

		AGENDA ITEM 7
		PSEG/12/16
Committee:	Place Services and Economic Growth Scrutiny Committee	
Date:	26 May 2016	
JOBS, WELFARE AND SKILLS DRAFT SCRUTINY REPORT (Minute 5/November 2015)		
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The Jobs, Welfare and Skills Task and Finish Group has now completed its investigation and its final scrutiny report is attached at the Appendix to this report for the Committee's formal endorsement before steps are taken for its formal launch and publication.

The terms of reference for the review were as follows:

'To consider the extent, if any, of local involvement in shaping the design and assisting in the delivery of national programmes which are linked to improving employment, welfare and skills in Essex.

To consider how the Council and its key partners can be more effectively engaged with the development and delivery of national programmes, with the aim of improving outcomes for the residents of Essex.

To consider how increased local involvement in the design and delivery of the national programmes would improve outcomes in Essex.'

Councillors Ivan Henderson, David Kendall, and Simon Walsh undertook the review, and the scrutiny report is the culmination of nearly two years of work. The report incorporates the Group's findings and recommendations based upon the evidence it collated and analysed. The Group's findings are summarised in the Executive Summary situated towards the front of the report.

Action required by the Committee at this meeting:

To consider the endorsement of the attached scrutiny report, and its recommendations that are set out below for ease of reference:

That the Cabinet be recommended to lobby Central Government in the following matters:

1. To work more effectively with Essex County Council and the employer-led Essex Employment and Skills Board to shape local provision for jobs, skills and welfare across the county to meet local needs.
2. To transfer responsibility for employment, skills, careers advice and welfare to work to Essex County Council, so that it may determine multi-annual, area based budgets that deliver a more effective and responsive skills system, with the ability for capacity and provision to be adjusted to reflect changing local needs.
3. To create a statutory duty that requires all education, employment, skills and welfare to work providers delivering in Essex to be accountable to Essex County Council.
4. To implement a single overarching strategy framework across the Department for Work and Pensions, Department for Business, Innovation and Skills, Department for Education and other relevant Departments to support systemic change that gives autonomy to local areas to design, commission and deliver local provision that meet local needs.
5. To introduce national indicators and incentives for schools, which recognise the parity of vocational and academic attainment, and measure employability as well as employment outcomes.
6. To remove existing barriers to data sharing between Government departments and local partners:
 - a. To enable more effective multi-agency working with those individuals with the most complex needs; and
 - b. To track the success of interventions and individuals more effectively in order to evaluate the medium term economic and social impacts (costs and benefits) of employment, education, skills, careers advice and welfare interventions locally. Based on this evaluation, the best interventions to meet local needs long term can be determined.
7. To delegate greater autonomy to Jobcentre Plus district managers through the place based budgets so that where appropriate budgets can be pooled with local partnerships to deliver better outcomes for local communities.
8. To enable greater local determination of national funding streams for more effective support of local projects, which deliver sustainable job outcomes in key growth sectors; and extend multi-agency and key worker approaches to vulnerable people (e.g. through Essex County Council's Family Solutions) to enable them to move from unemployment and dependency to employment and independence.
9. To work with Essex County Council to develop a locally bespoke Work and Health Programme, based on appropriate unit costs, to improve the employment prospects for the long term unemployed and for those with

health problems.

10. To co-invest with Essex County Council, using health and welfare funding, in employment and skills provision with a view to reducing more costly demand pressures for the National Health Service and Department for Work and Pensions in the future.

B. That the Cabinet be recommended for Essex County Council to act:

11. To work in partnership with local schools and employers to deliver clearer vocational pathways for young people aged 14 and over, improving careers advice and expanding the successful local education and industry programme to all schools to improve advocacy and signposting to young people by the end of March 2018.
12. To develop a work experience programme involving public, private and voluntary sector organisations to support Essex pupils to be more work-ready, offering more opportunities for placements within Essex County Council by the end of March 2018.
13. To work closely with skills, welfare to work and transport providers to identify ways of improving the transport connectivity that enable local people to access employment and skills opportunities.
14. To collaborate with local Clinical Commissioning Groups (NHS) and other Health partners to support those with physical and mental health issues into employment.
15. To consider the feasibility and delivery of the following pilot projects by March 2018:
 - a. To create a clearer vocational route for individuals from age 14, working with schools and skills providers;
 - b. To expand multi-agency and key worker approaches, employed by Essex County Council's Family Solutions Service, to wider cohorts of disadvantaged and vulnerable residents in Essex.
 - c. To develop industry focused careers information for schools, supporting Recognition of Quality Awards for Careers Advice accreditation and extending the education and industry programme and Employability for Life resources to all Essex schools.
 - d. To develop invest to save initiatives through early intervention and prevention, and to reduce welfare dependency and costs to health services in the future.
 - e. To investigate the feasibility of an Essex County Council a traded Connexions type service.
16. With particular reference to the forthcoming Work and Health White Paper, the Committee wishes to be afforded an opportunity to input into the County Council's consultation response to the Government and Select

Committees, and for the conclusions reached in this scrutiny report to be reflected in that response.

Scrutiny

Improving public services

Scrutiny Report

**We can work it out: The case for a
locally determined employment, skills,
careers advice and welfare to work
system in Essex**

**Report by a Task and Finish Group of the Place Services
and Economic Growth Scrutiny Committee**

Dated May 2015

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Foreword

In 2014 the Place Services and Economic Growth Scrutiny Committee established our Task and Finish Group to undertake on its behalf a scrutiny review on the provision and levels of success of Essex's current employment, skills, careers and welfare to work systems.

While we recognise the excellent work of all the individuals and organisations we have talked to, we came to realise that success has been too often stifled by central government control and inflexibility. It highlighted the extent to which local authorities and partnerships are in many cases excluded from the design, commissioning, delivery, performance management and monitoring of provision. In turn this impacts significantly upon the success of local employment and economic growth despite the positive progress being delivered by the County Council and its partners to support residents, business and the economy in Essex.

Our review has highlighted the problems that exist in the systems governing the employment, skills, careers advice and welfare to work that result in a maze of uncoordinated provision. By way of example:

1. The education and skills system delivers a mismatch between supply and demand, caused by poor incentives; leaving businesses unable to find appropriately skilled and work ready recruits and unable to upskill their workforces.
2. Careers advice is patchy in schools; leaving young people unable to make informed choices about their careers or educational needs, and fails to signpost young people to vocational opportunities in local growth sectors.
3. The welfare to work system leaves too many local people stuck in the revolving door between unemployment and poorly paid jobs. The Department for Work and Pensions' failure to find interdepartmental solutions with the skills system undermines local people's chances to upskill, progress in work and get themselves out of benefit dependency. Worse still, our most disadvantaged and vulnerable residents are left un(der)supported.

We also found that in practice the three relevant Government departments we came across all commission separate services, thus offering rival and contradictory visions of what success is intended to look like. Given the lack of co-ordination our findings have highlighted how these individual visions fail to deliver sufficient outcomes for local people, stifle innovation and growth for our businesses, and too often clash with local plans for sustainable economic growth.

Rather than the somewhat blunt funding instruments employed by Government that offer little strategic direction to providers, the Committee has endorsed our conclusions around the need for systemic change. Based upon our findings we propose the transfer of competences to local authorities for employment, skills, careers advice and welfare to work on order to enable local businesses, learners and communities to drive demand and incentives. A single overarching local vision and place based budget would be better positioned to coordinate employment, skills,

careers advice and welfare to work provision, based upon significant and growing local knowledge and expertise within the County Council and the local partnership in Essex.

Essex can build on a proven track record of success and innovation e.g. Essex Apprenticeships, Skills for Economic Growth, Energising Harwich and the Essex Skills Evidence Base, etc. - all achieved with local funding. Essex also plays a leading role in providing intelligence and designing national and EU funded provision through the South East Local Enterprise Partnership.

Based on these successes, we strongly urge Essex County Council to lobby the Government to take positive action to examine how the localisation of national funding could deliver more effective results. Evidence reinforces the impression that the current arrangements are failing to deliver not only the Government's aspirations but those of local businesses, residents and communities.

In conclusion, Central Government's uncoordinated commissioning is failing many people and businesses in Essex, but with full transfer of current budgets to Essex and local determination of provision and incentives by Essex, we can work it out.

Councillors Ivan Henderson, David Kendall, and Simon Walsh
Jobs, Skills and Welfare Task and Finish Group

Photo to be included in final publication

Individual reflections of Group

Councillor Ivan Henderson

'I very much enjoyed the experience of being involved in this cross party piece of critical work and found it most valuable. I would like to thank all those who have contributed to the findings of the Task and Finish Group.

If there is one particular message gained from the information gathered and research carried out during the work of the group it is that we can never rely on statistics alone to tell the story. There is a far wider and more complex picture to be examined when it comes to unemployment, skills gaps and young people's lack of take up with reference to training and employment opportunities throughout Essex.

Listening to those working in the Jobcentres we visited and to those working in the non-governmental/voluntary sector it immediately became apparent that the issues are deeply rooted and the solutions far more complex. To rely on a 'one size fits all' approach is to fail the very people the process is intended to help.'

Councillor David Kendall

"This review has been a very enlightening and rewarding experience in terms of what we have learnt from the people we have spoken to and the fundamental need for change to make the whole system work much more effectively. Silos and barriers need to be broken down to get people communicating and delivering the results that are needed on the ground. Resources and responsibilities need to be devolved more from Central Government down to the local level so that there is far greater ownership and accountability than we have at the moment."

"My visits to the NEETS team were very interesting and thought provoking. I was very impressed with the knowledge and experience the team possessed and felt they could achieve even more if they had the time and the resources to engage with more young people face to face"

"My visit to Brentwood Community Print opened my eyes to the fantastic results that can be achieved by people with mental health issues if they are given the right support and training in a commercial work environment. The fact they are delivering such a service on a shoestring budget emphasised the need for consistent funding support to be made available if they are going to survive. The service and support Brentwood Community Print offer to those seeking work experience who have mental health issues should be rolled out across Essex."

Councillor Simon Walsh

This piece of scrutiny work demonstrates to me how important it is to get out and meet the people that are directly affected by the issues under review.

Our small group met a range of interesting people, including business leaders and employers, staff at Job Centres and Work Programme providers, various outreach and training project providers and participants, people seeking employment and groups of young people, most still at school.

Our learning was greatly enriched by these experiences, and it has helped inform this work providing us with solid evidence by those directly involved in, or experiencing the process of getting back into employment. The young people were particularly enlightening, revealing how early choices can have potentially lifetime consequences with some career pathways blocked by early subject decisions.

I hope that this report, supported by our findings drawn from the experiences of our contributors will go some way in ensuring an improved, joined up approach to getting people into work that is fulfilling and beneficial, not only to the individuals themselves but to the wider Essex economy."

Acknowledgements

The Committee wishes to place on record its gratitude to everyone who has contributed to the review.

The Task and Finish Group that undertook the in-depth investigation has been able to witness first-hand the hard work and commitment of those individuals and organisations who are delivering services on the ground in Essex, and who gave up their time to share their expertise and reflections upon the range of issues covered in this scrutiny report. Similarly the Group was able to reflect upon the advice of local residents who shared their personal experiences as service users. This provided a reality check on the key issues encountered by young people and adults in finding their own pathway to suitable employment.

Executive summary

Essex is a key engine for growth in the UK. Essex has a high rate of employment, but local Gross Value Added (GVA) per job and skills levels are lower than the national and regional averages. As a large, polycentric and predominantly rural county, transport issues are a key barrier to young people and adults seeking employment and skills opportunities. Essex has low rates of unemployment and worklessness, yet there are significant numbers of local residents who are stuck in the revolving door between low paid work and unemployment and hence are unable to share the full benefits of local economic growth. The longer an individual is in this situation, the more likely they are to be in poor health. This can have intergenerational socio-economic and health impacts too. Gainful employment and skills can be the silver bullet that not only bucks these trends, but also generates prosperity.

There is a complex maze of employment, skills, careers advice and welfare to work provision in Essex. This is difficult to navigate for services users and practitioners alike. The absence of a single point of contact is particularly frustrating for businesses, which simply want a steady supply of skilled and/or work ready recruits to help them grow and innovate.

Careers advice in schools is patchy and overly partial to continued academic study. Employability skills, work experience opportunities and employer engagement in schools are limited. As a result, too many young people lack knowledge of the local labour market and are unable to make informed choices about their careers and training needs. The Committee concluded that Ofsted cannot fill the void left by the removal of the statutory role for local authorities in careers advice. Instead, the Committee envisages a greater role for Essex County Council (ECC) in coordinating industry and education and work experience programmes, sharing industry intelligence and learning materials to inform careers advice, and for all Careers Education, Information, Advice and Guidance (CEIAG) services in Essex to be accountable to the County Council on behalf of the local partnership.

There is a wide and varied skills offer in Essex. Essex has some excellent skills providers. Whilst participation in learning in Essex is high among young people aged 16-19, sadly too many skills and learning opportunities are not linked to employment opportunities, local labour market needs or local growth needs. As a result, employers find it difficult to fill vacancies and local/young people are not equipped with the skills needed to secure employment. Skills funding is finite and reducing, particularly for adults. To overcome the skills mismatch, national funding needs to be targeted more effectively to meet local growth needs and to ensure that people are able to progress in work to secure sustainable employment. The Committee believes that this can only be achieved by a transfer of powers and funding for skills to the local level, building on local expertise and a strong track record of delivery. Employers need to be involved at all levels of the system, from helping to target funding and shape provision via the Essex Employment and Skills Board (ESB) to representation on the governing boards of schools and skills providers, and from engaging with young people to bring industry to life, to providing opportunities and pathways to sustainable employment for local people.

Welfare to work provision is effective at offering light touch support to its most work ready clients. Although Essex has the best performing Work Programme providers in the country, still 69% of clients are unable to secure 6 months of employment in two years of support. The Programme also left 79% of harder to help clients, who were unable to secure 3 months of employment over the same period un(der)supported or parked. Early performance was poor, even against modest targets. Failure to embed local knowledge and involve local partners in the design and delivery of the Work Programme meant that it took longer to gain traction. The Department for Work and Pensions (DWP) secrecy around the Programme fuelled distrust particularly when poor results were made public and yet no public sanctions followed from DWP. Essentially there was no accountability either locally or nationally. The Committee believes that this example demonstrates how not to run support programmes for the most vulnerable. Future programmes need to be delivered transparently and should be accountable to local partnerships, led by ECC. This is increasingly important when dealing with clients that require key worker and local multi-agency solutions to their problems. Following Greater Manchester's Working Well example, ECC should be enabled to expand its similar Family Solutions approach to a wider cohort of disadvantaged residents. This should not be dependent on a future devolution deal. Moreover, ECC should be involved in every stage of the design, commissioning, contract management and monitoring of all future welfare to work services in Essex.

Based on 20 months of engagement with local providers and practitioners, the County Council's Scrutiny Committee has recognised the importance of understanding these traditionally distinct policy areas as a whole system. This place based vision has led the Committee to make the following recommendations:

That the Cabinet be recommended to lobby Central Government in the following matters:

- 1. To work more effectively with Essex County Council and the employer-led Essex Employment and Skills Board to shape local provision for jobs, skills and welfare across the county to meet local needs.**
- 2. To transfer responsibility for employment, skills, careers advice and welfare to work to Essex County Council, so that it may determine multi-annual, area based budgets that deliver a more effective and responsive skills system, with the ability for capacity and provision to be adjusted to reflect changing local needs.**
- 3. To create a statutory duty that requires all education, employment, skills and welfare to work providers delivering in Essex to be accountable to Essex County Council.**
- 4. To implement a single overarching strategy framework across the Department for Work and Pensions, Department for Business, Innovation and Skills, Department for Education and other relevant Departments to support systemic change that gives autonomy to local**

areas to design, commission and deliver local provision that meet local needs.

5. To introduce national indicators and incentives for schools, which recognise the parity of vocational and academic attainment, and measure employability as well as employment outcomes.
6. To remove existing barriers to data sharing between Government departments and local partners:
 - a. To enable more effective multi-agency working with those individuals with the most complex needs; and
 - b. To track the success of interventions and individuals more effectively in order to evaluate the medium term economic and social impacts (costs and benefits) of employment, education, skills, careers advice and welfare interventions locally. Based on this evaluation, the best interventions to meet local needs long term can be determined.
7. To delegate greater autonomy to Jobcentre Plus district managers through the place based budgets so that where appropriate budgets can be pooled with local partnerships to deliver better outcomes for local communities.
8. To enable greater local determination of national funding streams for more effective support of local projects, which deliver sustainable job outcomes in key growth sectors; and extend multi-agency and key worker approaches to vulnerable people (e.g. through Essex County Council's Family Solutions) to enable them to move from unemployment and dependency to employment and independence.
9. To work with Essex County Council to develop a locally bespoke Work and Health Programme, based on appropriate unit costs, to improve the employment prospects for the long term unemployed and for those with health problems.
10. To co-invest with Essex County Council, using health and welfare funding, in employment and skills provision with a view to reducing more costly demand pressures for the National Health Service and Department for Work and Pensions in the future.
11. B. That the Cabinet be recommended for Essex County Council to act:
12. To work in partnership with local schools and employers to deliver clearer vocational pathways for young people aged 14 and over, improving careers advice and expanding the successful local education and industry programme to all schools to improve advocacy and signposting to young people by the end of March 2018.

- 13. To develop a work experience programme involving public, private and voluntary sector organisations to support Essex pupils to be more work-ready, offering more opportunities for placements within Essex County Council by the end of March 2018.**
 - 14. To work closely with skills, welfare to work and transport providers to identify ways of improving the transport connectivity that enable local people to access employment and skills opportunities.**
 - 15. To collaborate with local Clinical Commissioning Groups (NHS) and other Health partners to support those with physical and mental health issues into employment.**
 - 16. To consider the feasibility and delivery of the following pilot projects by March 2018:**
 - a. To create a clearer vocational route for individuals from age 14, working with schools and skills providers;**
 - b. To expand multi-agency and key worker approaches, employed by Essex County Council's Family Solutions Service, to wider cohorts of disadvantaged and vulnerable residents in Essex.**
 - c. To develop industry focused careers information for schools, supporting Recognition of Quality Awards for Careers Advice accreditation and extending the education and industry programme and Employability for Life resources to all Essex schools.**
 - d. To develop invest to save initiatives through early intervention and prevention, and to reduce welfare dependency and costs to health services in the future.**
 - e. To investigate the feasibility of an Essex County Council a traded Connexions type service.**
 - 17. With particular reference to the forthcoming Work and Health White Paper, the Committee wishes to be afforded an opportunity to input into the County Council's consultation response to the Government and Select Committees, and for the conclusions reached in this scrutiny report to be reflected in that response.**
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Glossary

BIS	Department for Business, Innovation and Skills
CCG	Clinical Commissioning Groups (NHS)
CEIAG	Careers Education, Information, Advice and Guidance
CESI	Centre for Economic and Social Inclusion
CPD	Continuous Professional Development
DWP	Department for Work and Pensions
DfE	Department for Education
ECC	Essex County Council
ESA/IB	Employment and Support Allowance / Incapacity Benefit
ESB	(Essex) Employment and Skills Board
ESF	European Social Fund
ESU	Employability and Skills Unit (ECC)
'the Group'	the Task and Finish Group of PSEGSC
GVA	Gross Value Added
JSA	Jobseekers Allowance
LGA	Local Government Association
LEP	Local Enterprise Partnership
NEETS	Young people not in employment, education and training
NHS	National Health Service
PSEGSC	Place Services and Economic Growth Scrutiny Committee
RAG rating	Red Amber Green – Traffic light measure of success
RoQA	Recognition of Quality Awards for Careers Advice
Schools	Mainstream Schools and Academies including Sixth Forms
SELEP	South East Local Enterprise Partnership
Skills Providers	Further education colleges and training providers
SFA	Skills Funding Agency
SME	Small and Medium Sized Enterprises
STEM	Science, Technology, Engineering and Mathematics
UKCES	United Kingdom Commission for Employment and Skills

Scrutiny Report

We can work it out:

The case for a locally determined employment, skills, careers advice and welfare to work system in Essex

1. Introduction to the Scrutiny Review

An appropriately skilled workforce is critical for sustainable economic growth and to drive the increase in UK productivity called for in the July 2015 budget. However, local businesses in Essex continue to face skills shortages, which hold back their growth, while at the same time some of our young people face challenges in gaining a foothold on the career ladder, and too many of our most vulnerable residents are excluded from work.

The challenge of developing a comprehensive Essex strategy is complicated by the wide range of partners, from careers advice in our schools, through the raft of employment, education and training options, to welfare to work programmes which aim to support people (back) into employment. Some of our most vulnerable residents are less able to achieve positive outcomes than their peers.

The Place Services and Economic Growth Scrutiny Committee (PSEGSC) initiated this scrutiny investigation to understand the challenges and opportunities for improving skills, welfare and employment support, by exploring the current landscape of provision, and considering how Essex County Council (ECC) could most effectively contribute to improving outcomes.

In November 2014 (Minute 7) the Committee approved the following terms of reference to take forward the scrutiny investigation:

- To consider the extent, if any, of local involvement in shaping the design and assisting in the delivery of national programmes which are linked to improving employment, welfare and skills in Essex;
- To consider how the Council and its key partners can be more effectively engaged with the development and delivery of national programmes, with the aim of improving outcomes for the residents of Essex; and
- To consider how increased local involvement in the design and delivery of the national programmes would improve outcomes in Essex.

In practice, the investigation, while underlining the benefits of a locality-based approach, has highlighted the complexity of many of these issues, at a time when the welfare-to-work landscape is evolving rapidly, and new approaches are being tested as part of wider devolution deals (notably in Manchester). This report highlights what the Group believes are the key issues for further investigation and development and sets out a broad direction of travel towards greater local

determination and ultimately devolution of these interdependent, but seldom complementary, areas of policy and provision.

This scrutiny report focuses on three key steps in Essex's employment support provision:

1. Careers advice in schools;
2. Skills and employability; and
3. Welfare to Work provision.

These steps are developed in this report.

1.1 Methodology - Scrutiny in Action

In March 2014 the PSEGSC received a briefing on the County Council's engagement with national agencies and programmes in relation to skills and employment. It provided an opportunity for the Committee to consider how ECC might influence ongoing debates regarding national and local accountability, and the impact on local delivery. On that occasion councillors focused on:

1. DWP Work Programme and Help to Work
How can Essex County Council and Essex partners work with the Department for Work and Pensions Work Programme providers to support the Work Programme and Help to Work provision and improve outcomes for Essex people?
2. Skills Funding Agency
How can the Council engage effectively with the Skills Funding Agency (SFA) to help address some of the issues affecting Essex?

Although there was some concern that it could prove difficult for the Committee to effect improvements and influence the relevant bodies, the initial briefing had reinforced the significance of the issues for Essex residents and raised questions about the need or otherwise to strengthen the way that Council engages at a national level. Subsequently the Committee decided in June 2014 (Minute 5) to include a proposal to set up a task and finish group to conduct an in depth scrutiny investigation in its work programme for the following year.

Although the initial planning of the review was summarised in the review's scoping document, in practice the review itself was shaped by the evidence collated and concentrated upon those issues where the Group felt that scrutiny could contribute to both national and local debate.

The Task and Finish Group ('the Group') first met in September 2014 to plan and scope a scrutiny review. The Group comprised Councillors Ivan Henderson, David Kendall, and Simon Walsh. At the outset, the Group accepted that they had a limited understanding of the policy area and the local system.

To assist the investigation, the Group was provided with a range of briefing papers by Policy and Strategy Officers setting out background to the issues under review,

and attention was drawn to relevant national and local guidance, consultation, and published research.

In its field work, however, the Group was able to take a fresh look at the issues through fact finding and cross examining those individuals and organisations with practical knowledge and expertise of the various issues that fell within the review's remit. As the investigation developed and understanding of the complex 'system' grew, the Group was able to delve more deeply into the issues that emerged, cross examine the assumptions of contributors and the evidence obtained.

Skills and employment are issues of strategic importance for Essex in its pursuit of economic growth. During the course of the review the Group challenged the design and performance of national skills and welfare to work programmes operating in Essex with a view to improving outcomes for people and businesses. In addition, the review enabled a spotlight to be shone on areas of good practice and highlight where things are working well or could be improved. However, in meeting with contributors the significance of schools and careers advice were highlighted and so the Group investigated how early experience could impact upon later employment.

While the findings of this scrutiny review provide an important insight into jobs, skills and welfare in Essex, it is also notable that the Group took great care to meet with a wide range of individuals and organisation in order to gather evidence of how national and local policies are being delivered in practice and in turn what, in practice, the impact is upon individuals' lives. Furthermore by undertaking a series of site visits¹ the Group was not able simply to capture a snapshot of the local architecture, but to consider how it adapted over time.

The broad range of evidence sought is illustrated in the following list of contributors the Group has engaged with:

- Councillor Kevin Bentley, ECC Deputy Leader and Cabinet Member for Economic Growth, Waste and Recycling.
- Helen Russell, former ECC Lead Commissioner for Education, Skills and Life Long Learning
- ECC Employment and Skills Unit – NEETS Team, Basildon
- Braintree Jobcentre Plus:
- Harwich Jobcentre Plus:
- Ingeus (Work Programme Provider in Essex):
 - James Wait, Regional Manager

¹ Site visits were to: Braintree Jobcentre (30.10.2014); Seetec offices at Chelmsford (04.12.2014); Ingeus Offices at Chelmsford (16.12.2014); Brentford Community Print (14.01.2015); Fitness in Mind at Brentwood (14.01.2015); Harwich Mayflower Project; Energy Skills Centre at Harwich; Harwich Jobcentre Plus and Teen Talk Harwich (all 05.02.2015); ECC NEET Team, Ely House, Basildon (28.08.2015); Young Essex Assembly (07.03.15)

- Colin Geering, Regional Strategy Manager
- Staff and clients at Chelmsford Office
- SEETEC (Work Programme Provider in Essex):
 - Chris Shawyer, Regional Manager
 - Amanda Johannson, Regional Business Manager
 - Staff and clients at Chelmsford Office
- Fitness in Mind, Brentwood
- Brentwood Community Print
- Harwich Mayflower Project
- Teen Talk Harwich
- Energy Skills Centre, Harwich
- Young Essex Assembly

A number of cameos of the visits are set out at Appendix A, and within the body of this report.

During the course of the investigation the Committee was updated on progress and discussed some of the findings that were emerging. At the Committee's meeting in November 2015 (Minute 5) the Group delivered a briefing on its main findings to be captured in its final scrutiny report, and received feedback from colleagues on its proposals. The regular updates were important to ensure that all Committee members were engaged in the issues under consideration so that when formal endorsement of the scrutiny report was sought, they would have a better understanding of its content.

The Group has been supported by the following ECC officers

- Dr. Craig Elliott, Senior Policy & Strategy Advisor (Place)
- Jessamy Hayes, Policy & Strategy Advisor
- Christine Sharland, Scrutiny Officer.

2. Setting the scene

2.1 Essex Context

- Essex is one of the largest counties in the country, yet has no motorway and its railways connect Essex towns to London, rather than to each other. Essex has just one city, numerous market towns, and has many remote rural and coastal communities, which lack access to regular public transport links to urban areas, where there are more employment and skills opportunities.
- Essex has a high rate of employment (80.2%), but local productivity defined as Gross Value Added (GVA) per job (£45,067) is lower than the national (£49,721) and regional (£47,293) averages².
- Essex has improving, but lower than the national average, skills levels: 27% of working age people have Level 4 (degree level) and 69% have Level 2 (GCSE level), which is considered as the prerequisite to progressing in employment and education/training, compared to 36% and 72% nationally. 9% of working age people have no qualifications.
- Two fifths of 16 year olds do not achieve 5 GCSEs at Grades A*-C including Maths and English (or Level 2). As a result, they have to repeat Level 2 qualifications post 16. Failure to achieve Level 2 undermines progression in education and careers.
- The number of young people aged 16-19 who are not in employment, education and training (NEET) is at an historically low level. At any time, around 2,000 young people are in contact with ECC's NEET Team. This is not a fixed cohort; indeed it includes around 6,000 individuals in any 12 month period.
- There is a clear mismatch between the skills young people are gaining and those local employers need, this complicates the transition between education and employment and makes it more difficult for employers to find the right skills to improve their competitiveness and grow their businesses. In 2014, 50% of Essex businesses had recruited in the previous 12 months, 29% had found it hard to fill vacancies. 12% of Essex businesses identified practical, technical and work related skills as barriers to recruiting staff.³
- Levels of unemployment and worklessness have fallen in the five years since 2010 with improvements in the economy. However, the number of people furthest from the labour market, claiming Employment & Support Allowance, remains resiliently high despite government efforts to resolve this issue through

² ONS 2013 figures used from Table B3: Nominal (smoothed) GVA per filled job (£); by NUTS 2 and NUTS 3 subregions 2002–2013
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/datasets/subregionalproductivitylabourproductivitygvaperhourworkedandgvaperfilledjobindicesbyuknuts2andnuts3subregions>

³ Figures from a local survey of over 1,000 businesses in Essex (a good sample size).
http://essexpartnership.org/sites/default/files/Evidence%20Base%20-%202016%20-%20Interactive%20PDF_0.pdf

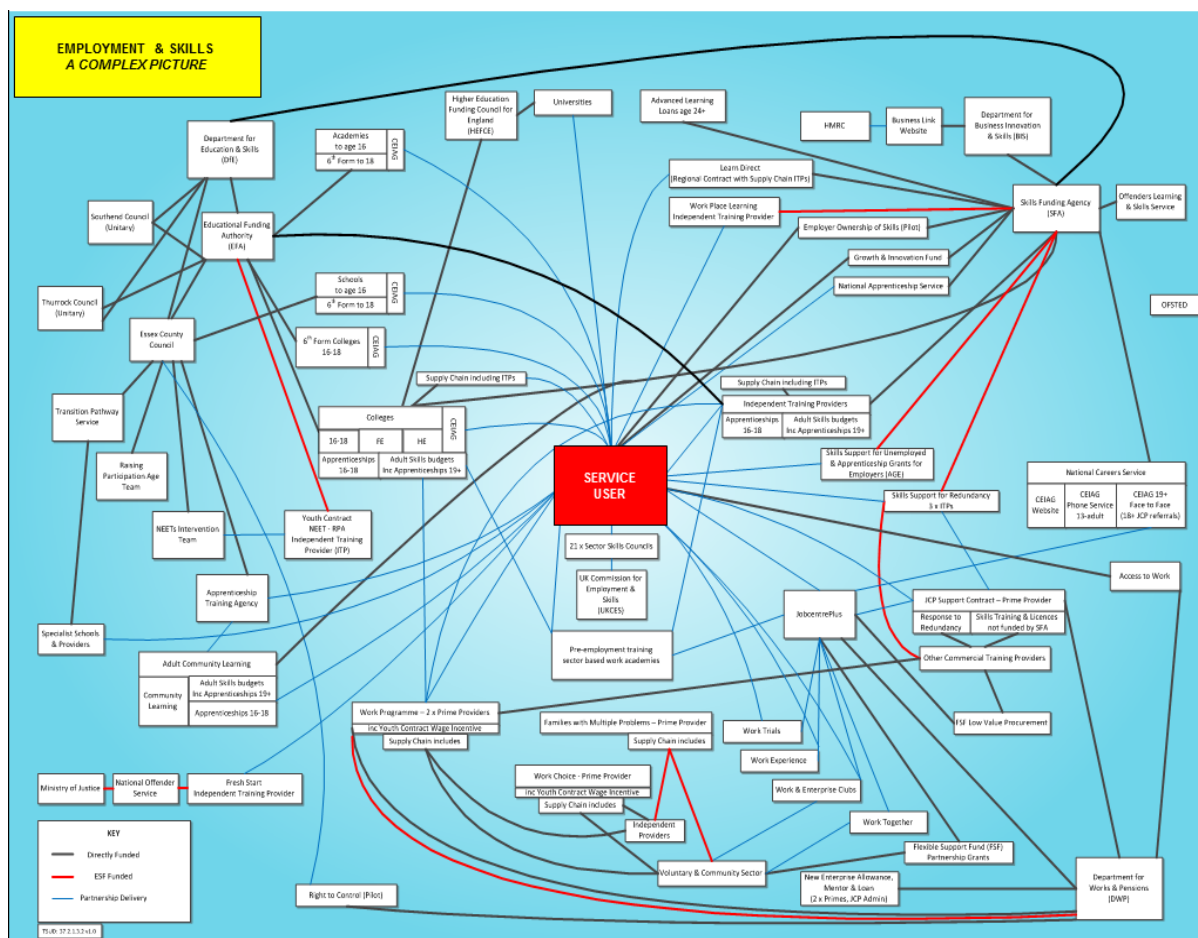
the Work Programme and Work Choice.

- DWP figures (August 2015) are compared with the 2010 average (in brackets):
 - 86,470 people on key out of work benefits (reduced from over 100,000)
 - 10,340 people claiming Job Seekers Allowance (JSA) (reduced from around 27,000)
 - 41,920 Employment & Support Allowance / Incapacity Benefit (ESA/IB) (remains stable from around 42,000).

2.2 Negotiating a Complex System

Local authorities in Greater Essex are not new to examining these questions. In 2011, the Greater Essex Whole Place Community Budget (see *Appendix B for more details about the budget*) examined the employment and skills system and highlighted its complexity and need for systemic change to deliver better outcomes for local people, local businesses and the local economy. This view was agreed with businesses in the county through the Greater Essex Whole Place Community Budget and subsequently has found voice through strategic policy documents channelled through the South East Local Enterprise Partnership (SELEP). Figure 1 highlights how employment and skills provision looked to service users in 2011.

Figure 1 – Employment and Skills Provision in Essex



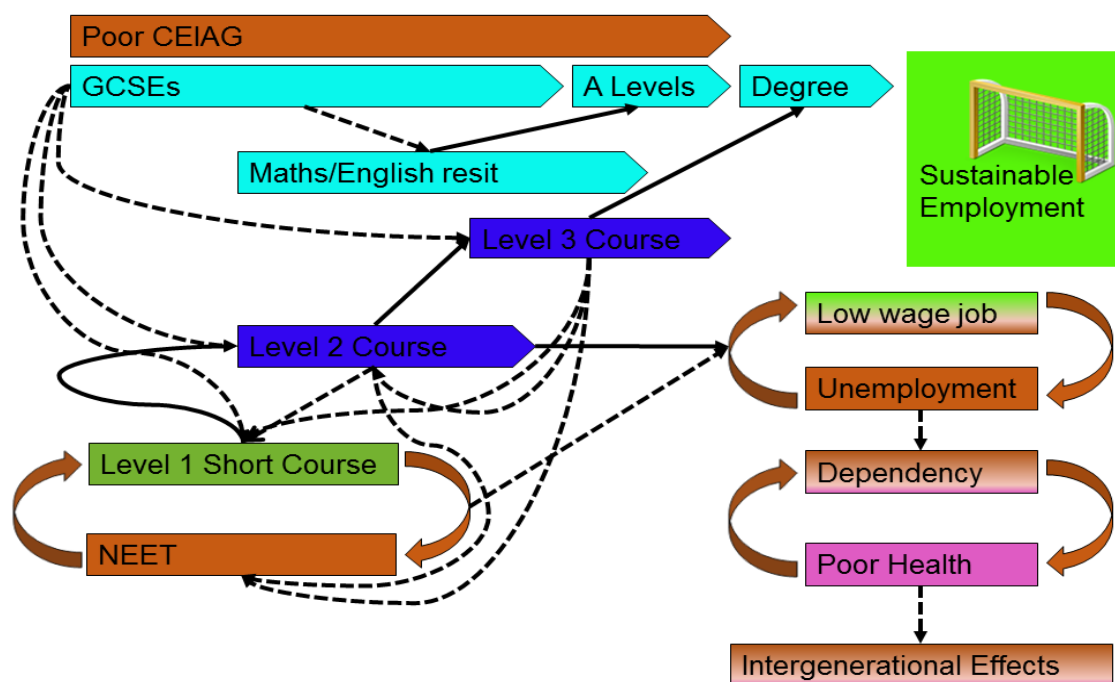
Although there have been changes to some provision since 2011, the overall picture remains as bewilderingly complex for service users, be they residents or businesses, and even for practitioners and experienced policy analysts. Hence some of the review's findings reinforce and build on earlier conclusions, only based on further experience of top-down programmes across employment, skills and welfare to work provision in Essex.

The current policy architecture is divided between three government departments, the Department for Work and Pensions (DWP); the Department for Business, Innovation and Skills (BIS) and the Department for Education (DfE). Their political drivers, philosophies, strategies, priorities and delivery are distinct and separate. The lack of an overarching strategy results in conflicting priorities maintains the maze of initiatives previously highlighted. Disappointingly in local areas this results in conflicting messages for providers, confusion for service users, and sub-optimal outcomes for the local economy.

2.3 Customer Journeys

Each resident follows a distinct path through employment, skills, careers and welfare to work provision. Some residents have experience of all types of provision examined in this review. All too often the customer journey is one which is navigated by individuals without clear signposting or impartial advice and guidance (CEIAG). Various customer journeys are highlighted in Figure 2.

Figure 2 – Customer Journeys



For some, the transition from education to employment is clear, indeed, young people destined for university often see a clear path, following their peers or coached

by schools. Although this does not necessarily target them towards a specific career, it enables them to demonstrate their academic prowess to employers on paper before employers invest in their potential as employees.

The vocational pathway is less clearly defined, is not advocated effectively by schools and is seen as the option followed by those who are less gifted academically. Nevertheless, local employers are just as keen to recruit those with practical and technical skills as those from an academic background. Indeed, some argue that a combination of the two is best.

In the worst cases, young people struggle with academic subjects at school, receive poor careers advice, fall into options post 16 which are inappropriate for them, they drop out, become not in employment, education and training (NEET), and then get stuck in the revolving door between low paid temporary work and unemployment, claiming benefits which prevent them from undertaking skills training to improve their life chances. Those with low skills levels are more likely to be unemployed, in low paid jobs and to be in poorer mental and physical health. This can have intergenerational socio-economic and health impacts too.

2.4 Transport Issues

Throughout the review attention was drawn by contributors to transport as a barrier to employment and in particular a poor provision of cross-county transport. Examples were shared where public transport was not able to match need, either by times of day – such as shift work – or by lack of provision. Away from the traditional north/south routes, the lack of cross-county routes included:

- Braintree to Stansted for shift times
- Cross-town to industrial areas
- Clacton to Harwich

Novel ways to address these problems have been promoted such as a form of car-pooling and scooter reconditioning training. There are examples in different areas of different and flexible solutions to Joblink minibuses to out of town industrial estates, offering 24 hour service base on demand in Merseyside; and Kick Start and Z bikes – moped hire offering greater access to work and skills opportunities in Norfolk and Uttlesford, respectively.

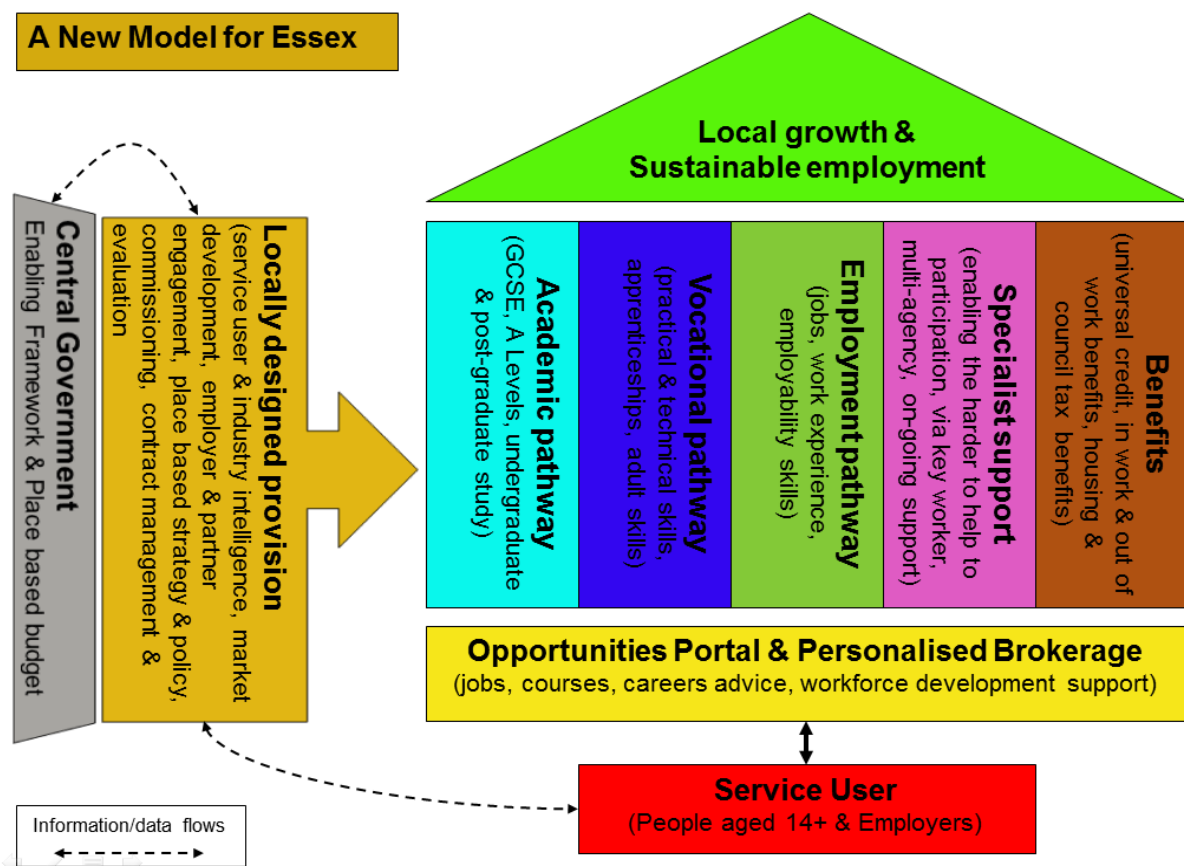
Local Jobcentre Plus Manager discretionary funds can be used flexibly to support individuals. One practitioner shared an example where an individual was helped by a grant to mend the brakes on his car so that he could get back to work. This type of discretional help was valued and cheaper in the long run in sustaining a job. .

Given the breadth of the scrutiny review it was necessary to focus on the main issues within its remit. Consequently transport was not examined in depth. However, steps do need to be taken in discussion with transport providers on the availability and connectivity of passenger transport to ensure that people can travel to work, to interviews and to undertake skills training opportunities.

2.5 Towards a simpler place based model

A simpler and more rational model would remove the complexity from services users and provide a one stop shop for enquiries about local provision, allowing it to become a more coherent system in support of individual aspiration, employer needs and economic growth. In the first instance, this could involve co-location of existing services: improving and joining up services, whilst cutting overheads; or in the longer term, it may bring current multi-agency responses into a single local service. Figure 3 illustrates how access to the new system could be simplified for the service user.

Figure 3 – A new model for Essex - simplifying access to employment, skills, careers advice and welfare to work



2.6 Introduction to the Analysis

In the following chapters, the three key aspects of Essex's provision are analysed:

3. Careers advice in schools;
4. Skills and employability; and
5. Welfare to Work.

Analysis

3. Careers advice in schools

Overall the current provision of the careers service and promotion of work experience in Essex schools is patchy and inconsistent across the county, with variable involvement with local businesses.

ECC should seek to increase dialogue with national government to place a duty on schools that specifies what a consistent quality service looks like, including an expectation of time spent with students, impartial advice and direct liaison with local business and the skills need of local areas. These quality markers should be openly managed in dialogue with ECC, who in turn, should be expected to facilitate links and information about local businesses and up to date sector-based skills needs. The Essex Skills Evidence Base should provide the industry intelligence to shape local careers information delivered in schools, colleges and through the National Careers Service for adults (19 years+).

The Group's investigation focused on the careers education, information, advice and guidance (CEIAG) offered to young people in schools in Essex. It should be noted that the National Careers Service website⁴ provides an additional resource and although the service targets working age adults, the web content is also applicable to young people.

The Group has reviewed the current approach, and would highlight the following points:

- Responsibility for careers education is divided between the Department for Education (DfE) and the Department of Business, Innovation and Skills (BIS).
- The DfE provides mainstream funding to schools. The Education Act 2011 created a duty for each school to provide a careers service from its mainstream DfE funding (i.e. with no additional or dedicated resource).
- The Ofsted inspection framework has recently been extended to include references to Careers Education, Information, Advice and Guidance (CEIAG) delivered in schools and colleges.
- Provision of careers information, advice and guidance for those aged 19 and over is the responsibility of BIS, and is delivered by the National Careers Service. This includes the provision of face to face consultations with careers advisors for adults.

Prior to the Education Act 2011, the responsibility to provide a careers service in schools rested with the local authority, which now retains only a single duty to track young people's participation in learning, but without the necessary levers to drive skills and careers outcomes. ECC has no statutory role in CEIAG provision in

⁴ <https://nationalcareersservice.direct.gov.uk/Pages/Home.aspx>

schools, although it continues to invest to influence and support careers guidance and access to work experience (see below).

The Group also notes that the expanded role for Ofsted will help to raise the profile of CEIAG in schools, as they are monitored on careers guidance, its impact in supporting young people to make informed choices and evidence that students are choosing the most appropriate courses (for example, retention and success rates).

3.1 The Group's findings

The Education Select Committee, Ofsted and national charities have all suggested that the changes introduced by the 2011 Act have resulted in deterioration in the overall standard of careers' advice.

The Local Government Association's *Hidden Talents* programme⁵ noted that schools and colleges received no additional funding for delivery of careers advice under the new system, concluding that reforms to careers advice and guidance do not appear to simplify either funding or delivery, and commenting on the growing complexity of services and interventions for young people, and the reduced involvement of local government in helping to ensure that there is coherent and accessible CEIAG support.

At the Essex level, the Group identified a number of issues and problems in its research, site visits and discussions, and focus groups with practitioners and young people.

1. **Careers provision in schools is patchy.** The Group's impression is that current provision of career services and promotion of work experience in schools is patchy and inconsistent across the county, with variable involvement from local businesses.
2. **Providing careers advice in schools.** Discussions with young people from across Essex highlighted the variability in provision in schools across the county – ranging from school career services with a permanent member of staff and an 'open door' policy to a rushed one off appointment. The Group found little evidence of personalisation of careers advice, in some cases advice appeared to be less than empowering or aspirational. There was a disproportionate bias towards academic routes and university entry, and a lack of appreciation of other options, including apprenticeships. The academic pathway is best for many, but not for all.
3. **Preparing young people for participation in the labour market.** Young people lack awareness of the local labour market and gain limited work experience in schools. Jobcentre Plus staff, for example, said that the young people who they see signing on often lack sufficient knowledge of local labour markets, and said that careers services in schools could do more to prepare and equip their students

⁵ <http://www.local.gov.uk/hidden-talents>

for the real world.

4. **Developing the 'soft skills' for employment.** National surveys show the 'soft skills' to get along in the work place – such as team working, time management and communications - are critically important to employers, who are concerned about a lack of these skills in young applicants and recruits. This finding is reinforced by the Greater Essex Skills Evidence Base⁶. A brief background on 'the Essex Skills Evidence Base' is attached at Appendix B.
5. **Knowledge of apprenticeships.** Some of the young people the Group spoke to had not heard of apprenticeships, and most had seemed to view them as a second-rate choice compared to traditional academic pathways. They tended to associate apprenticeships with traditional trades, and were surprised that there were university level apprenticeships. This suggests that information and communication on the benefits of apprenticeships is unsatisfactory.
6. **Academic pathways are not the best option for many.** One consequence of lack of understanding of apprenticeships and a tendency for schools to incentivise post-16 progression to further academic study is a significant drop out rate at A level. The Local Government Association (LGA) has reported that over £800 million per year is being spent nationally on students who drop out of AS and A levels. In Essex, there is a 10% drop in participation rates between age 16 and 17. These figures hide a significant amount of churn at age 16, which reveal that some young people's first choices post 16 are not necessarily informed choices.
7. **Perverse incentives.** A key message from the Group's investigation is that the incentives are weighted in a way that encourages schools to retain pupils into the sixth form, and provides insufficient incentive to provide education in 'soft skills' or to forge strong links with local business and the local economy. In general, there is a lack of incentive for schools to give sufficient weight to employability or vocational (practical and technical) education pathways, as an alternative to the academic route.
8. **Schools links to the local economy.** The Group found that few schools had strong links to local business and teachers often had limited knowledge or experience of the local labour market and local industries. This makes it difficult to bring industry to life for pupils.
9. **The demise of Connexions.** Many contributors, including skills providers, Jobcentre Plus, and even some ECC officers, decried the demise of Connexions, in ensuring that young people in Essex's schools were getting good careers advice. Since Connexions was replaced, the hardest to help are left inactive & un(der)supported. Extra support via Youth Contract failed to deliver expected outcomes due to under-resourcing via payment by results. The limited availability of face to face support to more disadvantaged young people exacerbates this problem. A brief background on 'Connexions' is attached at Appendix B.

⁶ http://essexpartnership.org/sites/default/files/Evidence%20Base%20-%202016%20-%20Interactive%20PDF_0.pdf

10. **Commercial opportunities in careers services.** When ECC disbanded the Connexions service, Southend and Thurrock kept their Connexions services going. Southend treat Connexions very much as a traded service and sell their services to a number of schools across Essex. Hertfordshire and Kent County Councils also maintained their Connexions services and have contracts to run courses for schools across Essex.
11. **ECC does not have statutory oversight on the quality and quantity of provision in Essex.** Whilst Ofsted inspections check CEIAG provision in schools every two years, there was a concern that ECC does not have statutory oversight on what careers advice is being given, the quality of that advice, and whether the advisors are appropriately trained to do so. Nevertheless, significant progress has been made to support schools to improve their careers services to pupils. The Group believes that careers services should be fully accountable to local authorities.

3.2 Current Work in Essex

ECC has a statutory responsibility for tracking participation in learning, but has few levers to ensure young people choose the right options to find and sustain employment locally, or to ensure provision meets local needs.

ECC is involved in addressing many of these issues, for example:

ECC's NEET Team

- Tracks 50,000 learners across Essex to find out what their plans are post 16. In August 2015, 2,323 students were supported by the NEET team. This is not a fixed cohort; indeed, around 6,000 young people will fall into the NEET cohort in a 12 month period.
- Targets opportunity ready young people only and has delivered better outcomes than Connexions.
- Placed 1,500 opportunity ready young people per year in learning, including apprenticeships, via a telephone service.
- Offers limited face to face interviews and cannot provide support for those with complex needs.

ECC and schools careers

- Although in 2011 the statutory obligation to provide impartial careers education, information, advice and guidance (CEIAG) transferred from the local authority to individual schools, the Employability and Skills Unit (ESU) continues to support schools to deliver high quality CEIAG.
- ECC's ESU has highly qualified careers advisors (Level 6), who are supporting 56 out of 74 secondary schools and 3 colleges to achieve Recognition of Quality Awards (RoQA) in Careers Education Information, Advice and Guidance. This accreditation requires schools to evidence that they are delivering careers advice to statutory guidance published in March 2015. Monitoring is improving and ongoing.
- ESU also continue to offer support to schools and with additional funding, from

the National Careers Service and the Essex Employment and Skills Board (ESB), which has facilitated the formation of the Essex Network 4 Careers, this forum will offer school careers coordinators the opportunity to attend a careers conference, twilight sessions and regular CPD updates.

- ECC has developed 'Employability for Life' with the ESB, providing young people with a record of achievement in developing their employability skills, and is encouraging all Essex schools to sign up for the scheme.
- ECC is investing in the Essex Education and Industry STEM programme and working with the ESB, to link industry with schools and colleges, including business mentoring, industry days and projects.
- ESU also provides guidance through the provision of the Apprenticeship Roadshow, and the Level 6 qualified NEET Intervention team who offer support at school careers events and joint intervention activities focused towards students identified in year 11 without a post 16 planned progression pathway. In addition the Children and Young People's Disability Service also provide guidance to young people with learning difficulties and disabilities.
- ECC and the ESB, have developed a detailed Greater Essex Skills Evidence Base⁷, which is being used by skills providers to (re-)shape skills provision and has influenced content on the local National Careers Service website.
- Although ECC does not have an overarching programme for providing work experience placements in the Council, work experience opportunities are available; indeed, it has supported initiatives to provide work experience opportunities to disadvantaged young people in the private and voluntary sector, which have led to sustainable employment and skills outcomes for young people.

An explanation of the Essex Employment and Skills Board (ESB) is included in Appendix B.

3.3 Conclusions

1. **Informed choices.** Young people need to be given the tools to make informed choices about their education and careers. To achieve this, CEIAG needs to be based on local industry intelligence to meet the needs of the local economy, personalised to meet the needs and aspirations of young people and adults, and timely to ensure that young people are able to make the right choices first time. The Essex Skills Evidence Base provides a key source to develop careers materials for young people and adults.
2. **Local accountability of careers advice provision.** ECC needs to have a firm handle on what careers advice is being given in schools across Essex. Who is giving the advice, what is the quality of the advice and how much time is being given to each pupil? Government should require schools in Essex to be accountable to ECC for their careers provision.

⁷ See more details about the Essex Employment and Skills Board and Essex Skills Evidence Base in Appendix B.

3. **Making the case for local standards.** ECC should be empowered by national government to set local quality standards for schools in terms of careers advice provision, including time spent with students, the impartiality of advice and involvement with local business. The Group would favour a new statutory duty on schools to work closely with local authorities to improve the standard of careers advice.
4. **A greater role for ECC.** ECC has established strong foundations to play a greater role. ECC can build on excellent initiatives with high potential for future development, particularly the ESB and the 'Employability for Life, Industry and Education' STEM programme. ECC's NEET Team should continue to support schools to raise standards of careers advice, reaching all schools in Essex.
5. **Traded careers service.** ECC should consider setting up a pilot scheme to see if it could operate a Connexions service on a commercial basis. A review should be undertaken on the quality of the careers advice provided in Kent and Hertfordshire compared to what is offered in Essex.
6. **Assessing employment outcomes.** Essex schools are under significant pressures to perform against a range of national targets and indicators, but these do not include the employment outcomes of their pupils. This is a striking omission. In the short term, the Group recommend that ECC, working with the ESB and national government, develops a local mechanism for assessing the success of local schools in supporting young people into work. It was noted that the new Ofsted responsibilities will help to improve transparency and accountability in this area.
7. **An interactive resource.** ECC should work with the ESB to develop a web portal tool for school careers services that can be used by the young person and careers advisor to map out, discuss and identify career opportunities in Essex.
8. **Employability skills.** ECC should be empowered by central government to ensure that every school in Essex is timetabling sufficient and appropriate work experience within the curriculum and working with local employers to ensure students can demonstrate the 'soft skills' that they want. The Group would like to see all schools using ECC's 'Employability for Life' resources and taking part in its Education and Industry Programme, with pupil's labour market knowledge enhanced by the Essex Skills Evidence Base.
9. **Making connections and innovative solutions.** There should be a focused campaign of activities across Essex to bring teachers, schools and colleges together with local employers and businesses to make connections, improve understanding, and develop initiatives to smooth transitions from education to the world of work. The Essex ESB, with support from ECC, are in the best position to lead this work, ensuring strong links between education and skills and economic development.
10. **Setting an example.** ECC can also lead by example by reviewing its own approach to work experience and modelling best practice, as well as assessing

and developing communications materials about the positive impact of a work placement with the council on the work readiness and careers of young people.

4. Skills and employability

There is a skills mismatch between provision and the needs of local businesses in Essex. Provision continues to be predominantly learner-led and yet Essex businesses often find it difficult to recruit appropriately skilled staff.

Over £120 million of national funding spent on skills provision in Essex in 2014/15. With budgets being reduced year on year, notably the adult skills budget which has been slashed, it is essential that these finite and shrinking budgets are spent effectively.

Skills funding and provision is predominantly learner led and demand needs to be driven better by local businesses. In Essex, the Employment and Skills Board (ESB) offers a first step in improving responsiveness by offering incentives to providers to deliver bespoke provision – using its £1 million local budget.

To overcome the skills mismatch and improve responsiveness of provision to local businesses, skills providers need improved incentives from national skills funding.

Employers should be incentivised to support the skills of their current and future workforce. With devolution of national non-domestic/business rates, this could be delivered through incentives (e.g. business rate reductions) for businesses who support/invest in skills development, through the establishment of a skills based enterprise zone in key growth areas/sectors; and/or through direct investment of skills programmes from local business rate receipts.

ECC should lobby central government to transfer powers and funding to the local partnership to determine how it is spent. This would offer a stronger voice for businesses and communities.

Skills are fundamental to enable businesses in Essex to improve their competitiveness. These need to be delivered at the right time and to meet business needs to support growth. Difficulties in recruitment, lack of practical and technical skills, or poor work-readiness of local people are all cited by businesses as impediments to growth and competitiveness.

There has been a substantial amount of work done in Essex to establish an evidence base to understand the local skills provision and the skills demand of local businesses⁸. Its first action was to commission the Greater Essex Skills Evidence Base.

Education and Skills are funded by two government departments. Their key remits are as follows:

⁸ <http://essexpartnership.org/content/essex-skills-evidence-base>

The Department of Education (DfE) funds education and training for young people up to the age of 18.⁹ Funding is mostly distributed on a per learner basis by the Education Funding Agency (EFA). In 2014/15, the EFA allocated approximately £190 million to schools, Further Education (FE) Colleges and training providers based in Essex for 16-18 provision. This money (around £4,000 per student) flows from HM Government to colleges and providers to reflect learner choices and individuals' study programmes. While it is important that these payments continue to reflect learner choices, it is equally important that these choices are well informed.

The Department for Business Innovation and Skills (BIS) currently distributes funding for learners aged 19+ through the Skills Funding Agency (SFA) to colleges and training providers. In 2014/15, Essex based colleges and training providers were allocated approximately £33 million. These payments reflect learner numbers, but do not reflect the alignment between provision and the needs of local employers. The SFA also distribute funding for 16-18 apprenticeships. However, recent reforms to apprenticeship funding will see future payments made directly to employers and not training providers (from 2016). This change, together with the move away from apprenticeship frameworks towards more occupational standards will better align the apprenticeship system to employer's needs.

4.1 The Group's Findings

1. **Skills 'system' is too complex** – Negotiating the skills 'system' remains bewilderingly complex for service users, be they adults seeking to improve their skills, employers seeking to improve the skills of their workforce or to work with local providers to develop a pipeline of potential recruits to their businesses. Local actors, including employers, have to negotiate the maze, which has few signposts.
2. **The skills 'system' is centralised and fragmented.** **Provision** is fragmented between three key government departments and respective agencies and is delivered by hundreds of providers not all of which are based in Essex. As the departmental systems are functionally separate and seek to address different issues, there are difficulties in drawing these together at the local level to deliver more seamless provision for service users. Policy initiatives designed in isolation by central government essentially leave local partners to pick up the pieces, to tie loose ends together, and to ensure that gaps in the rival provision are filled. The absence of central-local dialogue means that solutions to skills problems are not bespoke to local needs; hence, local authorities are placed in a position of developing their own solutions to compensate. This leads to further duplication and confusion.
3. **Failure to engage local authorities and partners in the design, commissioning and delivery of employment and skills.** The dominant trends across the skills, employment, careers advice and welfare systems in recent years are the centralisation of funding, the autonomy of providers, and the exclusion of local authorities from decision-making both from influencing/having a

⁹ Up to age 25 for those with special educational needs and other exceptions

role in determining what provision is funded locally and from delivering umbrella projects that involve local providers in larger more coordinated programmes. The tide changed a little on adult skills, with the SFA increasingly offering local enterprise partnerships (LEPs) a greater role in presenting the local employment and skills needs. Yet, local knowledge has not been a large part of the scoring of tenders – e.g. just 6% of the recent National Careers Service tender scoring was locally determined; indeed, the shortlisted providers were the poorest scorers on the local fit criterion. That said, post award, SFA made some positive strides by ensuring that the successful provider engages regularly with the **SELEP** and the local authorities. As a result, the content of the Essex Skills Evidence Base has been uploaded to the local National Careers Service website.

4. **Lack of local accountability of provision.** There is no duty placed on provision to be accountable to local partnerships. A potential test case central government's appetite for localism was the development of European Structural and Investment Fund Plans. Whilst ECC has played a leading role in the SELEP in shaping the strategy and designing the project initiation documents for European Social Fund provision, there is no formal role for local LEP representatives in the scoring and selection of projects, in ongoing contract and performance management, nor in the monitoring and scrutiny of projects. Once contracted, local partners and local businesses (e.g. through the ESB) do not have a formal role to hold provision or the government department or Opt In agency to account for poor delivery. This is a missed opportunity to bring local knowledge and responsiveness into delivery.
5. **Local efforts to make provision more responsive and complementary.** Local providers, practitioners and local authorities like ECC need to maintain regular relationships with all partners to resolve the weaknesses and close the gaps created in Whitehall by this varied and unintegrated approach, which is complicated further when local actors are not involved in designing new schemes. This is more time-consuming than if local partners would have been involved at the design stage in the determination of skills provision. Instead, local partners are the glue that holds a fractured group of national initiatives together.
6. **Strong local foundations.** ECC has a remarkable track record in delivering skills for local business, having invested in a £multi-million employment and skills programme. ECC was in the vanguard of innovation around group training (GTA/ATA) for apprenticeships, gaining national recognition from the National Apprenticeship Service, DWP alike. Essex Apprenticeships, supported by pathways through pre-apprenticeships and paid work experience were the main instrument for reinvigorating vocational opportunities for young people in Essex. This has laid the foundations of ECC's knowledge and expertise in this field and enabled it to engage more effectively with skills providers and businesses and to play a leading role in shaping the skills strategy and programme through the SELEP.
7. **Mainstreaming best practice or empowering local innovation: a difficult balance.** The National Apprenticeships Service liked Essex Apprenticeships so much that they invested in the local programme, before borrowing the Essex model of wage subsidies/incentives for its national Golden Hello, Youth Contract

and AGE¹⁰ grants to support SMEs. The failure of these national schemes locally contrasts with the success and diversity of apprenticeships delivered through Essex Apprenticeships – with over 3,000 apprenticeships supported in almost 2,000 predominantly small businesses in over 100 disciplines. Whilst it is understandable that central government seeks to mainstream successful local models, national schemes have not been as responsive to local needs in terms of economic growth and improving social inclusion.

8. **Skills mismatch between provision and employer demand** - The provision of courses on offer in Essex is dominated by low skilled, low waged and low aspirational disciplines, many of which are not in demand in the local labour market and do not match the skills gaps experienced by local businesses. This is a charge that is mirrored in other reports, such as LGA's Hidden Talents¹¹ and Realising Talent¹² and UKCES employer skills surveys¹³. Essex's skills challenge is particularly acute in STEM¹⁴ related sectors such as advanced manufacturing, digital industries, low carbon and renewable energy.
9. **An unhelpful divide between economic growth and skills and workforce development.** Central government's move towards bilateral relationships with local providers in education, employment and skills, and welfare to work excluding local authorities and partnerships undermines localism and creates an unhelpful division between economic growth and skills and workforce development.
10. **Employers often find it difficult to recruit appropriately skilled staff** in Essex as well as finding it difficult to locate training for their workforce that matches their needs¹⁵. These skills shortages are impeding their innovation, competitiveness and growth; for example, a third of companies find it 'very hard' to recruit people with leadership and technical expertise; a third of companies find it hard to recruit people with numeracy skills.
11. **Employers decry the lack of work readiness of young people.** Employers, when looking for new recruits, want to attract people who will work hard, have the skills that they need, or be able to demonstrate that they can meet challenges. They seek not just academic skills, but also applied practical and technical skills. Yet, perhaps surprisingly, for most employers the key barrier to recruitment of young people is the lack of employability skills – those of attitude, time keeping, communication, willingness to learn, team working, etc. 56% of companies cited

¹⁰ Apprenticeship Grants for Employers.

¹¹ LGA Hidden Talents. http://www.local.gov.uk/c/document_library/get_file?uuid=38b9a00c-1bc4-4b92-abd7-b7d23ec4784f&groupId=10180 / http://www.local.gov.uk/hidden-talents-/journal_content/56/10180/3837482/ARTICLE / <http://www.local.gov.uk/hidden-talents>

¹² LGA Realising Talent. <http://www.local.gov.uk/documents/10180/11431/Realising+talent+-+employment+and+skills+for+the+future/be9a4027-7cc6-47bc-a3d7-7b89eaf3ae69>

¹³ UK CES Employer Skills Survey.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/327492/evidence-report-81-ukces-employer-skills-survey-13-full-report-final.pdf

¹⁴ Science, Technology, Engineering and Mathematics

¹⁵ <http://essexpartnership.org/content/essex-skills-evidence-base>

difficulties with softer skills such as work ethos.

12. **Too few employers are engaged in education and skills development.** For the most part, education and skills provision is developed and delivered without the engagement of employers. Most schools do not engage with employers and vice versa. Larger employers are more able to dedicate resources to developing skills and recruitment pipelines with local skills providers than smaller enterprises. In Essex, as in most areas of the country, 98% of firms are small or micro businesses. Few have skills budgets or skills plans for their current & future workforce.
13. **Funding and incentives are not responsive enough to local needs.** Outside of apprenticeships, funding and incentives are not responsive enough to the needs of employers and do not meet the economic growth needs of Essex. Post 16 skills funding is largely disconnected from meeting the needs of the local economy. (NB: Schools funding and incentives are completely aloof to it). Funding is driven by learner choices, which are not necessarily informed¹⁶. There is limited employer responsive funding outside of apprenticeships. Skills funding incentives are not linked to job outcomes. More fundamentally, there is no local strategic direction of skills funding to meet emerging economic growth needs. The Greater Essex Skills Evidence Base¹⁷ evidences the need to invest in several key sectors that will generate greater gross value added jobs in the local economy. Whilst higher value training required by many of our key growth sectors attracts a higher funding tariff or incentive, this covers the additional cost of the training, but does not cover the capital or adaptation costs or the risk of change to the provider. The result is that providers are not incentivised to make changes to provision, which already delivers a reliable funding stream, for one which is untried and holds more risk to them.
14. **The lack of predictability of funding and demand** – Funding is agreed annually rather than over the medium term. This limits the ability of providers to plan ahead and innovate. Reductions in budgets for 16-18 provision and 35% cuts in adult skills funding (19+) since 2010 are resulting in skills providers having to deliver more study places for less money. By contrast, funding and targets for apprenticeships have increased significantly; these require less contact time between students and skills providers. Skills providers are finding it difficult to plan ahead and to take potential risks in responding to changing skills needs in the local economy. Employers do not state their recruitment and training preferences early enough to ensure that provision is timely and appropriate, and rarely commit to providing employment and training opportunities singly or collectively as a sector that would support the development of viable skills pipelines.
15. **The unhelpful divide between education and skills.** The Group found a division between the DfE sponsored academic provision that is dominant in schools and sixth form colleges and BIS sponsored vocational provision which is dominant in further education and apprenticeships. This unhelpful divide has

¹⁶ See Section 3: Careers advice in schools.

¹⁷ <http://essexpartnership.org/content/essex-skills-evidence-base>

been reinforced in recent years following the DfE commissioned Wolf Report¹⁸, which has effectively squeezed out practical and technical education and work experience from mainstream schools. It is believed that this restriction of flexibility has potentially constrained the learning opportunities of children who are more attuned to applied practical and technical disciplines. Many such 16 year olds are liberated when they leave school to pursue vocational options. Moreover, Wolf's recommendation to require young people to resit Maths and English GCSEs post 16 which they have failed to grasp in 11 years of academic learning means that a more applied methods used to bring these subjects to life through functional skills have been scotched. As success rate in resits are poor, earlier failures are often compounded rather than redressed.

16. **Underachievement by ages 16 and 19 limits life chances.** Two fifths of young people fail to attain Level 2 qualifications (i.e. 5 GCSEs at Grades A*-C including Maths and English) and essentially have to retake (the same or different) Level 2 qualifications post 16. This limits their ability to attain Level 3 qualifications by age 19 which many employers require today and in the future. Those failing to secure Level 2 qualifications are more likely to become stuck in the revolving door between low skilled and low waged employment and periods of unemployment throughout their working lives. Post 19, for those with low skills levels, acquiring new skills to progress in work are likely to be constrained by personal finances or by the conditions of receiving out of work benefits, which limit the amount of time an individual can train whilst claiming benefits (notably JSA). Essentially, the poverty of their education and skills choices and attainment may be compounded by the poverty of their disposable income and opportunity.
17. **The importance of lifelong learning to a sustainable economy** - UKCES report *Growth Through People* ¹⁹ articulates the need for employees to embark on a lifetime of development – earning and learning, as well as employers playing a greater role in upskilling their workforces to deliver productivity gains. Greater support should be available to enable more people to upskill to meet the changing needs of the economy.

4.2 Current Work in Essex

The terms innovation and ground breaking are used a lot in local government circles. In the case of ECC on skills, the Group believes that their use is completely merited.

- ECC has been in the vanguard of local authorities in raising the profile and increasing the variety of apprenticeships in the local area. Essex Apprenticeships has supported over 3,000 young people and around 2000 small businesses to deliver new and additional apprenticeships in over 100 disciplines. These

¹⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/180504/DFE-00031-2011.pdf

¹⁹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/378810/14.11.26_GTP_V18.3_FINAL_FOR_WEB.pdf

targeted key sectors for economic growth, areas with high levels of NEET young people, and offered bespoke pathways into apprenticeships for disadvantaged and vulnerable young people. The programme has been recognised by government (National Apprenticeships Service, DWP and ESF). The model was uploaded to national level with Government offering employer incentives through the Golden Hello, Youth Contract, and in delivering Government targets for 2,000,000 apprenticeships (2010-2015) and 3,000,000 apprenticeships (2015-2020).

- ECC has delivered its Skills Evidence Base to improve the industry intelligence available to colleges and training providers to invest in new facilities and equipment to deliver skills pipelines into key growth sectors e.g. engineering, construction, renewables, digital technologies, and health and social care.
- ECC has supported bespoke and business responsive higher level skills training which has made significant economic impact on their competitiveness.
- ECC has delivered an Education and Industry STEM Programme – inspiring young people to take STEM subjects in a host of schools in Essex – resulting in the return of GCSE Engineering in some schools.
- In recent years, ECC has offered strategic leadership on skills issues across SELEP to secure a full programme of interventions between 2015 and 2020 covering higher level skills training, over 8,000 apprenticeships, work experience, employment support (using £82.5m from the European Social Fund) – ECC's notional share is c.35% of this.
- ECC has played a leading role in securing and shaping the use of capital funding from the Skills Funding Agency across SELEP.

4.3 Conclusions

1. **Local authorities are better placed to work with providers and employers to develop new solutions to local skills problems focusing on outcomes.** These could even be defined/refined through central-local negotiation, co-design and joint commissioning.
2. **Central government needs to involve local expertise at every stage of the commissioning process for new programmes.** This would include: analysis of need, design, commissioning, contract management, monitoring and evaluation.
3. **Government should devolve decision making over funding, at least co-commissioning, over all skills (careers advice and welfare to work) provision for all ages to improve their responsiveness to local needs.** As a pre-cursor to designing future provision, government should enable the local partnership to undertake a review of 16-18 and 19+ provision in Essex. Funding for all time limited skills initiatives should be devolved to Essex.

4. **Devolution needs to be resourced effectively to give full autonomy to local partnerships.** Maclennan and O'Sullivan²⁰ draw a useful distinction in this respect between a form of localism that gives greater formal power (choice) and a form that gives greater real power (resource). This distinction is crucial in analysing whether greater autonomy can be seen as a 'responsible transfer' or whether those powers are being, in essence, 'dumped' on a lower level of government: 'When downward shift of policy control is associated with reductions in resource support from higher to lower levels of government then the latter may see nominal autonomy rise as real autonomy falls'. For localisation to be meaningful, new competences at the local level need to be resourced appropriately.
5. **A one size fits all system is failing Essex residents and businesses.** Vocational educational pathways need to be placed on an equal footing with academic pathways from age 14. Not all children, young people and adults are academically gifted; some have greater aptitude for developing practical and technical skills. The Group advocated a mixed system of learning from age 14 enable pupils and young people the opportunity to develop a better balance of academic and vocational skills. ECC should be empowered to develop post-14 vocational pathways with(in) schools, including University Technical Colleges, to deliver this step change, working closely with local employers. Through local determination, the vocational pathway will be organised, advocated and signposted in a clearer way.
6. **Employers need to drive the new local skills system.** Mechanisms need to be improved to ensure that local small and medium sized enterprises are able to help shape provision to meet their current and future skills and recruitment needs. The early work of the Greater Essex Employment and Skills Board is a clear demonstration that employers can play a key role in developing local employment and skills provision and testing new ideas. More work is needed to engage more employers to take ownership through representation on the boards of schools, colleges and training providers in Essex, and in the development of skills programmes and skills and recruitment pipelines.
7. **New incentives need to be attempted beyond time limited employer ownership of skills projects and the apprenticeship levy for larger enterprises.** Government could enable Essex to pilot a skills enterprise zone with reduced business rates for small businesses which co-invest in skills provision in advance of business rates devolution.
8. **Local partnerships are better placed to determine skills funding, this should offer incentives for providers to deliver skills in key growth and employment sectors.** To smooth transitions between education and skills, skills funding needs to offer greater incentives for job outcomes. Successful industry responsive local schemes like the Skills for Economic Growth and Energising Harwich should be funded using mainstream funding.

²⁰ Maclennan, Duncan and O'Sullivan, Anthony (2013) 'Localism, Devolution and Housing Policy', *Housing Studies*, 28: 4: 599-615.

9. **An effectively resourced, multi-annual, area based budget would deliver a more effective and streamlined skills system in Essex** – Funding allocations should be stable, reflect business need more effectively and provide capital investment in equipment and facilities to enable this. Multi-annual settlements are essential to enable providers to adapt their provision and take calculated risks to change their provision to meet local needs.
10. **Schools should be judged not only on their academic success, but also on the preparation they support they give to young people to follow a vocational pathway post 16.** All Essex schools should implement Employability for Life and engage in work experience to pupils to improve their employability skills, with a greater coordination role for the ESB.
11. **Vocational training and work experience should be made available to more under 16 year olds, involving greater links with employers to enable young people to make more effective transitions from education to employment.**
12. **The case for systemic change.** Local partners have worked together to fill the gaps left by nationally commissioned provision and have pushed the boundaries of freedoms and flexibilities afforded by central government. The ‘system’ remains fragmented and needs a locally led overhaul to deliver a better match between skills supply and employer demand, to raise the aspirations of local people and to deliver local growth aspirations.
13. **A leading role of ECC in developing and sharing industry intelligence.** Essex has been at the forefront of developing industry intelligence to inform providers of the skills needs by sector and by district in Essex. The Essex Skills Evidence Base is commissioned by the ESB – a business led body which spearheads our local employment and skills approach. The third edition is currently being developed. It is known that a number of local providers have used this to reshape provision and to invest in new equipment and facilities.

5. Welfare to Work

The Work Programme failed to deliver outcomes for 69% of participants, who were not supported into three to six months of employment within two years of support. These were among Essex's most vulnerable residents.

The Work Programme was contracted to operate as 'black box' provision, which whilst allowing providers to innovate, resulted in existing local partnerships and complementary local provision were un(der)utilised by Work Programme providers. The secrecy that surrounded the Work Programme generated mistrust, and allowed perverse incentives to go unchecked. In addition, these incentives and missed opportunities to work together and pool resources resulted in harder to help clients in Essex being 'parked', rather than effectively supported into employment.

Nevertheless, the Group noted some good practice and dedication of staff to delivering support to the unemployed in Essex. Jobcentre Plus and the Work Programme were viewed as effective at helping the most work ready clients back to work. In recent years, however, support for the harder to help clients has been insufficient and underfunded. The Group welcomes the new Work and Health Programme, but is concerned that efforts to reduce unit costs per client may repeat recent failures and lead to more vulnerable people being parked rather than helped.

To aid responsiveness to local needs, the Group considered that future welfare to work programmes should devolve funding to the local area, and be jointly designed and commissioned between ECC and the Department of Work and Pensions (DWP), building on progress made in Greater Manchester. ECC should work strategically and operationally with DWP, local Jobcentre Plus and providers to ensure that our more vulnerable citizens receive the necessary support to get back to work. ECC should explore with the NHS, DWP and BIS the potential for invest to save pilots through early intervention and prevention to reduce future dependency and increase independence, including supporting those with disability or mental health issues into employment.

Local government is in a stronger position to commission services against local need and to ensure effective links with public health and social care as well as with business and skills provision.

The welfare to work system is managed by the Department of Work and Pensions (DWP) and delivered largely through *Jobcentre Plus* and the *DWP Work Programme* although *Work Choice* also offers support for those with disabilities to find work. The focus of THE Group's analysis is on the Work Programme.

The DWP's flagship policy is the Work Programme, which was designed to support long term unemployed people, particularly the hardest to help into work. Current Minister, Lord Freud, who was the architect of the programme, beginning with his scholarly report in 2006. The core principle of the Work Programme is that

Government does not have the resources or the flexibility to deliver support to the hardest to help. Instead, a handful of large private sector contractors should be given a free hand to create innovative ways of getting people back to work. This was termed black box provision. The DWP would only recognise job outcomes and would pay the provider on their achievement. The outcome for Job Seekers Allowance (JSA) clients was six months of employment, whilst for harder to help ESA clients three months in work would trigger a higher payment. The differentiated payments structure (divided into 9 groups) aimed to reward the extra work that the contractor would need to do with clients who were further from the job market.

In practice, with JSA unemployment rising from 800,000 in 2006 to over 2.5 million in 2011, the contractors soon realised that they could make a profit by offering light touch support to *cream off* payments for those nearest to the job market whilst not providing the depth and breadth of support needed by the hardest to help, who were largely *parked* by the contractors and these circumstances.

There are two prime providers of the Work Programme in Essex: Ingeus and Seetec. With Jobcentre Plus, there are three competing providers of employment support in Essex. Whilst Jobcentre Plus is responsible for conditionality of benefits (i.e. signing on) throughout, the employment support package available to the unemployed is split. Jobcentre Plus has responsibility for the short term unemployed and those who return from the Work Programme, whereas the Work Programme is responsible for employment support for two years (usually in years two and three of unemployment for recent JSA claimants).

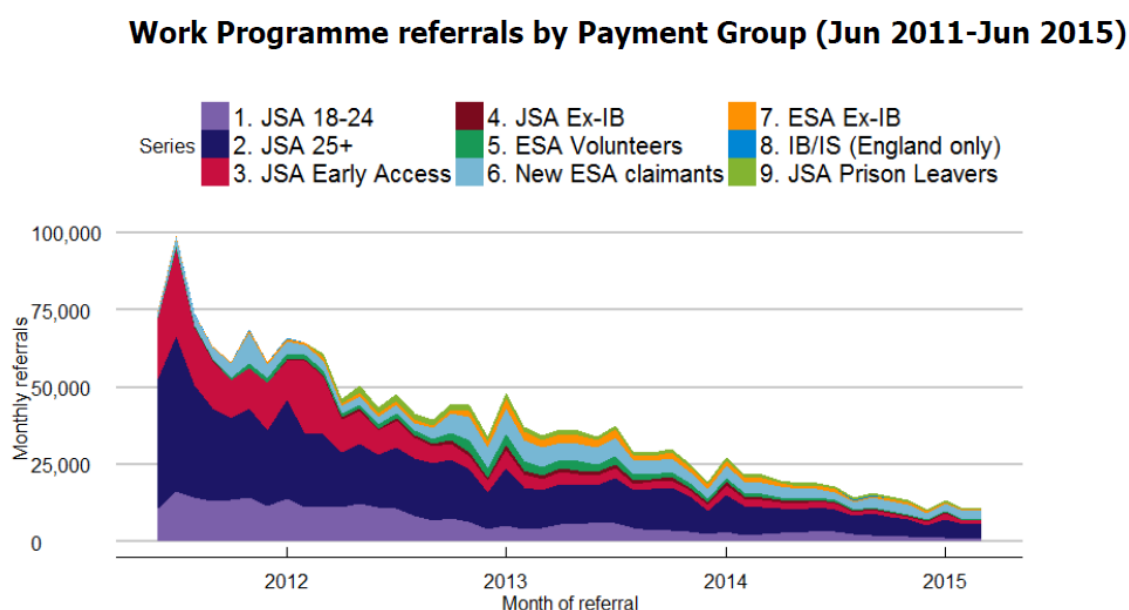
5.1 The Group's findings

1. **Delivering the same outcomes for less.** The Work Programme has been as successful as previous welfare to work programmes, but was half as expensive. This may be more of an indictment of previous welfare to work programmes than the current one.
2. **The Work Programme took time to gain traction, leaving early clients un(der)supported.** In year one, it failed to reach its paltry 5.5% sustained job outcome target nationally and locally. 27 months in, as at 30 September 2013, only 10% of the 1.41 million Work Programme participants nationally were still in employment. It took until the end of its fourth year (June 2015) for the Work Programme to meet its 22% job outcome target, notably for young people and adults claiming JSA. Even in its fifth year, 70% of participants do not achieve a sustained job outcome in two years of provision.
3. **Most Work Programme participants remain unemployed.** This is the picture nationally and locally. At the four year point, performance for those who started in the third and fourth year has been higher than that for the very large numbers who started in the first two years of the programme. By June 2015, 1,757,540 people had been referred to the Work Programme (98% were attached/signed up by the provider). 1,356,450 were from what the DWP believed were the easiest to help groups of JSA claimants. Of those, only 459,370 (26.1%) had secured

sustained job outcomes. CESI research²¹ reveals 129,000 of these were achieved in the most recent 12 months of the programme. Clients who secure a job outcome sustain it for an average of 65 weeks. At the end of two years of attachment to the programme, approximately 75% of completers were in work and 25% returned to Jobcentre Plus.

4. **The cohort has changed over time nationally.** A similar dynamic is reflected locally. Early cohorts were dominated by JSA claimants, as Jobcentre Plus, which had been overwhelmed in recent months due to the recession, offloaded its caseloads of longer term unemployed people. Over time the onflows from JSA have been reduced, as Jobcentre Plus began to enjoy lower caseloads and improve its support as a result. The Group has some sympathy with the Work Programme providers as they faced the challenge of receiving twice as many referrals from Jobcentre Plus than expected, doubling caseloads for staff and stretching providers to the limit. As a result, this contributed to poor outcomes and poorer levels of support at the start of the programme than observed in year four. Figure 4 shows how referrals to the Work Programme changed over the first four years of operation.

Figure 4 – National Work Programme Referrals



5. **Local providers are the best in the country, but too many do not find work.** Essex providers (Ingeus and Seetec) are among the best performing in the country and were among the first to meet the 22% target that was set nationwide. Ingeus had stronger job outcomes across the board, but SEETEC performed better with a number of cohorts. Nevertheless, by June 2015, the Work Programme had delivered 9,010 (12,310) job outcomes for participants at a rate of 31.3% (31.1%) in (Greater) Essex. Performance differed across the county; indeed, success rates range from 35.6% in Rochford to 28.6% in Basildon. The highest success rates in (Greater) Essex were for JSA 18-24 at 39.3% (39.8%);

²¹ http://cesi.org.uk/sites/default/files/response_downloads/WP_stats_briefing_Sep_2015.pdf

for JSA over 25s at 34.7% (34.3%); and for JSA Early entrants at 34.5% (33.6%). Brentwood had the highest job outcome rates for JSA (all ages), but Rochford outstripped it for early entrants. Regardless of local success, this still leaves 69% of participants, who have not secured sustained employment and therefore have been *parked* by the Work Programme. This cannot be allowed to happen again and requires greater local involvement in the design and delivery of future programmes.

6. **The balance of attachments by benefit group locally.** Between June 2011 and June 2015, 28,810 (39,590) people were referred to the Work Programme in (Greater) Essex. The majority of clients claimed JSA: 14,380 (19,580) were over 25; 5,270 (7,320) were aged 18-24; and 3,800 (5,530) were early entrants. Other six groups were considered to be harder to help, facing more barriers to work, or having complex needs, in total there were 5,360 (7,160) in these groups in (Greater) Essex. The majority of all clients came from Southend (5,890), Basildon (5,320), Thurrock (4,890) and Tendring (4,560). Colchester (3,640) provided more clients than Uttlesford, Maldon, Brentwood and Rochford put together (3,350).

Local providers believed that DWP's classification into nine client groups was a weak way to segment clients. Indeed, each provider undertook its own initial assessment on attachment. These effectively RAG rated each client. Clients were divided into three groups regardless of their benefits: work ready (green); requiring additional support (amber); and requiring long term 12 months + support (red). Regardless of the payments system, the overwhelming majority of clients fell into the red group – i.e. with the most significant barriers to work to overcome. Indeed, if we look at national statistics, 58% of those with disability were in the JSA groups, not the ESA/IB groups (Inclusion).

7. **The lack of engagement of local partners.** Local authorities and local partners were excluded from the design, commissioning and early delivery of the Work Programme made it difficult for the provision to gain traction and left many of our vulnerable residents un(der)supported. Once the DWP allowed providers to talk with the local authority, we were able to explain the local context, local needs and the nature of local provision. However, in general, there was limited information sharing apart from high level data, and discussions remained at the strategic level.
8. **Lack of transparency and justified distrust.** The Work Programme was shrouded in secrecy. There was a clear directive from the DWP that Work Programme providers were not to share information with or involve local authorities in delivery. This lasted beyond the time of publication of the first year's payment by results (almost 18 months on). Because of the secrecy surrounding the Work Programme and its data, there had been little or no transparency as to which local residents were actually being helped back into work, and the support that was available for those that were not. The DWP's lack of transparency led to national and local distrust of the instrument.
9. **Inside the black box delivery – good practice, rationing and patchy support.** The Group visited each provider, interviewed staff and spoke to, and

observed/took part in group sessions with, clients. It identified good practice and innovation in the delivery of services and councillors were impressed by the expertise and commitment of staff. The innovations included: Employment brokers, which initially worked like a recruitment agency, then recognised that they needed to turn this on its head, candidate pools around key sectors/groups of employers, using new forms of communication e.g. using ICT and mobile phones, life coaches, health and wellbeing support and modules to boost motivation, skills and employability – confidence building is a key part of the work. A range of specialist support and discretionary budgets were available but were rationed/limited by low unit costs of provision and risk averse behaviours caused by the payment by results model. Competition between providers and Jobcentre Plus impeded communication and the building of trust; some clients fell through the net at the referral stage. Even when clients were transferred between Jobcentre Plus and Work Programme providers (and sadly also vice versa), information sharing was weak. Hence, some clients had to go through similar processes of assessment, CV writing, and basic motivational and employability skills training with each provider.

Rates of attendance were relatively low at Work Programme, yet sanctions were not applied consistently or fairly in all cases and between providers. The Group heard evidence from clients with mental health problems that had been sanctioned wrongly and had their appeals upheld. This reinforced national analysis of the issue²². Attendance at Work Programme offices only improved when Jobcentre Plus staff co-located there.

The Group's investigation reveals that the DWP has done itself a disservice by not publicising some of the excellent work done by Work Programme providers. Nevertheless, its fears about the black box camouflaging the rationing of support were justified. The failure to support well over 80% of clients in the first two years of the programme and our most vulnerable residents throughout the programme support this disappointing conclusion. The Group learned that some clients never received any support in the first year of attachment to the Work Programme.

10. **Creaming off quick wins and parking the hardest to help. Those with complex needs were disadvantaged.** There were nine payment groups, which attract different tariffs of payment by results. To simplify the picture, the groups have divided them into two sets: a) the easier to place three and b) the harder to help six.

²² <http://www.publications.parliament.uk/pa/cm201415/cmselect/cmworpen/814/814.pdf>

Figure 5 – Comparing Performance Between Easier & Harder to Help Cohorts

Harder six			
	Referrals	Job Outcomes	% Success
National	401,100	44,680	11.1%
Greater Essex	12,610	2,650	21.0%
Essex	9,100	1,930	21.2%
Easier three			
	Referrals	Job Outcomes	% Success
National	1,356,450	414,700	30.6%
Greater Essex	32,430	11,490	35.4%
Essex	23,450	8,370	35.7%

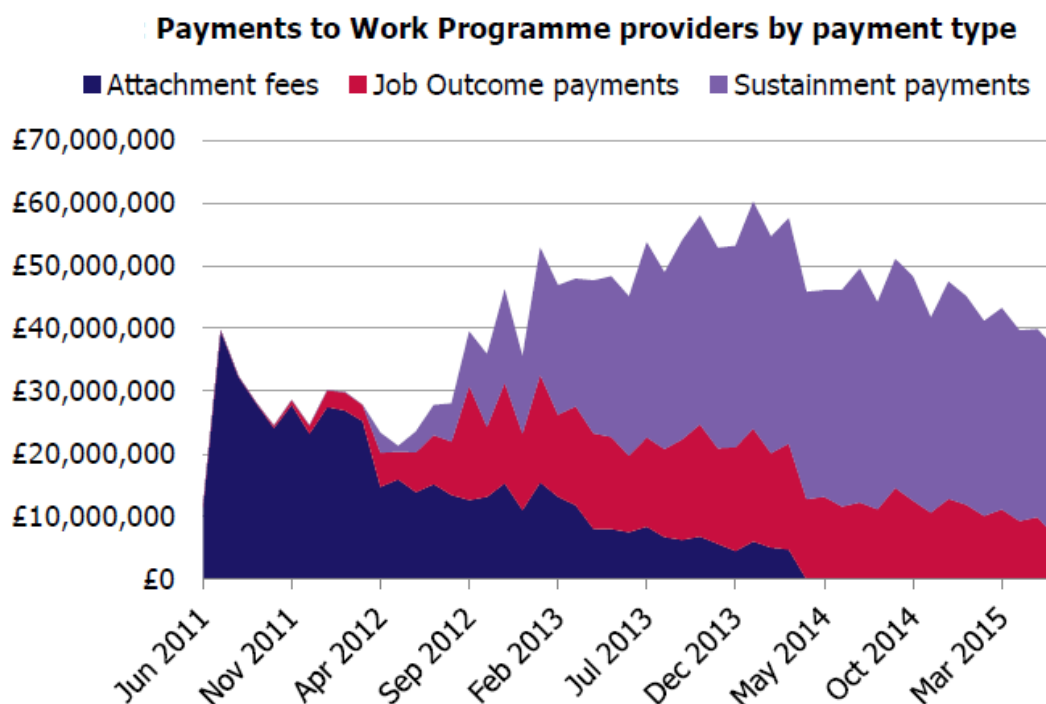
The Easier three are JSA claimants over 25, aged 18-24, and early entrants. The Harder 6 includes new ESA claimants, former Incapacity Benefit claimants and prison leavers. The Easier three dominate referrals and outcomes and could be considered the quickest wins for providers. Only 11.1% of the harder to help clients were supported into employment nationally, compared to 30.6% for the easier to help. This is 19.5 percentage points lower than success rates for the quick wins.

Essex's providers have outperformed the national programme by 10 percentage points for the Harder six and by around 5 percentage points for the Easier three. In (Greater) Essex, 21.2% (21%) of the harder to help clients secured sustained job outcomes, compared to 35.7% (35.4%). Although still significant, this is just a 14.5 (14.4) percentage point difference.

11. Payment by results failed to deliver outcomes for all clients groups.

Payment by results was meant to incentivise providers through differential payments rising on the basis of their proximity to the job market. Job outcome payments for the Harder six were higher than for the Easier three. Differential payments were meant to combat the tendency of providers to cream off the quick wins and park the harder to help. Nevertheless, when faced with high unemployment levels, higher than expected referrals, and payments for attachment of clients in the early years, which was not in the original design of the instrument, providers could secure sufficient payments by offering the most job ready clients limited help in the early years of delivery. As a result, in the first three years at least, there remained a perverse incentive to park the harder to help clients who required more resource intensive and costly support. Figure 6 shows how providers nationally secured payments by results.

Figure 6 – Payments to Work Programme Providers²³



Source: DWP: Information, Governance and Security Directorate; Inclusion calculations.

12. **Work Programme was under-resourced.** Despite clear evidence that innovative solutions have been delivered by the Work Programme locally, the Group found that in most cases this innovation had to be rationed. With extra resources, the Work Programme providers could have achieved better outcomes for those requiring extra support and may have been more able to innovate.
13. **DWP and BIS funding is not aligned effectively** – leaving too many clients in the revolving door between unemployment and low waged jobs – unable to make progressions into more sustainable employment. This is not to say that efforts have not been made to engage skills providers in the delivery of the Work Programme, rather that the constraints of that involvement and the risk of entering this market were considered too great. Without shared or complementary (financial) incentives, there is unlikely to be a solution to this. Local partners may be better placed to set these incentives.
14. **Jobcentre Plus is effective at helping short term unemployed people back to work** – From the Freud report (2006) to 2008 and again since the Work Programme clearer caseloads to manageable levels reducing the pressure on Jobcentre Plus' scarce resources, this has held true. Indeed, some local Essex Jobcentre Plus offices report over 90% of clients secure employment within 12 months. Jobcentre Plus officials told this inquiry that they had improved their

²³

http://www.learningandwork.org.uk/sites/niace_en/files/resources/Work%20Programme%20statistics%20-%20Inclusion%20analysis.pdf

services to the most vulnerable clients by introducing similar segmentation methods used by Work Programme providers. They felt that mandatory handover to the Work Programme after one year was counterproductive in some cases, and that vulnerable clients would benefit from more time with Jobcentre Plus.

15. **National programmes tend to fare better in Essex.** ECC expects local providers to deliver above the modest targets set by DWP. Having run local employment and skills initiatives, ECC knows that local employers are receptive to such programmes. This aspiration and confidence in delivering against stretching targets is set out in its contribution to the SELEP's European Social Fund Programme.
16. **Macro-economic factors and unemployment levels.** Weaknesses in the local economy in the early stages of the Work Programme would also have contributed to a weak start, with performance improving slowly in line with the slow economic recovery. The local picture now is one of a significant fall in claimant unemployment, with JSA figures down from 27,000 to 11,000 in five years to May 2015 in Essex. Nevertheless, those with more complex needs still remain workless. Indeed, the ESA figure has remained stubbornly high at 42,000 in Essex. Even with this progress, too many of our local residents (87,000 in total) claim the key out of work benefits.
17. **The next wave of welfare to work.** In the Autumn Statement 2015, the Chancellor announced that there will be a new Work and Health Programme after current Work Programme and Work Choice contracts end, to provide specialist support for claimants with health conditions or disabilities and those unemployed for over two years. It is promised that there will be a real increase in funding to help people with disabilities and health conditions to get work and remain in work, including Access to Work, providing specialist IT equipment, and support workers. In addition, the Government wants to improve links between health services and employment support, and will publish a White Paper in 2016 on reforms to improve employment support for people with health conditions.

This White Paper attests that even government believes there are problems with how those with mental and physical health conditions have been supported by national programmes. The answer is not by commissioning more by the centre, but by devolving resources to local areas to meet local needs effectively. As CCG's drive health agendas locally and local authorities have a strong role in public health, it is now inappropriate for central government to provide more than a framework for activity in localities in this area.

ECC welcomes the DWP's Work and Health agenda and is awaiting the White Paper to outline an approach which empowers local partnerships to deliver better outcomes. The work Manchester has done through Working Well could work in the Essex context. Some of the methods used via multi-agency working and the role of a key work/personal advisor, have been used to great effect through ECC's Family Solutions service.

The White Paper provides a perfect opportunity for the case for localism to be made. In recent years, White Papers have not been too prevalent. Whilst allowing for consideration of these key issues, ECC needs to push government to develop a local pilot addressing some of these health issues that cause dependency. There is a strong case that solutions need to bring skills, welfare to work and health together.

18. **Learning from previous recessions.** In each recession, those with poorer skills lose their jobs and have limited resilience to bounce back into work. In the early 1980's, the early 1990's and from 2008-2013, too many people have fallen into this category. The poorer an individual's skills levels, the more likely they are to be in low waged jobs or to be unemployed, the longer they are unemployed the more likely they are to be suffering from mental or physical health problems, which require NHS support. The opportunity cost of failing to intervene early in this vicious cycle, starting with investments in education and skills, is dependency and sickness. More health and welfare funding should be invested in skills now to reduce more costly demand pressures in the future.

5.2 Current Work in Essex

The Group noted that local partners are involved in addressing many of these issues, for example:

- ECC is engaged with local Jobcentre Plus and DWP in a variety of partnership activity including support for families via Family Solutions, delivering local welfare assistance, dealing with NEET young people, reducing offending, and offering support for those with disabilities and mental health issues. Nevertheless, efforts to combine employment support and skills have been frustrated by centralised DWP decision making.
- Energising Harwich is a programme involving Colchester Institute, Jobcentre Plus and the district council has delivered a combination of employment support and vocational training in performing engineering operations (NVQ Level 2) as a package to long term unemployed in response to the needs of local businesses in the emerging energy sector. This programme has delivered 95% job outcomes for participants into sustainable careers. Innovative locally responsive programmes would be more prevalent if provision was determined locally.
- There are numerous smaller providers and charities making a significant contribution to creating pathways to employment for our most disadvantaged residents. Sadly these specialist providers were excluded from delivery of the Work Programme and had to rely more on local contributions to sustain their activities.
- To address the early weaknesses of the Work Programme's support to young people, and the exclusion of the voluntary and community sector from Work Programme supply chains, Big Lottery introduced the Talent Match programme. This aimed to offer additional support and mentoring to the most disadvantaged

young people. ECC has been a key partner in its development.

5.3 Conclusions

1. **Strong foundations.** ECC and the local partnership have developed a number of impactful projects that have sought to help people from welfare to work. Interventions tend to address the most disadvantaged young people and adults. Many of whom have previously been failed by central government initiatives. Essentially, these failings are felt in local communities, which have to pick up the pieces.
2. **Jobcentre Plus is effective at supporting short term unemployed people back to work** and faces significant challenges in stretching its services to meet the needs of those claiming Universal Credit who are in low paid jobs, as well as those out of work. In addition, Jobcentre Plus will extend its support for claimants to 2 years rather than 1 year currently, after which clients will be referred to the new Work and Health Programme. This means that Jobcentre Plus will need to build capacity to support people with more complex needs than it has previously.
3. **Jobcentre Plus should not overreach.** The current Work and Pensions Select Committee inquiry into the future of Jobcentre Plus considers the potential to develop competences in careers advice for 12-18 year olds, working with schools, skills initiatives like apprenticeships and traineeships, and health related support. This will require it to work more in partnership with local authorities, which have competences in public health, social care for adults and children, education, skills and careers advice. This will require a place based strategy co-designed between local authorities, DWP, DfE, BIS, the Department of Health.
4. **DWP is too centralised and undermines Jobcentre Plus district's efforts to work with local partnerships.** Jobcentre Plus districts need a significant place based budget to enable it to develop effective interventions with local partners that will deliver better outcomes for local people. As a starting point, there should be local district manager autonomy for the local budget. This will enable partnership funding to be delivered more effectively.
5. **The Work Programme's payment by results model, which offered higher incentives for job outcomes for the hardest to help, has failed to solve the problem of providers *creaming off the quick wins* and *parking the most vulnerable to reduce costs*.** Future payment models should recognise progress made by those further from the labour market, not just once a sustained job outcome has been secured. Delivering support to the hardest to help may require more upfront payments than were available through the Work Programme.
6. **Local people should be given a choice to trade in universal credit entitlements for skills credits that enable them to increase their skills to secure gainful employment or to progress in work.** This could liberate the former Tax Credit system from topping up minimum wage jobs to lifting

employees out of in-work dependency. This could offer a nudge to the positive behaviour of upskilling above and beyond extending skills conditionality to those in receipt of in-work benefits.

7. **To aid responsiveness and improve outcomes, all future welfare to work programmes are jointly designed and commissioned between ECC and DWP.**
8. **Government's forthcoming White Paper and a Work and Health Programme are welcomed. Government needs to maintain high unit costs to address the needs of our most vulnerable residents.**
9. **Government should involve ECC and other local authorities in the design and delivery of new welfare to work programmes.** Effective employment support for people with complex needs relies on integration with related services involving local authorities, the public and voluntary sectors. These should be designed and determined locally and should not be dependent on more comprehensive devolution deals. ECC's Family Solutions approach offers strong foundations for multi-agency working that could be extended to address these needs locally, as has been rolled out by Manchester's Working Well devolution pilot.
10. **ECC should explore the potential of working with local partners to co-invest in wraparound services, to develop invest to save initiatives through early intervention and prevention, and to support those with disability and with mental health issues into employment.** Understanding and tackling mental health issues requires more carrot than stick. This should reduce the need for sanctions.
11. **Transport and connectivity were key barriers to access to skills provision and to securing gainful employment in Essex.** Jobcentre Plus, skills providers and young people who contributed to the inquiry all cited this as important.
12. **Local government is better placed to commission services to meet local needs and to ensure effective links with business and local skills provision. The remit of the ESB, should be extended to include welfare to work programmes.**

6. Summary of overall conclusions arising from the scrutiny review

In summary there is a much greater role that local government in Essex can play in developing the local provision of careers advice, skills training and welfare to work programmes. Overall the current provision in Essex demonstrated a detachment from the local context that could be improved through: better communication of skills for economic growth; better involvement of local businesses in skills development; and greater accountability of employment, skills and welfare delivery devolved to local government. Where local partners and the local context have been influential in the development of provision, this has delivered better outcomes for local people.

Outcomes in Essex could improve considerably if devolved funding and increased accountability of careers, skills funding and welfare to work initiatives were sought. The Group would support any progress made towards greater devolution for the Essex area for these core services. The establishment of the ESB provides a viable first step in engaging local businesses in skills development.

1. A one size fits all system is failing Essex residents. Not all children, young people and adults are academically gifted; some have greater aptitude for developing practical and technical skills. The Group advocates a mixed system of learning from age 14, which enables pupils and young people the opportunity to develop a better balance of academic and vocational skills. The vocational route needs to be clearer to young people to enable them to secure gainful employment in the local labour market.
2. Central government commissioning divided between three government departments with different philosophies makes it difficult to join up provision to meet local needs or to align provision with local economic growth strategies at local and local enterprise partnership levels. Moreover, it creates a mismatch between supply and demand for skills. Local partners have exploited all of the freedoms and flexibilities available and the 'system' is still broken. A single overarching strategy is needed between government departments to enable systemic change, led by local partnerships.
3. Full devolution of employment and skills, careers advice and welfare to work to local partnerships, coordinated by local authorities and working closely with employers, is essential for delivering the skills, jobs and prosperity that the local economy needs. This will facilitate smoother transitions between education and employment, create skills pipelines that meet the recruitment needs of local employers, and improve productivity and generate economic growth in Essex.
4. An effectively resourced, multi-annual, area based budget would deliver a more effective and streamlined skills system in Essex. Funding allocations should be stable, reflect business need more effectively and provide capital investment in equipment and facilities to enable this. Multi-annual settlements are essential to enable providers to adapt their provision and take calculated risks to change their provision to meet local needs.

5. Central government's direction of travel to develop bilateral relationships with local providers in education, employment and skills, and welfare to work excluding local authorities and partnerships undermines localism and economic growth and creates an unhelpful division between economic growth/development and skills and workforce development. The new system needs to be shaped by and accountable to local authorities and partnerships to deliver our local growth aspirations.
6. Central government must place a duty on all providers of employment and skills, careers advice and welfare to work to be accountable to local authorities and partnerships, supporting improvements in standards and alignment with local growth strategies. Local determination powers would include the ability to vary rewards and incentives depending on how effectively interventions deliver against local priorities.
7. Young people are often unable to make informed choices about education, skills and careers. Careers education, information, advice and guidance needs to be driven by local industry intelligence and accountable to local authorities. ECC should be empowered by national government to set local quality standards for schools in terms of careers advice provision, including time spent with students, the impartiality of advice and involvement with local business. A new statutory duty on schools to work closely with local authorities to improve the standard of careers advice is strongly recommended.
8. Employability skills and work experience are essential to enable people to make transitions from education to employment. ECC should be empowered by central government to ensure that every school in Essex: timetables sufficient and appropriate work experience; engages and invests in local education and industry programmes with ECC; and uses the 'Employability for Life' resources developed by ECC. In support of this, ECC should expand its coordination role from the current education and industry programme to a work experience programme involving public, private and voluntary sector organisations.
9. National indicators and incentives for schools do not include employability and employment outcomes. The Group noted that the new Ofsted responsibilities will help to improve transparency and accountability in this area. Nevertheless, it is recommended that ECC, working with the ESB and central government, develops a local mechanism for assessing the success of local schools in supporting young people into work.
10. Employers need to have a key role in shaping provision of employment and skills locally, serving on the governing bodies of schools, colleges and skills providers. At the apex of this, the ESB, supported by local authorities, needs to be empowered by Government to improve employer engagement and to play a leading role in shaping local provision to meet local needs.
11. The local and national evidence base needs to be enhanced by better data sharing between central government departments and local government to

enable local partners to analyse metadata relating to the real costs and benefits over time of employment, education and skills and welfare interventions locally. This will enable us to work together to define the best interventions to improve transitions between education and employment for individuals and to deliver economic growth and prosperity in the future.

12. Greater local determination of national funding streams is needed to enable the local partnership to scale up impactful projects, often involving smaller local providers and charities, that deliver positive outcomes with the most disadvantaged and vulnerable people in Essex. There is a range of good practice in local delivery. Some valuable interventions were not fully supported by national funding streams. Instead they rely heavily on the resources of local authorities, local skills providers, local voluntary and community sector organisations and local businesses. With greater local determination using national funding, these successful interventions would gain much needed support to scale up their excellent work.
13. ECC and the local partnership are better placed to determine skills funding, this should offer incentives for providers to deliver interventions that deliver skills in key growth and employment sectors, and that lead to job outcomes.
14. Essex has a strong track record of delivery in employment, skills, careers advice and supporting the most vulnerable. This has been overlooked by national funding, which has imposed programmes on Essex, which duplicate existing local programmes. Successful industry responsive programmes like Essex Apprenticeships, Skills for Economic Growth and Energising Harwich have identified local needs and delivered better outcomes than national programmes. These should be funded by national funding. Similarly, local projects run by the community sector have delivered positive outcomes for our most vulnerable people - many of whom have previously been failed by central government initiatives.
15. A number of national government programmes (Work Programme, ESF Families with Multiple Problems, Youth Contract for 16-17 year olds) have effectively privatised social provision, rationed support for the most vulnerable and left the hardest to help inactive & un(der)supported. Even the Work Programme, where payment by results offered higher incentives for supporting the hardest to help into employment, failed to overcome the perennial problem of *creaming* off quick wins and *parking* the most vulnerable to reduce costs.
16. Cohort based payment by results should be piloted to overcome the issue of providers creaming off quick wins and parking the most vulnerable to reduce costs. Future payment by results models should be improved to include whole cohort based measures as well as payments linked to individual progressions. In addition, rewards should recognise progress made by those further from the labour market, not just once a sustained job outcome has been secured. Delivering support to the hardest to help may require more upfront payments than were available through the Work Programme.

17. Local people should be given a choice to trade in universal credit entitlements for skills credits that enable them to increase their skills to secure gainful employment or to progress in work. This will liberate the former tax credit system from topping up minimum wage jobs to lifting employees out of in-work dependency. This could offer a nudge to the positive behaviour of upskilling above and beyond extending skills conditionality to those in receipt of in-work benefits.
18. Government's forthcoming White Paper and Work and Health Programme is welcomed by the Group which it is hoped will provide more resources to address the needs of our most vulnerable residents. Government should involve ECC and other local authorities in the design and delivery of new welfare to work programmes. Effective employment support for people with complex needs relies on integration with related services involving local authorities, the public and voluntary sectors. These should be designed and determined locally and should not be dependent on more comprehensive devolution deals. ECC's Family Solutions approach offers strong foundations via multi-agency working and the use of key workers that could be extended to address these needs locally, as has been rolled out by Manchester's Working Well devolution pilot. ECC should respond to the White Paper to make the case for localism. Whilst allowing for consideration of these key issues, ECC needs to push government to develop a local pilot addressing some of these health issues that cause dependency.
19. Central government should work closely with ECC and local partners to explore the potential to co-invest in integrated and co-located services, to develop invest to save initiatives through early intervention and prevention, and to support those with disability and with mental health issues into employment.

7. Recommendations

The following recommendations have been divided between those directed to the Cabinet as those where changes ultimately can only be brought about by Central Government, and those where the County Council can effect change locally. In both cases the Cabinet is urged to respond to the Committee on what action is proposed to be taken no later than October 2016.

That the Cabinet be recommended to lobby Central Government in the following matters:

- 1. To work more effectively with ECC and the employer-led Essex Employment and Skills Board to shape local provision for jobs, skills and welfare across the county to meet local needs.**
- 2. To transfer responsibility for employment, skills, careers advice and welfare to work to ECC, so that it may determine multi-annual, area based budgets that deliver a more effective and responsive skills system, with the ability for capacity and provision to be adjusted to reflect changing local needs.**
- 3. To create a statutory duty that requires all education, employment, skills and welfare to work providers delivering in Essex to be accountable to ECC.**
- 4. To implement a single overarching strategy framework across the DWP, BIS, DfE and other relevant Departments to support systemic change that gives autonomy to local areas to design, commission and deliver local provision that meet local needs.**
- 5. To introduce national indicators and incentives for schools, which recognise the parity of vocational and academic attainment, and measure employability as well as employment outcomes.**
- 6. To remove existing barriers to data sharing between Government departments and local partners:**
 - a) To enable more effective multi-agency working with those individuals with the most complex needs; and**
 - b) To track the success of interventions and individuals more effectively in order to evaluate the medium term economic and social impacts (costs and benefits) of employment, education, skills, careers advice and welfare interventions locally. Based on this evaluation, the best interventions to meet local needs long term can be determined.**
- 7. To delegate greater autonomy to Jobcentre Plus district managers through the place based budgets so that where appropriate budgets can be pooled with local partnerships to deliver better outcomes for local**

communities.

8. To enable greater local determination of national funding streams for more effective support of local projects, which deliver sustainable job outcomes in key growth sectors; and extend multi-agency and key worker approaches to vulnerable people (e.g. through ECC's Family Solutions) to enable them to move from unemployment and dependency to employment and independence.
9. To work with ECC to develop a locally bespoke Work and Health Programme, based on appropriate unit costs, to improve the employment prospects for the long term unemployed and for those with health problems.
10. To co-invest with ECC, using health and welfare funding, in employment and skills provision with a view to reducing more costly demand pressures for the NHS and DWP in the future.

B. That the Cabinet be recommended for ECC to act:

11. To work in partnership with local schools and employers to deliver clearer vocational pathways for young people aged 14 and over, improving careers advice and expanding the successful local education and industry programme to all schools to improve advocacy and signposting to young people by the end of March 2018.
12. To develop a work experience programme involving public, private and voluntary sector organisations to support Essex pupils to be more work-ready, offering more opportunities for placements within ECC by the end of March 2018.
13. To work closely with skills, welfare to work and transport providers to identify ways of improving the transport connectivity that enable local people to access employment and skills opportunities.
14. To collaborate with local CCGs and other Health partners to support those with physical and mental health issues into employment.
15. To consider the feasibility and delivery of the following pilot projects by March 2018:
 - (a) To create a clearer vocational route for individuals from age 14, working with schools and skills providers;
 - (b) To expand multi-agency and key worker approaches, employed by ECC's Family Solutions Service, to wider cohorts of disadvantaged and vulnerable residents in Essex.
 - (c) To develop industry focused careers information for schools, supporting RoQA accreditation and extending the education and industry programme and Employability for Life resources to all Essex schools.

- (d) To develop invest to save initiatives through early intervention and prevention, and to reduce welfare dependency and costs to health services in the future.**
- (e) To investigate the feasibility of an ECC a traded Connexions type service.**

16. With particular reference to the forthcoming Work and Health White Paper, the Committee wishes to be afforded an opportunity to input into the County Council's consultation response to the Government and Select Committees, and for the conclusions reached in this scrutiny report to be reflected in that response.

Appendix A

Initial Overview

In October 2014 the Group met with Helen Russell, who was the Lead Commissioner for Education, Skills and Life-Long Learning at that time. It proved to be a detailed overview on the County Council's involvement in the provision of skills, careers advice and the national Work Programme; and skills funding and provision in Essex. There was also consideration of the Essex Employment and Skills Board (ESB) document entitled 'A Skills Base for Greater Essex' (Autumn 2014)

A selection of the issues that were considered as part of the session are set out below:

- An overview of the ESB.
- Local Enterprise Partnership (LEP) - The growing role of the South East LEP (SELEP) which, from 2015, would receive funding to commission directly skills in Essex through [Essex's share of] £82.5m European Social Funding for the South East. SELEP comprises Essex, East Sussex, Kent, Medway, Thurrock and Southend with Essex leading on skills issues.
- SELEP has created a 'Skills Advisor' web portal²⁴ that provides information on local providers and training courses. It included a facility for employers to rate training providers, receive assistance on funding provision and request apprenticeships.
- The Department for Work and Pensions (DWP) Work Programme – This programme is administered by Government agencies, and the ESB and ECC have very little influence upon its delivery. Information about the programme is ambiguous as little data is published by the DWP on who completes the programme and what happens when they have completed programme. This means that in practice there is a lack of understanding about the issues and challenge. INGEUS and SEETEC are the companies that deliver programmes in Essex.

Apprenticeships – There is a disparity on pay across companies. The minimum wage is set below the national minimum wage. Additionally there has been changes in apprenticeship policy to give more control to employers, seen in recent Department for Business, Innovation and Skills (BIS) 'trailblazers' in key industry areas such as Aerospace, Automotive and electro-technical. Apprenticeship schemes are the only area where there is funding growth with reforms being planned from 2016. Previously ECC did offer a very successful scheme, which aimed to overcome market failure in the supply of apprenticeships in Essex during the economic downturn and recession. With this overcome and the fact that national funding incentives are now available to businesses.

- A big challenge is around the difficulties associated with getting employers to articulate what skilled staff they need, which could inform the long planning cycles of colleges that require three years to plan ahead for courses etc. There is a need to establish what local employers require, and to get them to engage in order to

²⁴ <http://www.skillsadviser.org/>

ascertain why they are not employing local people.

- It was also noted that it has proven difficult to recruit teachers/tutors to teach certain subjects such as computer science. 60% drop in pupils taking IT (as opposed to computer science) as a subject.

As a result of discussion the Group identified several key area areas for further investigation including:

- Local accountability around various programmes that are centralised in Central Government departments.
- Employer contribution to skills forecasting.
- School careers support
- ECC strengths and weaknesses as an organisation with an umbrella view of the issues under consideration.

Jobs, Skills and Welfare Task and Finish Group
October 2014

Meeting with the Cabinet Member

In November 2014 the Group met Councillor Bentley who revealed his belief that Essex County Council should have a broader role in skills devolution, and confirmed that he had recently met the Treasury to argue for further skills funding devolution to the Council because of its unique position to use local expertise to good advantage. He also referred to the role of the business-led Employment and Skills Board and the possibility that it could be used to channel some resources.

Councillor Bentley acknowledged that there are a range of agencies involved in the sector and the restrictions upon their activity. However, in practice, he felt that more could be done to join up welfare programmes in general and understand the needs of employing people with disabilities.

Jobs, Skills and Welfare Task and Finish Group
November 2014

Work Programme Providers

On several occasions the Group's Members met separately with SEETEC and Ingeus, the two companies who deliver the Work Programme in Essex. This provided an opportunity to meet face to face with those staff providing services to clients and the clients themselves. Under the Programme the Government Department (DWP) directs a client to one or other company.

Ingeus explained how clients were supported through an embedded role of health and wellbeing support. Ingeus takes a 'long term view' with claimants. Its

experience and support for claimants who have health (including mental health) problems has contributed to its long term success as a company, even though problems do arise in linking with the NHS – with long wait times following referral for therapies. When clients are ‘job ready’, they are put into pools depending on the job types that they want. This is used to match job opportunities to clients who are both job ready and have the correct skills

Councillors were given a description of the client journey and the support offered on arrival. The intensity and frequency of meetings varies by client, with the intensity of support increasing as a person becomes ‘work ready’. Health and well-being support is embedded on a client’s journey from the start. Barriers identified were on a par with previous visits to Jobcentre Plus and Seetec, as they many clients have a balance of employment, health and social needs as well as transport considerations. Reference was also made the level of support provided to clients by NHS services for drugs, alcohol and depression/ anxiety.

A unique point raised at the Ingeus site visit was the additional need to ‘sell’ and demystify some jobs to clients – this has been particularly valuable in the care sector where Ingeus now have 85% of their sustained job outcomes.

Ingeus illustrated how staff work with other existing organisations for specialist advice, for example the Citizens Advice Bureau for providing debt advice to clients.

SEETEC clarified its operation for the Group and how it engages with clients starting with a client’s first interview to establish that person’s aspirations and needs. In that scenario it was highlighted to the client that ‘we will find a job for you that hopefully is suitable’ rather than being solely focussed on education or training.

In addition to meeting staff and learning about processes and the Company’s experience, when the Councillors visited the SEETEC offices in Chelmsford they had an opportunity to observe a session with a group of clients that was designed to help them prepare for job interviews. In addition Councillors were able to take part in an exercise with those clients that enabled them to get an insight into the employment issues that individuals faced and their aspirations.

Councillors discussed with SEETEC the barriers that are often encountered with clients such as poor confidence, disabilities and short-term mental health problems (that may be caused by isolation). Other barriers included difficulties with effective transport links between an individual’s home and a job opportunity that may be in a different town particularly in relation to shift work. A similar problem was observed for some clients who had to travel to the Chelmsford SEETEC office for an appointment.

Training courses are offered but these are low value courses, often designed to get people work ready with basic skills, rather than job specific training. Some courses are peer-led and designed to develop interpersonal skills as well as low-level mental health issues.

The importance of being realistic about putting people in the right job was

emphasised, as the aim is for a client to remain successfully in a job. Licenses and training - such as Fork Lift and possibly HGV – are only provided if they are linked to guaranteeing a job.

SEETEC has a Business Development Manager who actively pursues companies in order to persuade them ‘to come on board’ with the Work Programme, and ways of matching clients and job opportunities. By way of example SEETEC has hosted open days to meet prospective employees as well as providing on-going support when they are employing work programme clients.

The strength of Essex compared to other areas of the country the Company’s experience of operating in, was its close ties to London and a strong economy making it a more positive place to find work. However, there are areas where Essex County Council on a strategic level could play a greater role in connecting training and employers, as well as influencing life skills in young people at a school age. It was felt that as an organisation the County Council can appear to be impenetrable and it was difficult to find out the proper representatives/ teams to liaise with to discuss where opportunities might be taken to make improvements. With hindsight a better relationship may have existed with local authorities when the New Deal was a policy as there had been strategic advisory groups in place across the county that looked at local performance.

When Councillors asked staff ‘what is the one thing you would change’, there was consensus that it would be beneficial to get earlier access to clients to be able to spend more time with them in order to deliver more effective outcomes.

In general discussion between the Task and Finish Group and the two Work Programme providers, there was a sense that greater transparency could dispel some of the negative publicity about the work they undertake. Criticism cannot be countered with accurate statistics, figures or examples because the companies are contractually bound to central Government not to publish facts and figures about the Programme.

Task and Finish Group
Autumn 2014

Site Visit to Braintree Jobcentre Plus

In October 2014 the Group undertook a comprehensive full day visit to meet with various members of staff at the Braintree Jobcentre Plus, and also had an opportunity to meet with members of the public who visited the Centre on the day. Councillors found that visiting the Centre in the early stages of the review was extremely helpful because it provided a first hand insight towards understanding how an applicant is processed when entering the Jobcentre, the kind of challenges and issues staff face when dealing with different clients, as well as detail the transactional relationship between the Jobcentre Plus and the Work Programme. Rather than relying on evidence being gathered and presented to the Group within

the confines of County Hall, the Group was able to find out and witness what happens in practice, and to meet both providers and recipients of services provided by different organisations.

The Group witnessed the intensive commitment given by the staff to the clients. The process set up in the Jobcentre allowed different client needs to be matched with an advisor who would be best suited to meeting those needs. Issues raised by staff included a lack of join up with health (particularly mental health), transport barriers, and how the information and advice an individual received at school plays a key part in directing young people to work and could prevent them ever needing to present at a Jobcentre Plus. Furthermore concern was raised about the way that information is passed between the Work Programme and the Jobcentre Plus, as in both cases it was considered that it could be improved.

The visit also highlighted what was felt to be a lack of involvement of Essex County Council, particularly where it could use its influence to 'join up dots', ensure effective and genuine partnership working, and seek constructive influence at different parts of the chain – such as schools or the Work Programme. One recent change that was noted to be of value was the public health training that was given to advisors which helped them signpost clients to services outside the remit of a Jobcentre, but would improve the clients overall outcomes – Stop Smoking Services being one example.

Task and Finish Group
October 2014

Site visit to Harwich Mayflower Project, Energy Skills Centre, Harwich Jobcentre Plus, Teen Talk Harwich, Harwich.

Harwich Mayflower Project

The site visit enabled the project to show case its unique position as a tourist / historic / training venue. It demonstrated the value in providing work for young local people, who otherwise would be in danger of becoming NEET.

Energy Skills Centre

The Harwich Skills Centre was established by Colchester Institute in response to ECC's industry intelligence gathering on the energy sector supply chains, which uncovered the need for skills development across the full spectrum of engineering and construction disciplines. It has an excellent record of delivering sustained employment for locally based young people in an area of high need

The visit to the Centre allowed the local context to be clearly set out. The Skills Centre provided training opportunities for local people (mostly young men, but not exclusively) to develop new skills that were directed related to local employment opportunities. Set in the local area and supported by ECC, the importance of bringing this training to the area was constantly reinforced. It was stated that it was unlikely that some of the people now participating in the training would have

completed it, if they would have had to travel to Colchester, over 20 miles away.

Harwich Jobcentre Plus

The visit to the Harwich Jobcentre Plus mirrored many of the findings from the earlier Jobcentre visit in Braintree. It was clear that Braintree was perhaps further ahead than Harwich with changes to its operating model. Similar barriers were raised – a connection to mental health problems, low self-esteem, transport as well as issues with handling money and debt. All problems that fell out of the traditional remit of a Jobcentre Plus.

Teen Talk Harwich

This was a drop-in/ counselling service whose clients fell both within and out of school age. A large proportion of their clients had depression or self-esteem issues. There was surprise within the Harwich Job Centre (where Teen Talk came to meet) that this service existed and some agreement that there would be more active promotion and sign posting of this service from now on.

The whole day provided an overview of connected and specialist services operating in a specific place context.

Councillors Ivan Henderson and David Kendall
January 2015

Site visit to Brentwood Community Print and Fitness in Mind, Brentwood.

In January 2015 the Group visited Brentwood.

Brentwood Community Print

The Group learned about the concept and start-up of Brentwood Community Print. All members of staff had different types and degrees of suffering from poor mental health – and by being actively employed they were being demonstrably supported through peer interaction, as well as being provided with a ‘safe’ environment in which they could gain confidence as they recovered. This was demonstrated in the interactions the Group witnessed during the visit, as well as the testament to the different lengths of period that clients would stay in employment – some who had presented with low-level anxiety/ depression were found to often only stay for a few weeks, others could be months, and there were a few clients there who had been there over years. It was felt that Brentwood Community Print demonstrated a unique service for a specialised cohort of people.

Fitness in Mind, Brentwood

The Group also visited Fitness in Mind, a project that had been running in Brentwood for a year. It provides access to sports facilities for a specialised cohort of people who are suffering from mental health problems, demonstrating the important links between exercise and mental wellbeing

Both Brentwood projects demonstrated the challenges in engaging a specialised cohort of people with specific needs. Facts and situations were discussed that demonstrated that often the timescales involved and levels of understanding that would stretch beyond a conventional work/ fitness arena. In short, both of these projects provided a 'safe' place for people that needed to recover from mental illness – and demonstrated that this worked well when it was specialised.

Councillors David Kendall and Ivan Henderson
January 2015

Young Essex Assembly

The Young Essex Assembly (YEA) is the elected youth council for Essex. It is made up of 75 young people who have been elected to represent young people in the county and to campaign to make a positive difference to their lives.

In March 2015 Councillor Walsh and a number of ECC officers facilitated a workshop with YEA representatives to seek their impressions of developing life skills and making choices that would shape their futures, and to identify what support they may or may not have received including school engagement and broader careers advice.

The information gleaned from the YEA provided the scrutiny investigation with a modern perspective from individuals who are currently trying to define what skills they need to engage in the future jobs market, and to understand what is available both in terms of career and job opportunities if they choose to continue to live and work in Essex.

While it was evident that experience varies across different schools and parts of Essex as well as individual circumstances, the workshop highlighted that the youth are well aware of how crucial the choices they may make will affect their lives. It was important that as individuals they received reliable support and guidance, and that the sharing of practical experience both directly and indirectly about the range of different jobs and careers available would shape their future choices. Teachers were not necessarily perceived to be a reliable source of personalised careers advice, and could not advise what it would be like to work in specific types of environment.

Many participants were not aware if an Essex website portal existed, but felt it might be a part of a solution for giving the level of detailed information pupils are looking for, and overcome the deficits that exist in school provision. They were not aware of what industry exists in Essex, or forecasts on what job opportunities are more likely to exist in future eg address skills shortages.

Everyone is different. Some people prefer coursework to exams and vice versa. However, everyone needs to be encouraged in their social skills and schools must play a part in encouraging individuals to develop their all-round skills. Pupils want to understand how to translate their interests into other channels and inter alia the full

range of careers and choices that they could as individuals consider.

Across schools there is a lot of emphasis on achieving performance targets and academic success, rather than addressing individual pupil needs. However, participants challenged that approach believing that the emphasis should perhaps be on developing the individual's broader life skills including social and communication skills that they would need in the future.

Evidence obtained through the workshop is referred to elsewhere in this report

Councillor Simon Walsh
March 2015

Appendix B

Essex – Whole Place Community Budgeting Pilot (2011)

Linked to a strategy to help drive growth, the Essex Whole Place pilot focused on giving employers the responsibility to determine vocational skills provision in the county, linked to £1 billion of infrastructure spending.

Greater Essex had persistently high levels of youth unemployment, and in late 2011, there were 9,925 18-24 year old JSA claimants, and almost 4,000 disengaged young people.

Greater Essex proposed virtually pooling 16-24 year vocational skills funding, and devolving funding decisions to an Employment and Skills Board to be informed by local evidence, and using a new locally determined payments-by-results model based on job outcomes.

Young people were to be tracked on their journey, via a new indicator, through a simpler and more coherent vocational pathway from education to work.

The model scales up existing concepts, such as Government's outcome-related payments and employer ownership pilots. Essex projected that the model would create 8,000 additional apprenticeships, and deliver savings of £150 million in the county by 2020.

Essex Employment and Skills Board²⁵

The Government and Essex Community Budget pilot work on skills identified the need for a Strategic Board that provides a platform from which employers can have a real voice in shaping skills provision so that it delivers economic growth and is attuned to the needs of employers.

The ESB was set up in July 2013, with the remit to give employers a more prominent role in the publicly funded skills system to achieve the best outcomes for individuals and the local economy. The ESB ensured the correct focus by leading on a robust and comprehensive local Evidence Base for Skills which has helped to identify key growth sectors now and in the future. Its membership includes companies from all growth sectors and members have agreed some key priorities, for which progress is monitored in regular updates.

The Board has four objectives:

- To ensure the creation of a robust evidence base for skills and to use this to develop an executable five year business plan which incorporates an implementation plan and is reviewed annually
- To support the deployment of the new enabling mechanisms which contribute to the closer alignment of skills provision and business need – including an online employer portal and the Essex Skills Investment Fund (ESIF)
- To champion involvement and participation in the skills system by engaging widely with businesses through disseminating information from the Board and

²⁵ <http://www.wecb.org.uk/content/essex-employment-and-skills-board>

by creating the conditions which allow the views of interested businesses to be taken into consideration

- To take the case for requisite finance and flexibilities to Government on behalf of all Essex providers, businesses and public sector agencies.

Beyond the Board, there are a number of sub-groups by industry, which help to shape the decision making.

Essex Skills Evidence Base²⁶

This is a series of reports analysing the employment and skills issues facing Essex, offers the latest industry intelligence by sector, particularly those key to economic growth, and by district. The latest summary report (published April 2016) is now in its third edition. Our local skills providers, including Colchester Institute, Harlow College, and Prospects College of Advanced Technology have used the evidence base to invest in new facilities and equipment that enable them to be more responsive to local businesses and to meet local growth needs.

Connexions

Connexions was a government funded information, advice, guidance and support service for young people aged thirteen to nineteen (up to 25 for young people with learning difficulties and/or disabilities), created by the Learning and Skills Act (2000)²⁷. It replaced the Careers Service. There were Connexions Centres all around the country - usually several in each county - which offered support and advice on topics including education, housing, health, relationships, drugs, and finance.

The Conservative/Liberal Democrat Coalition Government called the future of Connexions into question. It introduced National Careers Service in April 2012, but offered statutory guidance to local authorities that "There will be no expectation that local authorities should provide universal careers services once the new careers service is established."²⁸ Local discretion meant that there was considerable local divergence around branding and delivery. Whilst some areas retained their Connexions service, e.g. Southend and Thurrock, in many parts of the country, including Essex, Connexions no longer exists.

Instead, Essex's Employment and Skills Unit has delivered a bespoke service to match opportunity ready young people, who are NEET to employment and skills opportunities to great effect.

²⁶ http://essexpartnership.org/sites/default/files/Evidence%20Base%20-%202016%20-%20Interactive%20PDF_0.pdf

²⁷ <http://www.legislation.gov.uk/ukpga/2000/21>

²⁸ <http://media.education.gov.uk/assets/files/pdf/1/la%20guidance%20april%202011.pdf>