

LIVERPOOL CITY REGION MAA

PLATFORM 1 – INTEGRATING EMPLOYMENT AND SKILLS

SUMMARY

The employment and skills platform is based around five interlinked proposals which are intended to add value in a number of key policy areas by putting in place mechanisms for partners to deliver across local authority boundaries, working alongside Government at the national and regional levels. The objective is to reduce worklessness, strengthen our skills offer and provide Greater Merseyside businesses with the support they need to generate higher growth.

The MAA centres on establishing a new relationship between Greater Merseyside partners, NWDA, DWP and DIUS, jointly commissioning and managing services to deliver a more appropriate and cost effective offer to workless residents. A new Greater Merseyside commissioning framework will be established to provide a more robust way of integrating services, enhancing the targeting of both mainstream and discretionary support, and reducing duplication and bureaucracy.

Together, these proposals will lead to a comprehensive step change in the implementation of the skills and employment system in the LCR, with interventions designed around the needs of employers and individuals.

Our vision is to:

- Establish city region responsibility and accountability to deliver greater value and performance from mainstream investments in learning, skills development and employment;
- Bring DWP and DIUS funded activities firmly into a city region led approach while maintaining national accountability;
- Introduce a data sharing Memorandum of Understanding (MoU) between the LCR partners and DWP;
- Implement 14 to 19 devolution alongside changes in adult skills provision {Details still in discussion and will be added to this draft at a later stage};
- Radically reform the employment and skills delivery system placing employers and individuals at its heart.

OUR ASKS OF GOVERNMENT

1. The LCR Strategic Employment and Skills Strategy is accepted by relevant Government Departments as the overarching agreement of employment and skills priorities and targets and used to inform the investment and alignment of core funds from DWP/ JCP, NWDA and DIUS/ LSC (SFA and YPLA post 2010). This includes priorities for major capital investment related to skills specialisms.

2. Post 2010, the LSC (SFA) and DWP will be required to submit new co-financing plans and LCR partners would like to explore how the LCR Employment and Skills Strategy could be recognised as the joint co-financing plan for the LCR and alongside this act as the investment framework for appropriate employment/skills ERDF measures such as Action Area 4.2.
3. Rationalisation of key agency funding cycles and procurement and contracting practices.
4. Duty to Cooperate – To endorse the joint roles of LSC, DWP, NWDA and the Employment and Skills Board (ESB) in shaping and managing the strategic decision making and alignment of funds on employment and skills priorities. This includes a requirement for prime contractors to work with the ESB to align delivery plans.
5. Contracting areas to reflect the geography of the labour market – DWP and LSC/SFA/YPLA to adopt a design principle that Greater Merseyside is used as the contracting area, unless the LCR Employment and Skills Board and/or DWP/LSC believes there are good reasons for this not to be the case.
6. A move towards a simplified jointly agreed suite of targets with DWP/ DIUS/ LSC /JCP/ NWDA and other agencies which promote the integration of employment and skills and sustainable employment.
7. Data / Information – Building on the work of the ‘Enabling Measures Data Sharing Working Group’ (DWP EM Work Strand 1) we will work with DWP based on the agreed decision of the Group to ensure City Strategies are provided with:
 - Better access to non-disclosure DWP data
 - Guidance on data sharing with DWP

In addition we will want to review current national guidelines to local JCP GIS access to ensure we are maximising resource.

8. LCR partners request support from Government for their recent bid be a prototype area for the testing our of delivery networks in advance of the introduction of the new Adult Advancements and Skills Agency in 2010.
9. Early start of the Flexible New Deal programme – Evidence base to be worked up and agreed with DWP Contracting Division on the feasibility for an early start for our Phase 2 roll-out with early entry (from Day 1 if need identified) to FND based on individual need, tackling those spatial areas of concentrated worklessness using enhanced JCP advisory discretion with increased usage of Jobseeker Directions.
10. Align the roll out of Skills Accounts with Flexible New Deal from autumn 2009.
11. The LCR region Employment and Skills Board is recognised as the body that will endorse and oversee delivery of the LCR Employment and Skills Strategy. As a result the Board will have a meaningful say in the services funded by the key public bodies e.g. Jobcentre Plus, LSC, NWDA and local authorities to ensure that these service truly meet the needs of the local area. In the longer term securing section 4 status of the Further Education and Training Act will provide clear accountability to the city region partners.

CONTEXT

(i) Liverpool City Region Opportunities and Challenges

The LCR economy has the recent performance needed to make a significant contribution to accelerating the achievement of the Government's priorities and targets. However, at the same time, such issues as persistently high levels of worklessness, concentrations of deprivation and low skills attainment present the LCR with some significant challenges and barriers to closing the productivity gap and delivering social justice for all communities.

Disadvantaged groups have not all benefited to the same extent from the recent growth in jobs:

- The over 50s gap has narrowed but not as much as the UK;
- Black and racial minorities groups had closed the employment rate gap with the Merseyside average but this has recently opened up;
- The lone parent rate has been improving but is below the GB level;
- Disabled people have also been closing the gap but have still not reached 40% - a gap of almost 30% with Merseyside.

The gap has also widened for people with low or no qualifications. The new jobs have been accessed by those with intermediate and high qualifications, leaving those with low qualifications at an increasing disadvantage. For example

- Employment rates for 16-19 year olds are low; unemployment rates higher;
- The over-50s and those without qualifications are considerably over-represented amongst the workless. (40% of all workless);
- The number of children in households claiming benefits is higher than in comparable areas. One in four children lives in a household claiming a workless benefit - partly explained by lone parent households;
- Almost 50% of all workless claimants have been claiming a benefit for 5 years or more.
- Worklessness is one of the most serious aspects of market failure in the conurbation. It is concentrated in several major areas of multiple deprivation, with wide variations between and within the six local authorities. These areas are co-terminous with the 62 wards targeted for the DWP's Deprived Areas Fund (DAF). They have multiple deprivation, the lowest skills levels and other aspects of market failure such as collapsing housing markets, poor local amenities and low business densities.

The economic regeneration and urban renaissance of the last decade will not be completed until and unless these concentrations of disadvantage are replaced by skilled, economically sustainable communities.

LCR partners recognise the following as key challenges:

- Research indicates that skills differences appear to be the single determining influence on the productivity gap and also contribute significantly to a better quality of life for individuals and communities.
- The sub-region's qualifications profile has improved in recent years, driven in part by the age cohort effect. However, Merseyside is still behind other sub-regions in terms of its qualifications profile. One in three (34.8%) working age

adults is without an NVQ2 qualification, compared to 28% in England. This is partly connected with the high levels of economic inactivity in parts of the sub-region. The proportion with at least an NVQ4 stands at 21.3% (compared to the England average of 27.1%) and in recent years this gap has increased.

- Whilst Merseyside may have a comparatively poor qualification profile, the sub-region is making progress in terms of increasing participation and achievement at level 2 and 3 amongst young people and adults. Nevertheless, there is still a long way to go for example, although attainment levels amongst young people have been improving, nearly 45% of young people in Greater Merseyside leave school without a Level 2 or equivalent qualification, and approximately 10.6% of 16-18 year olds within Greater Merseyside are not in employment, education or training.
- Whilst the employment rate has been growing over the past decade, the rate remains some way below the regional average, and is currently estimated at 67.6%, compared to 72.5% in the North West (figures for June 2007). To reach the Government's 80% employment target, 106,240 additional people in Greater Merseyside would have to move into employment. There remain particular concentrations of worklessness, especially in Liverpool, Knowsley and Halton and amongst our disadvantage groups (see below).

	Total Worklessness	JSA Claimants	Incapacity Benefit	Lone Parents
Greater Merseyside	176,390 (19.4%)	35,030 (3.9%)	106,250 (11.7%)	29,360 (3.2%)
North West	630,240 (14.9%)	108,940 (2.6%)	403,700 (9.5%)	97,260 (2.3%)
Great Britain	4,400,370 (12%)	837,280 (2.3%)	2,631,270 (7.2%)	765,530 (2.1%)

DWP WACG MAY 2007.

- Looking forward, a sufficient stock and flow of people with the appropriate skills, which match the changing needs of employers, are crucial to the successful development of the city region's economy and to the prosperity and fulfilment of its people. Changes in the industrial composition of the city regional economy, including the continued growth of more knowledge-intensive industries, will be the main influence on demand for skills from local employers in the future. The structure of employment is forecast to change with a growth in managerial, professional, associate professional and technical, and personal service occupations, and a consequently greater requirement for high-level formal qualifications.

(ii) Delivering National PSA Targets

If the LCR is to achieve the national skills targets set by Government we will need:

- To increase the proportion of residents with functional literacy and numeracy skills to 90% by 2020, it will be necessary for 164,301 more residents to gain a level 1 qualification. An increase of 25.5%.
- To achieve the level 2+ qualifications aim of 79% by 2010-11, 198,556 residents would need to obtain a level 2+. This equates to a 38.8% increase on the present figure of 511,600 (56.9%).

- To achieve the level 3+ qualifications target of 56% by 2010-11, there needs to be an increase of 167,971 (50%) working age residents achieving this building on the present figure of 335,300 (37.3%).
- To achieve the target of 34% of working age residents with a level 4+ qualification by 2010-11 then there would need to be an increase of 111,181 residents (57.3%) obtaining this qualification on top of the 194,200 (21.6%) who currently have one.

To reach the Government's 80% employment target, 108,780 additional people in the LCR would have to move into employment.

(iii) Building on the LCR City Employment Strategy Partnership

In 2006 the LCR became a City Employment Strategy Pathfinder area, one of fifteen national pilots. The aim of the LCR City Employment Strategy is to increase the size of the workforce by assisting people from largest concentrations of worklessness into jobs, thereby building economically sustainable communities, through the design, development and delivery of a new and integrated model of delivery for skills and employment within the city region.

Research has demonstrated that in order to achieve the Government's 80% employment target not only will welfare to work services need to step up the rate at which inactive clients successfully return to the labour market, this will have to be achieved in the very areas which have particular concentrations of inactive clients and where there has been an acknowledged lack of employment opportunities. LCR partners recognise that the relatively low skills and qualification levels mean that job placement is insufficient on its own and must be supported by up-skilling.

The City Employment Strategy places employers - private, public and third sectors - at the heart of a demand led strategy which can support both increased business productivity and economically sustainable communities. Through effective dialogue and working relationships with employers partners aim to improve the economic potential of the city region. It is recognised that without proactive participation by employers, particularly in relation to retention support and workforce training and development this will not be possible.

City Strategy Pathfinders explicitly recognise the value of drawing in local knowledge and expertise across a range of service areas in order to embed local approaches into nationally defined employment related services. For local partnerships this provides two opportunities:

- To integrate a range of employability services on a scale which is manageable but will make a significant difference to local problems; and enable
- A dialogue between local partnerships and Government Departments with the potential to highlight remaining constraints and barriers on local effectiveness which might be addressed through changes in mainstream programmes and/or legislation.

The employment and skills platform of the MAA is building on the progress made by the City Employment Strategy partners and revisiting some of the previous requests for greater freedoms that were not granted but are still required in order to provide more effective service solutions to both individual and employers in the LCR.

LCR EMPLOYMENT AND SKILLS PROPOSALS

LCR partners are absolutely clear that the renaissance of the city region will not be realised unless the fortunes of its residents and neighbourhoods experience as transformational a boost as the economic and physical infrastructure has seen recently and there is a clear legacy to the opportunities afforded by Capital of Culture 2008. For this reason, employment and skills is at the heart of our MAA proposition, linking closely with other areas such as housing, transport and the economy platforms.

The MAA demonstrates the commitment of LCR partners to respond to the challenges outlined in the Sub National Review of Economic Development and the Raising Expectations White Paper (incorporating both pre-19 and post-19 skills and learning). It also builds on the recent announcement by the Secretary of State for the Department of Work and Pensions (DWP) to extend City Strategy pilots as a first step towards giving city regions more control over improving employment in their area by getting people back into work, by seeking a devolved model of commissioning.

There are five interlinked proposals which will add value to these key policy areas by putting in place mechanisms for partners to deliver across local authority boundaries, working alongside Government at the national and regional levels.

The proposals are:

1. A City Region strategy and planning framework that integrates employment and skills
2. Co-commissioning of and investment in delivery services
3. Improved data sharing to enable better targeting of provision
4. Integration of employment and skills with local services
5. Delegation and devolution of governance arrangements to the LCR

Proposal 1 – A City Region strategy and planning framework that integrates employment and skills

Our proposal is to produce a strategic Employment and Skills Strategy for the LCR, as the means by which the Government's SNR commitment to delegate investment support for local delivery can be achieved. The Strategy will provide an over-arching framework that will enable partners to bring forward and deliver agreed employment and skills programmes and initiatives that are of sub-regional or regional importance. It will be used to shape the investment priorities / delivery plans of the Learning and Skills Council; DWP/Jobcentre Plus; North West Development Agency and local authorities.

The Strategy will be consistent with and add value to the new Regional Strategy, sub regional and local economic assessments; but will be more than just a delivery mechanism for these documents. It will set out a high level vision and the key employment and skills objectives that reflect LCR's distinctive geography and seek to address the specific employment and skills issues at the functional economic level of the city region. This approach will help deliver relevant PSA targets and to close the

employment and skills performance gaps both within the LCR and with the north west and nationally.

With robust labour market analysis at the core, this will be an integrated framework against which policy and commissioning priorities for employment and skills interventions will be headlined and it will be supplemented by a joint prospectus and co-commissioning and delivery plan.

LCR partners would wish to discuss with Government the most appropriate timeframe to be adopted for the Strategy and how it can be integrated within the various business cycles adopted by the key public agencies. For example, NWDA and DWP work on financial years and DIUS/ LSC on academic years.

Case Study - LCR Employment and Skills Strategy

The Strategy will:

- Articulate the LCR vision and aspirations for skills and employment based on long term needs;
- Identify LCR economic opportunities and challenges as they link to skills and employment, including spatial and individual sector/employer needs;
- Be influenced by and align with regional, sub-regional and Local Authority; economic assessments and strategic developments;
- Make reference to 14 -19 Educational Plans;
- Define at a sub-regional level the needs of employers and individuals and how these will be met;
- Identify LCR priorities for major capital investment related to skills specialisms;
- Headline employment and skills targets as agreed within the MAA and the method by which impact will be monitored and measured across the LCR.
- Act as the framework for the commissioning of all employment and skills interventions including mainstream, discretionary and HE;
- Facilitate and drive forward the co-commissioning of activity across partners;
- Articulate a statement of intent around improving the quality and responsiveness of services which puts individuals and employers at the heart of the service.

The related commissioning delivery plan will include:

- Headline investment levels from key agencies e.g. JCP, NWDA, LSC (SFA/YPLA), LA and HEFC;
- Investment information for core mainstream funding, ESF/ERDF and LA WNF;
- Specify priorities for mainstream service delivery;
- Specify priorities for discretionary funds and added value requirements ;
- The accountability and scrutiny framework;
- The process and timetable for the co-commissioning of identified activities.

Barriers we are looking to address

- Economic activity does not respect administrative boundaries and it is important that local authorities and their partners understand how the local economy fits into the wider functioning economy. The development of a LCR Employment and Skills Strategy will provide a better understanding of the labour market conditions and needs of employers and will lead to more effective skills and employment policy and delivery at the city region level.
- Responsibility for the planning and commissioning of DWP programmes is discharged at the national level. Similarly, new arrangements proposed for the Skills Funding Agency operating at a national level, inevitably remote from local labour market intelligence, will not be able to plan a skills system that is responsible to the changing needs of local employers.
- The planning and investment of ESF and ERDF resources is made at a regional level.
- Local Authorities currently invest significant amounts of Working Neighbourhoods Fund in their localities but this may not necessarily support delivery of the wider city region employment and skills priorities.

Key Asks of Government

1. **The LCR Strategic Employment and Skills Strategy is accepted by the relevant Government Departments as the overarching agreement of employment and skills priorities and targets and used to inform the investment and alignment of core funds from DWP/ JCP, NWDA and DIUS/ LSC (SFA and YPLA post 2010). This includes priorities for major capital investment related to skills specialisms.**
2. **Post 2010, the LSC (SFA) and DWP will be required to submit new co-financing plans and LCR partners would like to explore how the LCR Employment and Skills Strategy could be recognised as the joint co-financing plan for the LCR and alongside this act as the investment framework for appropriate employment/skills ERDF measures such as Action Area 4.2.**
3. **Rationalisation of key agency funding cycles and procurement and contracting practices.**

Why this flexibility will make a difference

Through the City Employment Strategy partners have already collaborated on the development of a Single Investment Framework leading to the alignment of discretionary funds e.g. ESF, NWDA, ERDF, WNF investments, which has enabled partners to jointly create a continuum approach to employment and skills interventions.

Case Study - City Employment Strategy Single Investment Framework

It is estimated that between 2008 and 2020 there will be a need for an additional net 54,000 workers within the LCR. This equates to a potential increase in annual GVA of £6,918,400 by 2020. (Source: Liverpool City Region Economic Projections and Prospects, October 2007- *Cambridge Econometrics / SQW, 706900 jobs in 2008, estimate in 2020 of 760900*).

To help meet this demand from employers and to maximise the opportunities for local people, particularly those from disadvantaged areas/ groups, Greater Merseyside City Employment Strategy Pathfinder partners ie the 6 Local Authority Areas of Knowsley, Liverpool, Wirral, St Helens, Sefton and Halton, Learning and Skills Council, DWP/ Job Centre Plus, NWDA have worked together to join up circa £80 million pounds of investment in employment and skills interventions from 2007/08 to 2010/11.

This funding has been brought together within a Single Investment Framework for the LCR; by collaborating in this way the framework has been used to identify gaps in mainstream provision and as a result set the priorities to ensure added value is gained from the investment of other funds such as ESF/ ERDF/ WNF/NWDA. By aligning and in some cases pooling funds in this way the City Employment Strategy is targeted to support approximately 7,700 volume reduction in out of work benefit claimants in our most disadvantaged areas.

The above approach can only take partners so far given that the commissioning and delivery of mainstream programmes rests with Government and its agencies. Furthermore, this one size fits all approach does not promote innovation and the testing of new approaches based on local needs.

Our proposed new approach will build on moves to harmonise corporate plans in recent years and will provide a common reporting platform to support both individual Local Area Agreements and their aggregation in the form of the MAA. An undertaking from all Government departments and their agencies to agree to a duty to co-operate with partners on the LCR Employment and Skills Strategy (see proposal 2) will strengthen collaboration in delivery and bring benefits to the city region on a number of levels. For example:

- The Government's aspirations for an 80% employment rate and to halve Child Poverty by 2010 are within the current economic climate becoming even more challenging. DWP, by agreeing to work and invest alongside LCR partners within the context of the LCR Employment and Skills Strategy, will raise the profile of these targets with other partners such as the LSC/SFA. Achieving more synergy with other investments and activities will accelerate the achievement of these targets.
- The LSC's priorities are to increase the number of people achieving qualifications. This drives the focus for local LSC targets and priorities and is the basis on which funding is allocated and local office performance is measured. However, a substantial proportion of LCR client groups are in the first instance too far away from the labour market and will not access or achieve full qualifications. In some instances the best way of moving from inactivity to volunteering, training or employment is to provide alternative employability focused interventions, which are often not accredited. It is

therefore important that LCR partners have flexibility to agree a local set of targets and priorities, which sit outside of a qualification framework but are recognised at a national level.

- To achieve our ambitions for a high value-added knowledge economy through Higher Education (HE) the responsiveness and alignment of our higher level vocational skills offer to employers and specific sectors needs will be a vital factor in ensuring an appropriately skilled workforce and the retention of graduates. Currently it is not the responsibility of local HEIs to either plan or promote their provision to local residents or to ensure the local population has the Level 4 skills needed to meet the needs of the local economy.

Impact

LCR will manage policy at the right spatial level, ensuring clarity of objectives, and enabling places to reach their potential. This is in line with the principles of SNR and specifically the Government's plans to refocus both powers and responsibilities below the national level to encourage economic growth and tackle deprivation at every level.

Better integration of employment and skills priorities and services, ensuring the full alignment of mainstream and discretionary fund investments to meet the needs of LCR employers, individuals and communities will maximise value for money and the achievement of shared inter-agency targets. It will also lead to more employment outcomes, which are likely to be largest amongst those currently workless.

Collaboration on 16-19 planning and commissioning will be integrated with post 19 skills and employment. This will simplify the dialogue with training providers and FE Colleges.

The Employment and Skills Strategy will inform and equip LCR partners with the knowledge and specific actions to better link HEIs and local graduates to indigenous employers and potential inward investors in order to increase local GVA and as a by-product:

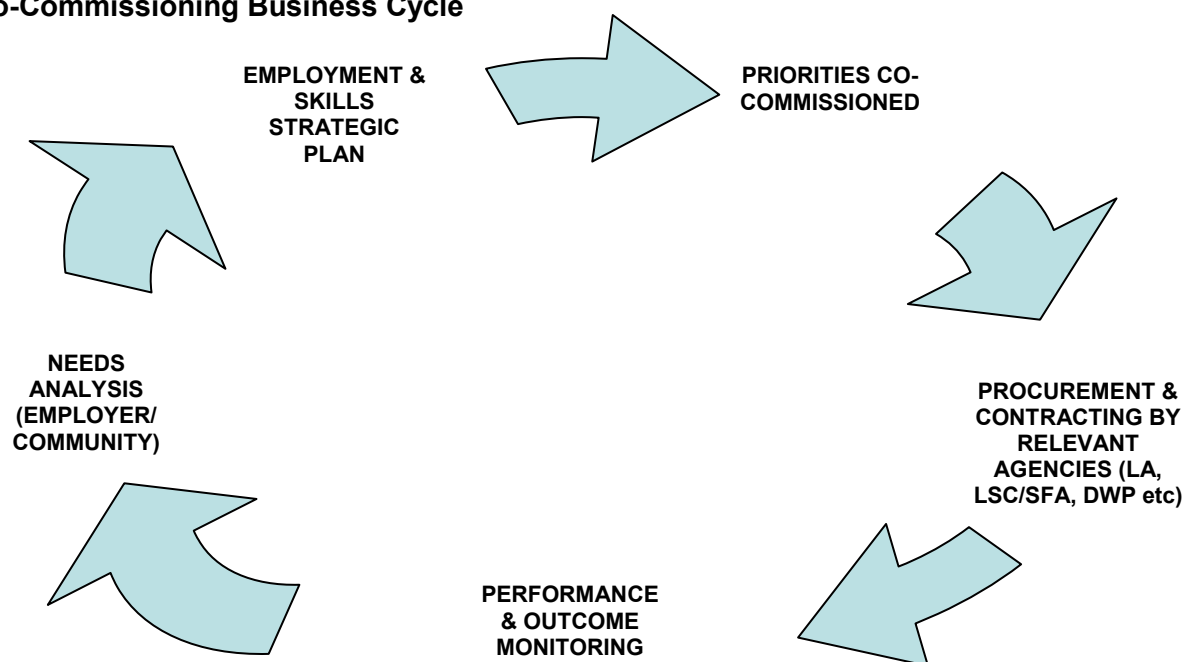
- Increase the number of graduate level jobs locally;
- Reduce Level 4 skills under-employment; and
- Improve graduate retention.

Proposal 2 - Co-commissioning of and investment in delivery services

Our MAA Story of Place evidences the challenges facing the LCR of high concentrations of worklessness and skills deprivation which are currently being played out across the city region alongside a rise in job vacancies and increased opportunities across the travel to work area. We want to have at our disposal all of the mechanisms, tools and responses to accelerate our goal of achieving sustainable skilled working communities throughout the city region to ensure no one is written off or disadvantaged to get, keep and progress in work.

The LCR Employment and Skills Strategy outlined within proposal 1 will be the integrated framework against which policy and commissioning priorities for employment and skills interventions will be determined. LCR partners anticipate that co-commissioning will follow the business cycle illustrated overleaf.

Co-Commissioning Business Cycle



Our proposal centres on establishing a radically new relationship between Greater Merseyside and DWP, DIUS and their agencies at each point within the above cycle. LCR partners wish to agree with DWP and DIUS the strategic priorities and outcomes specific to the needs of the geographical area.

Once an agreed set of strategic priorities and outcomes have been agreed by LCR partners and DWP and DIUS through the endorsement of the LCR Employment and Skills Strategy a joint prospectus and co-commissioning plan will be produced.

Because of the differing business and procurement cycles across partners and also the current state of play regarding existing mainstream and discretionary contracts that are already in place we envisage the first opportunity for testing out this approach to be the forthcoming procurement of DWP's Flexible New Deal Programme, some local authority WNF procurement and residual DWP and LSC ESF procurement.

Barriers we are looking to address

Partners are clear that the scale and severity of worklessness requires accelerated programmes of intervention to enable the city region to make the most of the window of opportunity of medium term economic growth. This is reflected by the adoption of National Indicator 153 in each of the 6 Local Area Agreements (LAA) and also the related stretch targets of the City Employment Strategy pathfinder, where the DAF ward worklessness rate stands at 28.1% (DWP WACG May 2007).

Although there is a statutory duty on public sector bodies to co-operate in LAAs there is no comparable duty in relation to MAAs. However, there is clear evidence and acknowledgment that the labour market is the best level to organise effective and relevant services for individuals and employers. Different roles and agency responsibilities at different spatial levels can make the system difficult to understand and this complexity can get in the way of the collaborative approach we need. Moreover, the geography of Greater Merseyside is such that Halton has an

anomalous position within the City Employment Strategy partnership because it is governed by a separate Jobcentre Plus district and LSC area.

Key Asks of Government

- 4. Duty to Cooperate – To endorse the joint roles of LSC, DWP, NWDA and the Employment and Skills Board (ESB) in shaping and managing the strategic decision making and alignment of funds on employment and skills priorities. This includes a requirement for prime contractors to work with the ESB to align delivery plans.**
- 5. Contracting areas to reflect the geography of the labour market – DWP and LSC/SFA/YPLA to adopt a design principle that Greater Merseyside is used as the contracting area, unless the LCR Employment and Skills Board and/or DWP/LSC believes there are good reasons for this not to be the case.**
- 6. A move towards a simplified jointly agreed suite of targets with DWP/ DIUS/ LSC /JCP/ NWDA and other agencies which promote the integration of employment and skills and sustainable employment.**

Why this flexibility will make a difference

The successful delivery of the LCR Employment and Skills Strategy will depend on all partners and key stakeholders engaging in the development and delivery of the Strategy and Commissioning Plan and on them agreeing to an informal duty to co-operate.

To better link supply with demand and integrate Halton's position with the 5 Merseyside local authorities we will establish a LCR Employment and Skills Co-Commissioning Framework which all partners can sign up to. This will be the integrated framework against which national, regional and local policy and commissioning priorities will be determined, delivered and performance managed across the LCR. It will deliver the LCR Employment and Skills Strategy and articulate which core programmes can be flexed better to respond to local needs.

Based on the priorities and targets within the LCR Employment and Skills Strategy (when established) this will be the integrated framework against which all procurement within the LCR will take place.

The commissioning prospectus will be developed through a joint design process. In the first instance this will look to make the tailoring of the Flexible New Deal more sensitive to local circumstances, existing provision and also more appropriate in terms of volume and scale. This will be done through:

- Series of partner design workshops
- Negotiation with DWP over early entry categories and Skills Health Checks
- Specification sharing and comment facility
- Joint outcome/ output catalogue framework
- Endorsement/ sign off process
- Establishment of a:
 - Joint pricing framework e.g. outcome based price per job, % framework for start, on programme, job, incentives for groups/ spatial areas, types of employers

- In built provider incentives catalogue – promoting provider behaviour to accept clients from other providers and move providers to the next stage of the continuum

Case Study - The LCR co-commissioning framework will specify:

- Priority groups; spatial priorities; investment streams/funding flows
- Core activities (mainstream) and variations agreed to mainstream delivery e.g. early entry for certain groups (how this is funded etc);
- Alignment of non core activities (WNF, NWDA, ESF, ERDF, other);
- Targets;
- Commissioning process and timetable to take account of business cycles;
- Agreed standardised/ published assessment and framework/criteria/ complaints handling;
- Joint bid assessment; joint contract award arrangements;
- Joint standardised performance monitoring and reporting; monitoring of sub contracted elements;
- Common quality monitoring process; remedial action steps and reporting;
- Evaluation and customer/employer satisfaction; sharing of information.

Impact

There are a number of areas where these proposals improve on existing arrangements. For example, the development of a shared and coherent approach to raising employment rates by positioning worklessness as a strategic priority for all public agencies and employers not just Jobcentre Plus. Linked to this, the creation of new strategic planning and governance arrangements at the city regional level will ensure that priority is given to those communities with the lowest employment rates and that there is sufficient delivery capacity in place to achieve much higher volumes of people into work.

Similarly, the introduction of shared local targeting and reporting structures between partners will allow focussed activity in areas of highest local need.

More generally this new approach will help to minimise duplication or displacement, improve the consistency of performance management and provider assessment mechanisms, stretch existing resources through better synergies and added value and ensure that local resources deliver a greater volume and are focused on tailoring the mainstream offer to support those who need more personalised service provision.

Proposal 3 – Improved data sharing to enable better targeting of provision

The LCR faces some of the biggest challenges in relation to tackling worklessness and upskilling its residents in the UK. Having the necessary local intelligence and tools to accelerate the city regional response is crucial to building sustainable skilled working communities. As recognised by DWP, CES Pathfinders require personal data to help them better target named residents to offer their services. However in most cases it is not the data requirements down to the lowest level (the individual) that is needed to make an enhanced impact on worklessness and skills targets. Prompt and more easily accessible local information and more qualitative data at non disclosure levels is an area that partners are interested in developing with DWP to support a targeted response to making a difference in our worst performing areas and for our most disadvantaged groups.

Our proposal is for LCR partners and DWP to develop an Employment Data Framework that will be the agreed mechanism to inform future employment and skills strategy across the sub region. Where the data required cannot be sourced from current data sources such as Nomis or the DWP Tabulation Tool, DWP and LCR partners will seek through relevant Memorandum of Understandings (MoUs) to ensure that the local Jobcentre Plus GIS information tool is available to extract and share required data sets. Furthermore DWP and LCR partners will explore and recommend ways for joint access and data gateways to be agreed with regard to Jobcentre Plus GIS data.

Data requests include (not yet exhaustive) small area data at LSOA and postcode levels of:

- Children in families on working age benefits.
- Movement between benefits (eg IS to JSA)
- Increased on/off flow data
- **Increased level** of benefit cohorts by age, duration, ethnicity, gender, and postcode
- Provider Performance (by individual Provider) for each programme in each LA area including lower level spatial performance and targets.

Barriers we are looking to address

The introduction of the DWP Tabulation Tool and the subsequent access to the various data sets has improved the intelligence local authorities and partners can utilise in understanding the challenges and targeting of resources to help more people back into work. All LCR areas have included in their LAA's priority indicator 153 which is concerned with reducing worklessness in the worst performing neighbourhoods and additionally are signed up to tackling worklessness in each of DAF wards in relation to its agreement with DWP and the CES Pathfinder status. LCR partners need access to data that can enable better targeting across the sub region and additionally better able to report progress specifically for those sub sets, groups and spatial areas data not currently available.

In the absence of small area DWP data Knowsley is currently using Acorn and Mosaic the two key social and lifestyle classification data sets as a proxy. Whilst the information from these data sets can enable the building of local area intelligence it does not replace up to date lower level DWP data that is currently gathered and available if shared with local partners.

Key Asks of Government

7. Data / Information – Building on the work of the ‘Enabling Measures Data Sharing Working Group’ (DWP EM Work Strand 1) we will work with DWP based on the agreed decision of the Group to ensure City Strategies are provided with:

- **Better access to non-disclosure DWP data**
- **Guidance on data sharing with DWP**

In addition we will want to review current national guidelines to local JCP GIS access to ensure we are maximising resource.

Why this flexibility will make a difference

Having regular and consistent data sets across the LCR available to partners will enable a coherent city regional approach to the challenges that transcend current local authority and partner boundaries. Working towards a singular understanding of the city regional scale of the challenge will inevitably lead to common approaches/responses based on a common intelligence framework. However sharing good practice and doing more of what works needs to be based on robust evidence. LCR data requests will build the evidence base for a more fluid joined up approach that will accelerate and enhance current performance.

Additional data will enable LCR partners to build the platform for better strategic planning, joint delivery development, spatial targeting and performance monitoring against its key targets. For example, availability of enhanced worklessness data with regards to the number of children whose parent(s) are claiming a working age benefit at small area data levels would enable the design and development of interventions based on the cohort intelligence to hand.

With reducing resources and the need for more sophisticated interventions and responses that will add value to mainstream delivery it is imperative that the level of data and intelligence is robust enough to ensure that the LCR partners are in a position to target resources more effectively to accelerate impact and achieve value for money. Without the lower level data it will be increasingly difficult to spatially pinpoint the key challenges and areas / residents to target to eradicate child poverty and narrow the gap between worst and best across the LCR and with UK average.

Impact

In order to achieve the greatest progress in the most deprived areas, reliable baseline, targeting and monitoring data is required at the small area level to inform the prioritisation of funding. This information will enable LCR partners to identify and understand better the type of interventions for each customer group that are most likely to result in sustainable employment. Additionally, access will allow a more accurate evaluation of the effectiveness and impact of employment support services against a robust baseline, so that future funding is directed towards those interventions that achieve the greatest results. This will produce a cashable benefit by reducing the cost of client engagement.

Proposal 4 - Integration of employment and skills with local services

This proposal centres on developing a more coherent and simpler to access employment and skills service. Building on pilot work through the City Employment Strategy, LCR partners recognise a key priority is to better coordinate publicly funded support to provide an improved service to both employers and individuals.

Partners are particularly aware of the scale of additional programme provision recently delivered on Merseyside through two European Objective 1 programmes. As we move forward with the replacement ESF Objective 2 programme, which represents approximately one third of the previous Objective 1 funding, there is an even greater need to integrate delivery activity across all partners.

LCR partners will seek to integrate employment and skills services by working together to forge new delivery networks across the full range of information advice and guidance, skills, recruitment and retention services; providing choice and opportunity for individuals and employers. This includes enhancing and linking existing networks/provision and connecting with beneficiaries both in work and those making the transition into work. In the first instance our ask of Government is based around three policy areas where we wish to introduce integrated service delivery models and/or accelerate activities in the LCR prior to the introduction of designated Government pilots. The areas are:

- Information, Advice and Guidance
- Flexible New Deal
- Skills Accounts

Barriers we are looking to address

Information, Advice and Guidance - LCR has a myriad of Information Advice and Guidance (IAG) services often delivered in isolation from Jobcentre Plus and local authority services supporting workless groups back into work. The majority of this service delivery sees employment as the end product rather than employment with further skills development to aid sustainability. In addition, because these services are funded through different routes they deliver to different success and quality measures.

Flexible New Deal - Merseyside has been included in Phase 2 of the FND rollout and given the scale of the challenge it is important to our strategic planning that we work with DWP to ensure that the JSA residents across the city region get the full package of welfare to work support that is possible. Additionally we would want to go further in our accelerated approach to tackling worklessness and eradicating child poverty by shaping up an agreed early roll out of FND for Merseyside with some additional customer flexibility to take advantage of these opportunities through more effective early interventions and earlier programme take up.

LCR partners agree with the DWP Green Paper (No One Written off) that the evidence from Employment Zones demonstrates the effectiveness of a more tailored approach to provision for the JSA client group. There is a legacy of a fragmented approach across the newly established Merseyside Jobcentre Plus District where Employment Zones operate across Liverpool and Sefton whilst in the other Local Authority areas New Deal 25+ prevails. The City Employment Strategy and MAA require a strategic and aligned approach to dealing with JSA. Early introduction of

the FND with additional flexibility should be the cornerstone of advancement in tackling its rising JSA count.

Skills - The low skills base of both those in and out of work across is a considerable barrier to driving forward the LCR economy and to increasing the employment rate. Looking to the future we need a find new ways to increase an individual's interest and understanding of the value of learning in terms of sustainable employment and career development.

Finally, there needs to be more co-ordination and better integration of services within the employment and skills delivery system. More specifically:

- LCR needs a greater focus on breaking down cultures of worklessness and low skills in the most deprived parts of the LCR through a highly integrated "whole public service" approach.
- LCR needs to move towards joint targets with DWP/ DIUS/ LSC /JCP and other agencies around sustainable employment.
- As a backdrop to the current economic climate several of the city region's major employers (e.g. motor and food manufacturing) are particularly prone to major waves of redundancies. LCR needs to develop a more integrated and flexibly system that can provide more individually tailored support – both to employers and individuals. A key priority for CES partners is to create an employment and skills continuum with easily accessible and quality IAG services at its core supporting a twin track approach by developing the skills and qualifications of those already in work as well as those about to make the transition into work.
- Long term inactive claimants represent a considerable proportion of LCR workless cohort and we need to develop a range of more flexible and innovative solutions and holistic support mechanisms to make it easier for this group to re-enter the labour market.
- Employer engagement across the LCR is undertaken by many different partners with each organisation seeking to promote their individual offer rather than an integrated package of employment and skills support.

Key Asks of Government

8. **LCR partners request support from Government for their recent bid be a prototype area for the testing out of delivery networks in advance of the introduction of the new Adult Advancements and Skills Agency in 2010.**
9. **Early start of the Flexible New Deal programme – Evidence base to be worked up and agreed with DWP Contracting Division on the feasibility for an early start for our Phase 2 roll-out with early entry (from Day 1 if need identified) to FND based on individual need, tackling those spatial areas of concentrated worklessness using enhanced JCP Advisory discretion with increased usage of Jobseeker Directions.**
10. **Align the roll out of Skills Accounts for the LCR with Flexible New Deal from autumn 2009.**

Why this flexibility will make a difference

Information Advice and Guidance - LCR partners through the CES have already agreed to develop a more integrated and flexible system of IAG delivery and would like to enhance this project with the opportunity to shape and influence the introduction of the universal Adult Advancement and Careers Service by being awarded a prototype. Through the prototype we will:

- Test out a range of innovative and flexible approaches to the delivery of adult information, advice and guidance services as an integrated part of a broader advice framework e.g. housing, debt advice etc.
- Create a responsive adult advancement service providing a 'no wrong door' approach, which enables individuals to access a holistic range of quality assured services from a wider range of locations and placing Nextstep careers advice within a broad mix of linked service networks e.g. housing, jobs, finance, childcare etc. This is key to overcoming barriers to progression.
- Create a foundation of networking and integrated service delivery across Greater Merseyside on which a universal offer can be built in advance of the national roll out of an Adult Advancement and Careers.

As part of the proposed Machinery of Government changes relating to 16 – 19 funding LCR partners will consider in the future the feasibility are combining adult and young people guidance services.

Flexible New Deal: Accelerating Jobseeker Support – The announcement of the implementation and roll out of Flexible New Deal (FND) is welcomed. Early introduction will enable LCR partners to focus interventions to respond to the rising JSA figures. At 36,920 (4.1%) in July 2008 the LCR Claimant Count continues to increase from 35,030 (3.9%) in May 2007. This current rate of 4.1% is a substantially higher rate than both the UK rate of 2.3% and the NW Region at 2.7%. Moreover, a total of 13 of the city region's 62 DAF wards have a JSA rate that is treble the national average and over 30 LSOA's across the LCR have a rate above 10%. Overall across the LCR half of all workless residents (50.1%) receiving a workless age benefit have been claiming for 5 years or more again exceeding the UK and regional rates at 44.6% and 48% respectively.

In addition to accelerating the roll out in Merseyside of FND, there is a need to do more for long term JSA customers, especially in the DAF wards, our 10% LSOA's in the worst position and for certain client groups eg those JSA parents / customers with children. Given that a more personalised approach works we would want to see more JSA customers identified at the earliest opportunity to receive extra help from FND were it is considered it would make a difference. We need Early Entry eligibility to go further to ensure that early interventions, support and the earliest referral to FND where identified so to accelerate a return to the labour market for our JSA customers who need a personalised approach at the earliest opportunity without a 12 month wait. Whilst this would not be required for all JSA customers (as 9 out of ten JSA customers will leave benefit before 12 months) JCP advisers have the expertise and are in a position to recognise early intervention and refer to FND based on need and value for money.

In taking this forward this ask of Government partners would want to work with DWP on widening early entry to FND on its implementation. We anticipate making a business case based on sound value for money criteria to ensure we move JSA customers back into work more quickly than at present to achieve more of and more quickly

Skills Accounts - LCR partners would like to propose to Government the early introduction of Skills Accounts within the city region as a mechanism to engage with individuals in the workforce and to address our low skills base and culture of low aspirations. The new Skills Account as defined within the Work Skills Paper would deliver a new mechanism to engage with learning within the city region. This would promote the concept of power and choice to individuals and invigorate the current way people access learning and skills support. It would underpin and support the continuum approach to employment and skills, which is the foundation used by City Employment Strategy partners to deliver a more integrated model of funding service delivery. If introduced Skills Accounts would also be integrated within the package of support available for Jobcentre Plus clients preparing for work.

Case Study – Reforming the LCR Employment and Skills Delivery System

Through the City Employment Strategy have already agreed to:

- Amalgamate the Skills and Employment Pledge;
- Sign up as partners to the Employment and Skills Pledge;
- Look at the feasibility of all local authority sub contracts to include commitment to the Employment and Skills Pledge and minimum L2 skills;
- Develop an all partner single city region inward investment/ expanding employers and redundancy response blueprint model;
- Conduct a review of all employer engagement activities across partners with a view to rationalisation of activities and bodies;
- Packaging our employment and skills offer together for employers so as to maximise opportunities to promote recruitment, IAG, retention and skills development as a continuum concept;
- Consider the development of a single employer engagement strategy and brand;
- Explore the feasibility of introducing Skills Health Checks for priority groups.

Impact

The impact of the approach set out above will be a greater alignment of provision to meet the needs of individuals and employers and more effective co-ordination of delivery across agencies. The introduction of a strategic delivery framework will improve the coherence of services for the client and raise the ability of agencies to collaborate around core goals. This in turn will support the early achievement of Adult PSA targets across the city region.

Being a prototype for the AACS will allow partners to influence Government thinking around the delivery of the new service so that we get an approach that works for us locally. Early testing out of activity will supplement the work already planned by the City Employment Strategy and will help to provide a focus and lever for change

acting as a catalyst to bring the myriad of providers together into a cohesive network ahead of the national roll out of the AACS universal service.

Failure to bring forward FND would delay LCR's positive response to accelerate the eradication of child poverty and reduce the rising JSA count in our worst performing areas and for our priority groups.

Proposal 5 – Delegation and devolution of governance arrangements

LCR partners are seeking a meaningful say in the way services are funded by DWP and DIUS in our area, to ensure that they truly meet the needs of the local area now and in the future. In return partners will commit to use discretionary funding, such as Working Neighbourhoods Fund, in approaches that complement core employment and skills programmes, building on the approach currently being taken with the City Employment Strategy.

Clearly devolution of decision-making to the LCR will be dependent on the appropriate partnerships and governance being in place. The model proposed is for the LCR to establish an Employment and Skills Board (ESB), based on governance arrangements that are integrated with the Leaders Cabinet and other Liverpool City Region Boards. Securing high level representation from elected members and a strong employer presence on this Board will be essential.

Our goal is to deliver a step change in the degree to which services combine and align behind shared priorities. For the MAA to be truly ground breaking partners believe that securing section 4 status under the 2007 Further Education and Training Act for the Employment and Skills Board is essential. This will bring clear accountability to the city region partners underpinning all other asks of Government outlined in this section.

Key Asks of Government

- 11. The LCR region Employment and Skills Board is recognised as the body that will endorse and oversee delivery of the LCR Employment and Skills Strategy. As a result the Board will have a meaningful say in the services funded by the key public bodies e.g. Jobcentre Plus, LSC, NWDA and local authorities to ensure that these service truly meet the needs of the local area. In the longer term securing section 4 status of the Further Education and Training Act will provide clear accountability to the city region partners.**

Case Study – Implementing the MAA Employment and Skills Platform

Through the City Employment Strategy steps are being taken to pass more responsibility to the local level. Despite this there still remains a widespread need to ensure that different services combine and complement each other more effectively. In some cases, mainstream services also need to embed the best practice developed in pilots to ensure all client needs can be addressed. A major part of the MAA includes the manner in which the partners work together as well as the nature and priorities for action.

A focus for the Employment and Skills Strategy will be to drive improvements in service delivery through the integration of activities between different areas of the LCR on the one hand and between different service provision on the other. In taking this forward we expect to build on existing: for example, local authorities have developed a great deal of expertise in improving service delivery through the Best Value process and we would wish to use this experience to inform this wider cross-partnership process. Jobcentre Plus and the Learning and Skills Council have a track record exploring the degree to which their activities link across the Welfare to Workforce development agenda.

Development and delivery has to be set in the wider context of the LCR and recognition given to the greater variety and concentrations of needs across the area. This will mean changing the ways that partners work by building these other dimensions into what they do already. Evidence from the City Employment Strategy suggests it is likely that the process of implementation will be evolutionary rather than revolutionary.

Why this flexibility will make a difference

The ESB would be the decision making body for employment and skills strategy and funding at the sub-regional labour market level. Proposed roles and responsibilities for the ESB include:

- Provide leadership on employment and skills to the City Region, including the Economy Board, City Employment Strategy, Directors of Children's Services and higher education;
- Approve and take decisions to secure the delivery of the Liverpool City Region Employment and Skills Strategy;
- Set the priorities for City Region Commissioning Plans for both pre-19 and post-19 employment, skills development and learning;
- Oversee major capital investment related to skills and specialisms;
- Review and endorse 14-19 Local Authority Plans;
- Commission from training providers and general further education colleges to deliver 14-19 entitlements;
- Co-commission DWP, DIUS, NWDA post-19 employment and skills provision and review performance;
- Review the performance of national and regional employment and skills contracts being delivered in the sub-region;
- Take decisions to pool and align funding streams (including DWP, European Social Fund, North West Development Agency, Working Neighbourhoods Fund) to support shared priorities;

- Continuously ensure alignment with emerging policies and initiatives and review and approve changes to the Employment and Skills Strategy as necessary; and
- Manage relationships with regional and national agencies, including DWP, Jobcentre Plus, the new Skills Funding Agency, Young People's Learning Agency, National Apprenticeship Service, NWDA etc.

Impact

The LCR Employment and Skills Board will support delivery of individual local authority LAA targets, Jobcentre Plus, LSC and NWDA targets as well as relevant national PSAs. Commissioned activities will cross local authority and agency boundaries in order to concentrate resources on the neighbourhoods and employment sectors with the most acute need/opportunities. The Board will provide the strategic and performance management framework for this and in doing so maximise the synergies between all geographic levels, ranging from neighbourhood to local authority, city region, region and national.

The Board will give employers a prominent role in helping to increase the employment, skills and productivity of the LCR and in local decision making. LCR partners recognise that employers are best placed to identify the needs for the future development of the workforce and the skills needs of the future.

The effective prioritisation of resources and joined up delivery of services will clearly be strengthened through the formalisation of partners' shared commitments to LCR outcomes.

23 September 2008