

CABINET

Responding to Worklessness 17th March 2009

Report of Corporate Director (Regeneration)

| PURPOSE OF REPORT | | | |
|---|--|------------------|------------------------------|
| To outline, and seek approval for, the City Council's role in supporting employment and skills activities identified in the LDLSP Education, Skills and Opportunities Thematic Group Action Plan as a response to worklessness within the District. Specific approval is sought for a funding bid to the LDLSP for a Worklessness Pilot Project focused on outreach and engagement with hard to reach individuals and groups in the District's most deprived areas. | | | |
| Key Decision | <input checked="" type="checkbox"/> | Non-Key Decision | Referral from Cabinet Member |
| Date Included in Forward Plan | November 2008 (as Lancaster & Morecambe Worklessness Project). | | |
| This report is public | | | |

RECOMMENDATIONS OF COUNCILLORS ARCHER AND MACE

- (1) That Members endorse the funding bid to the Lancaster District Local Strategic Partnership (LDLSP) for the Lancaster & Morecambe Worklessness Pilot Project, approve its implementation and the updating of the revenue budget if the bid is successful and authorise the Corporate Director (Regeneration) to agree appropriate line management arrangements.
- (2) That Members endorse the Supporting People funding bid already made to Lancashire County Council and, if formally offered, approve the on-going implementation of the vulnerable households activity to complement the Worklessness Pilot Project, and the updating of the revenue budget.
- (3) That Members acknowledge the role of the City Council in employment and skills activities which complement its draft 2009/10 Corporate Plan priority to deliver the Council's actions in the LDLSP's Education, Skills and Opportunities Thematic Group Action Plan.
- (4) That appropriate officer time be committed, within existing staff resources, to support actions included within the LDLSP Education, Skills and Opportunities Thematic Group Action Plan.

1.0 Introduction

- 1.1 The City Council is already playing a lead role in the economic development of the District through its regeneration activities. This is evident through physical developments such as CityLab, The Storey and Port of Heysham Industrial Park. Whilst such developments address a key issue in providing workspace for businesses it is important that they are complemented by a 'soft infrastructure' which enables local residents, and especially those in areas experiencing the highest levels of unemployment, to access employment opportunities and which enables businesses to recruit people with the right skills or to develop their existing workforce. The re-organisation of the Lancaster District Local Strategic Partnership (LDLSP) provided an opportunity to develop employment, skills and worklessness activities by co-ordinating the work of a range of organisations, including Jobcentre Plus, the Learning and Skills Council and local HE and FE institutions, through the Education, Skills and Opportunities (ESO) Thematic Group. As a member of the Thematic Group, the City Council potentially has a key role in facilitating joint working to develop a strategic approach to employment and skills issues within Lancaster District which would be complementary to the Economic Regeneration Programme and which also addresses Lancashire Local Area Agreement targets related to worklessness and skills.
- 1.2 Under the Lancashire Local Area Agreement, one of the targets is to reduce the number of working age people claiming out of work benefits in the worst performing neighbourhoods. In Lancaster District eight such neighbourhoods (lower super output areas) have been identified: two in Harbour ward; two in Poulton, two in Skerton West; one in Heysham North and one in Westgate. Within these neighbourhoods an average of 30% of working age residents were receiving out of work benefits in the year to May 2007 compared to a District-wide figure of 11.3%. However, the District has limited access to funding to address worklessness in these areas and is not, for example, eligible for Working Neighbourhoods Funding. It should also be noted that the proposals outlined in this report will contribute towards achievement of LAA 2008/2011 targets and that they will not impact on the LAA 2006/2009 targets and reward funding.
- 1.3 It is also worth noting that the City Council has an existing team, the Integrated Support Team, working in the West End of Morecambe under the Neighbourhood Task Force which has shown promising results in improving opportunities for residents to access training and employment opportunities. It has also demonstrated the clear need to provide targeted outreach support to those who fall outside mainstream services. Funding for the Team to date has been secured from several sources, including Area Based Grant, English Partnerships and Lancashire County Council's Supporting People programme. This team is currently subject to restructuring proposals which could result in the skills and momentum gained to date being lost. The proposals below include an opportunity to secure funding which would enable some of this activity to be maintained and extended and to provide continuity of employment for some of the existing staff.

2.0 Proposal Details

2.1 *LDLSP Education, Skills and Opportunities Thematic Group Action Plan*

- 2.1.1 The LDLSP Education, Skills and Opportunities Thematic Group Action Plan includes the following activities where the City Council has been identified as taking a lead role:

- Prepare a Local Employment and Skills Plan as a framework for action planning and partner involvement in implementation
- Develop an action plan for employer engagement
- Develop proposals for outreach and engagement with workless groups and individuals, especially in the worst performing neighbourhoods, and link to employment and training opportunities.

The City Council could also have a support role in the following actions:

- Increase graduate opportunities and retention by working with the Economy Thematic Group to identify future high level skills needs
- Develop relevant actions identified in the Lancashire Skills Strategy
- Work with local business to promote work-based training and commission a training needs analysis

2.1.2 To ensure a partnership approach in taking these actions forward, it is proposed to establish an Employment and Skills Work Group which reports directly to the ESO Thematic Group with links to the Economy and Health and Wellbeing Thematic Groups. Again, it is likely that the City Council would need to take the lead in establishing and maintaining this Work Group. This administrative function combined with a major contribution in developing the Employment and Skills Plan and associated action plans would have considerable impact on existing staff time, falling mainly on the Business Development Team in the Economic Development & Tourism Service. Whilst it is felt that this additional workload could be accommodated within the 2009/10 Service Business Plan it would be subject to adjustments to work priorities in the Business Development Team.

2.2 Lancaster & Morecambe Worklessness Pilot Project – funding bid to the LDLSP

2.2.1 One of the key specific actions identified for outreach and engagement in the ESO Thematic Group Action Plan is the proposal for a two year pilot project, the Lancaster & Morecambe Worklessness Pilot Project. Lancaster City Council's Integrated Support Team currently provides intensive support to individuals and families in the West End of Morecambe, especially those affected by property acquisition, to ensure they are able to access mainstream services, including training and employment. Subject to securing funding through a bid to the LDLSP, it is now proposed to extend this service on a pilot basis, through a housing-led approach, to provide information, advice and guidance to the hardest to reach client groups in the LAA target neighbourhoods in Lancaster and Morecambe (see 1.2 above) which tend to be characterised by concentrations of Council housing or private rented sector accommodation. Through close collaboration with City Council Housing colleagues (and other agencies) to identify clients requiring support, the project team will focus on developing opportunities to engage those who are of working age and claiming out of work benefits (Incapacity Benefit, Lone Parent Benefit and Job Seekers Allowance) and who do not currently engage with other interventions, to assist access to in-to-work training and employment/volunteering opportunities. As a pilot, the impact of the project will be evaluated to determine how effective such an approach may be in identifying, engaging and supporting hard to reach groups in the District's most deprived areas and the results disseminated, especially among other Lancashire LAA authorities.

2.2.2 Funding for the pilot needs to be secured. A submission was initially made through the Lancashire Worklessness Programme Board for NWDA/ERDF funding but ERDF eligibility issues mean that this is no longer an appropriate source. Subsequently, a bid is being submitted to the LDLSP Management Group from the LDLSP Education,

Skills and Opportunities Thematic Group (following initial submission of the bid by the City Council's Economic Development & Tourism Service) for funding totalling £198,171 which represents the full project costs for the period April 2009 to March 2011 (see breakdown below). If successful, the funding would enable a team of three officers to be established, with the possibility of maintaining two staff currently working in the Neighbourhood Task Force who are subject to current restructuring proposals. Whilst 100% LDLSP funding would be required to implement the project it is worth noting that £39,797 of additional funding is likely to be secured from Lancashire County Council through the Supporting People Programme for 2009/10 towards complementary activity to support vulnerable households, with the possibility of additional funding over the subsequent two years. However, the ability of the City Council to draw down this funding is largely dependent on the Worklessness Pilot Project proceeding to provide a core delivery team.

- 2.2.3 The funding bid submitted to the LDLSP is for the full project costs of £198,171. The breakdown of estimated project expenditure is as follows:

| | 2009/10 | 2010/11 | TOTAL |
|-----------------------|---------------|----------------|----------------|
| Employee Costs | 87,219 | 91,225 | 178,444 |
| Car User Allowances | 4,740 | 4,860 | 9,600 |
| Accommodation | 1,000 | 1,000 | 2,000 |
| Printing & Stationery | 700 | 752 | 1,452 |
| Other Employee Costs | 1,300 | 1,375 | 2,675 |
| Support Costs | 1,000 | 1,000 | 2,000 |
| Contingency | 1,000 | 1,000 | 2,000 |
| Total | 96,960 | 101,211 | 198,171 |

- 2.2.4 If Members endorse the funding bid to the LDLSP and approve the project's implementation if LDLSP funding is secured, there will be a need to identify the most appropriate line management structure for the team. As noted above, the Business Development Team will be taking the lead in a range of actions related to employment and skills through the LDLSP ESO Thematic Group. It is also taking the lead in relation to LAA Economy Theme targets. It would, therefore, appear most appropriate to integrate the Worklessness Pilot Project with this work.

3.0 Details of Consultation

- 3.1 The development of the Worklessness Pilot Project has been subject to limited consultation with partners and stakeholders. However the principle of this project sits very neatly into the aims and objectives of the West End Masterplan which is a document which has been widely consulted upon.
- 3.2 The City Council's approach to worklessness through the Education, Skills and Opportunities Thematic Group Action Plan is included in the draft 2009/10 Corporate Plan and will therefore be subject to Corporate Plan consultation procedures.

4.0 Options and Options Analysis (including risk assessment)

4.1 *Lancaster & Morecambe Worklessness Pilot Project*

| Option | Advantages | Disadvantages | Risks |
|---|------------|--|---|
| 1. Withdraw the pilot project proposal/funding bids | None | Opportunity to secure 100% external funding for the project would be lost. | Lancashire LAA 2006/2009 reward targets and funding would be unaffected |

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| | | <p>Loss of existing staff would lead to inability to draw down complementary Supporting People Programme funding.</p> <p>Redundancy costs incurred for existing staff.</p> | <p>but there would be increased likelihood that the local contribution towards LAA 2008/2011 targets would not be achieved with possible impact on reward funding</p> |
| <p>2. Endorse the project funding bid to the LDLSP (and the Supporting People funding bid) and proceed with the pilot project proposal leading to full implementation if funding is secured.</p> | <p>Provides continuity of employment for existing staff in the Integrated Support Team.</p> <p>This would allow the project to work within the priority super output areas, the most deprived wards, to help disadvantaged households gain sustainable long term employment.</p> <p>No requirement for City Council match funding.</p> <p>Contribution to LAA target to reduce worklessness.</p> <p>Sharing of housing-led approach with other authorities.</p> | <p>Sustainability of the project beyond the 2-year pilot phase likely to be dependent on other sources of funding (eg European Social Fund).</p> | <p>Risks associated with project implementation including appointment of staff, achievement of outputs</p> |

4.2 City Council approach towards worklessness

| Option | Advantages | Disadvantages | Risks |
|---|--|--|---|
| <p>1. Do nothing ie do not take lead in appropriate actions identified in the ESO Thematic Group Action Plan</p> | <p>No impact on staff time and other priorities</p> | <p>ESO Thematic Group Action Plan not fully implemented</p> <p>Failure to achieve draft 2009/10 Corporate Plan priority</p> | <p>Lancashire LAA 2006/2009 reward targets and funding not affected but local contribution towards achieving LAA 2008/2011 reward targets related to worklessness minimised</p> |
| <p>2. Take active lead in appropriate actions identified in the ESO Thematic Group Action Plan, including establishing Work</p> | <p>Draft 2009/10 Corporate Plan priority addressed</p> <p>Firm base established for development of</p> | <p>Significant staff time potentially required – possibly up to half a full time equivalent post in the short/medium term.</p> | <p>There is a risk that insufficient staff time would be available to support the full range of actions and the Work Group. In this</p> |

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| Group | initiatives to address worklessness through joint working | | event administrative support could be required but it may be possible to seek appropriate resources through the LDLSP. |
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5.0 Officer Preferred Option (and comments)

- 5.1 Option 2 is the preferred option for the Worklessness Pilot Project as this will enable the City Council to undertake an active role in supporting some of the hardest-to-reach groups and individuals to secure employment and training opportunities, contributing towards efforts to achieve the LAA target to reduce the number of working age people claiming out of work benefits in target areas (although this target may be subject to revision in response to the economic downturn). It would also enable the City Council to maintain its work with vulnerable households with the additional Supporting People funding potentially available from Lancashire County Council.
- 5.2 Option 2 is also the preferred option for the City Council's approach towards worklessness as this will be in accordance with the draft 2009/10 Corporate Plan Key Action 1.3 to deliver the Council's actions in the LDLSP's Education, Skills and Opportunities Thematic Group Action Plan. It will also support local action planning to respond to LAA targets related to worklessness and skills. The development of the Employment and Skills Plan could also provide valuable input to the economic assessment process proposed under the Sub National Review of Economic Development and Regeneration, especially in the context of emerging Government proposals to introduce Work and Skills Plans setting out how local partners can achieve their LAA targets.

6.0 Conclusion

- 6.1 Subject to Cabinet approval, the proposals as outlined provide an opportunity for the City Council to take an active role in efforts to address worklessness by testing a housing-led approach to engage with hard-to-reach residents (subject to LDLSP funding approval) and to take a lead role in the development of employment and skills activities which complement the Economic Regeneration Programme.

RELATIONSHIP TO POLICY FRAMEWORK

The draft 2009/10 Corporate Plan was approved for consultation by Cabinet in January 2009 and included the following under the Corporate Priority to Support Our Local Economy:

Objective 1: Work in partnership to ensure a strategic approach to economic development and regeneration

Key Actions:

1.3 Deliver the Council's actions in the LDLSP's Education, Skills and Opportunities Thematic Group Action Plan

- *Prepare Local Employment and Skills Plan*
- *Develop Employer Engagement Action Plan*
- *Prepare (workless groups and individuals) Outreach and Engagement Action Plans*

The proposals will help deliver the priority in the Lancaster District Sustainable Community Strategy related to Education, Skills and Opportunities to: 'engage NEETS (Not in Education, Employment or Training) young people and those who are workless on a long term basis in developing work related and life skills'.

The proposed pilot project will contribute towards the delivery and implementation of the Council's Housing strategy, and Winning Back Morecambe's West End Masterplan as well as LAA outcomes. Also contributes to the Welfare Reform Bill and Supporting People Strategy.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

The project will make a substantial contribution towards supporting individuals and households back in to employment via outreach and engagement. The project will target households within the priority super output areas, especially those who are both vulnerable and socially excluded, which will contribute towards ensuring social cohesion and sustainable communities. Consequently, the proposals are considered to have positive impacts for Community Safety and Sustainability with neutral impacts for Diversity, Human Rights, Rural Issues and Health & Safety.

FINANCIAL IMPLICATIONS

Lancaster & Morecambe Worklessness Pilot Project

Option 1 Withdraw the pilot project proposal: redundancy and associated notice period costs of £44,400 would be incurred through the inability to retain existing staff. These costs are based on existing contracts.

Option 2 Proceed with the pilot project proposal: subject to LDLSP approval, the project would be fully funded by the LDLSP (Council Tax Second Homes') funding bid of £198,171 over two years. Some recruitment costs could be incurred depending on the need to replace staff who may leave before project start. However, any associated costs would be covered by the existing LDLSP funding bid.

Since reporting to February Cabinet (minute 145 relates) it is now predicted that a final decision on the success of both the LDLSP and Supporting People bids will be known by 31 March 2009. It should be noted further that, should funding not be forthcoming from the LDLSP the Lancashire County Council (Supporting People) funding would also need to be revisited to ensure delivery of any stand alone project is in line with the funder's conditions and does not require additional City Council financial support.

As a result of the above change in timescales, it has been agreed that there would only be a requirement for a 6 month extension of contracts of the existing Worklessness Team (two posts) for now, but that any further continuation of these contracts would still be subject to the outcome of the funding bid(s). (This is different to the assumption made at Cabinet back in January. In effect, it reduces the potential call on the Project Implementation Reserve. If the LDLSP bid is successful, this call would not be needed.)

Should both bids be successful then this would mean that a further post covering activity to support vulnerable households could also be created in addition to the core team comprising

three posts (covered by LDLSP funding).

If the bids were unsuccessful, the City Council will need to serve statutory notice of termination of fixed term contracts for the two existing staff members. Taking into account the staff notice periods there could be a financial cost to the City Council of up to £12,700 for staff costs during their associated notice periods and £31,700 for the redundancy costs. These costs do not take account of any early retirement costs and are based on an enhanced redundancy settlement. That said, at the end of the pilot period, if the project ended, it is expected that there would also be some redundancy liabilities arising, depending on the staffing in post at that time.

Any costs associated with notice periods and/or redundancy will need to be met from the Project Implementation Reserve (subject to any remaining balance).

City Council approach towards worklessness

Option 1 Do nothing: no financial implications

Option 2 Take active lead in appropriate actions identified in the ESO Thematic Group Action Plan: additional workload, potentially up to half a full time equivalent post over the short to medium term, could be met by existing staff through adjustments to work priorities within the Economic Development & Tourism Service. The detail of any such adjustments would be determined through the 2009/10 Service Business Planning process but areas where staff time commitments may be reduced in 2009/10 include Economic Development marketing (subject to the outcome of the Marketing Review), Business Support (in the event that a bid for LDLSP funding to maintain the Business Start Grant scheme in 2009/10 and 2010/11 is unsuccessful) and Rural Development (following the appointment in early 2009/10 of the Rural Development Officer by LEP to take the lead in the North Lancashire Local Action Group). In the event that there is a shortfall in staff capacity, especially in relation to administrative support for the proposed Work Group, additional resources would be sought through the LDLSP prior to any commitment being entered into.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and has no further comments.

LEGAL IMPLICATIONS

Legal Services have been consulted and no legal implications have been identified.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

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