residents in this area are in social housing, with the other 20% as owner occupier. The aim is to change the percentages to 50/50. Through the mixed communities' pilot (mix of housing for sale, social rent, and shared ownership) they are seeking to regenerate the neighbourhood by demolishing some of the houses and rebuilding new ones for sale. The aim is also to knock down schools and rebuild a new academy.

There are issues around affordability for owner occupiers who are currently in council owned properties. Some of these residents are elderly with only pension as an income and might not be able to afford to buy back or share-own the new property. In addition, money is needed to buy out owner occupiers.

Working Neighbourhoods project

The Working Neighbourhood's pilot is running in one of the most deprived areas in Knowsley – Northwood. The pilot operates under the name "Worklessness in Neighbourhoods" (WIN). The WIN pilot started last April and is funded for 2 years.

It offers intensive and enhanced support to local residents to help residents overcome barriers to employment, thereby improving their employability and get them into jobs. Cash rewards are offered to clients who take up and stay in employment - £500 paid at 13 weeks point, and a further £750 at 26 weeks.

Early evidence shows that people in receipt of these cash rewards tend not to return to benefit.

The pilot is open to anyone aged 18 and over, living in the pilot area, and not currently in full-time employment, training or education. The pilot is also open to Incapacity Benefit claimants.

WIN have in place a Community Engagement Officer to help with outreach work. A portacabin is placed in the middle of the community to encourage residents to take up the help on offer through non-traditional means. The use of good role models and joined-up working locally are seen as crucial in encouraging local residents to take up the help on offer to overcome barriers to employment and move into jobs.

The introduction 'Job Outcome Target' (JOT) by Jobcentre Plus is seen as a revolution, as it recognises job outcomes achieved through partnership – (don't need to be through Jobcentre Plus intervention).

Issues:

- Jobcentre Plus need the freedom and flexibility to go and knock on doors to 'engage' with clients
- procurement e.g. outreach worker and use of ILM
- difficult to get people on Incapacity Benefit on board because it was voluntary for them to join the pilot
- pilot needs to be longer term

Social Enterprise and business start up strategy

There have been very low numbers of VAT registrations (though this does not pick up those operating below the VAT threshold) at 15 per 1,000 people compared to 39 per 1,000 nationally (this has picked up a little more recently). However, the informal economy was unfortunately thriving (Barclay's were in some way able to make an estimate through business accounts) which the council are keen to tackle.

They are targeting young people, over-50s and other groups underrepresented in enterprise, through a series of awareness sessions. While business in the area has traditionally centred around large organisations (such as heavy engineering), they are trying to set up a range of small businesses. One project is to take a 'beehive' approach where they use a building to house a number of firms. They are in particular looking at converting a Georgian building in the area, and getting a trust to run it. The centre has a focus on supporting women into enterprise.

The council still need to work out their approach to LEGI. They have been keen to set up sub-regional partnerships, particularly to promote leisure and tourism, especially for relatively low-level jobs.

Fusion 21

ODPM has an Efficiency Challenge Fund to encourage social landlords to set up sub-regional procurement consortia. Consortia are expected to achieve efficiency gains not just in lower costs and higher quality, but by maximising

the positive impact their large collective spend can have on wider objectives such as regeneration, economic growth, skills and employment.

One operating example of a consortium is **Fusion 21**. It was established by Knowsley Council and 7 Merseyside housing associations. Fusion 21 has set up an innovative training scheme which to date has given 200 unemployed Merseysiders construction skills and permanent jobs with the partnership's SME installers. A few people have also started their own business through Fusion 21.

Fusion 21 is split into 2 groups: Fusion 21 Procurement; and Fusion 21 Skills. Fusion 21 Skills (training programme) links demand from Fusion 21 Procurement with jobs. The aim is to ensure that people have the skills employers want, so that they will ask for more people.

The council provides the skills arm of the scheme through 'Ambition: Construction' programme which helps unemployed people get trade apprenticeships in the construction industry. Ambition: Construction has been designed by construction employers, the CITB, the New Deal Task Force and the Jobcentre Plus to meet the needs of industry and disadvantaged jobseekers.

In terms of performance, Knowsley is doing the best in Merseyside. Fusion 21 has successfully targeted ex-offenders.

Funding

Ambition: Construction funding has ended. Jobcentre Plus funds are restricted by central office; ESF will end in 2008.

The challenge for this initiative for rest of this year and beyond is how to "create a robust and sustainable funding model that will ensure the success of the Skills training and employment programme beyond the public funding phase".

Visit to Huyton Jobcentre Plus

Several of the visitors went to the JCP, which has had a substantial redesign since the "bad old days". As with similar JCP layouts, the environment was much more open and welcoming than before, and the secure areas (for use with difficult clients) are rarely used. There is a push within the JCP to get clients to use phone and Internet systems more to access information about job opportunities, and to get advisers to focus more on the needs of clients with complex needs. There were also a large number of specialist advisers (such as relating to particular New Deals) though their normally busy day had been interrupted by a power cut.

Conclusion

The site visit has provided valuable feedback to senior officials and other stakeholders on the impact of policies on the ground, and innovative practices Knowsley and partners have in place to tackle barriers to jobs and enterprise.