



OVERVIEW AND SCRUTINY BOARD

3 JANUARY 2006

FINAL REPORT – WORKLESSNESS

PURPOSE OF THE REPORT

1. To present the findings of the Economic Regeneration and Transport Panel's review of Worklessness.

AIM OF THE SCRUTINY INVESTIGATION

2. The overall aim of the Scrutiny investigation was to make recommendations in relation to the Council's, and its partner agencies', role in tackling worklessness and more broadly on the nature of a strategic approach to tackling worklessness in Middlesbrough.

TERMS OF REFERENCE OF THE SCRUTINY INVESTIGATION

3. The terms of reference for the Scrutiny investigation were as outlined below:
 - a) To agree a working definition of worklessness for the purpose of conducting the scrutiny review.
 - b) To investigate the nature of worklessness in Middlesbrough, which will include an understanding of: the size of the workless population; the characteristics of this population; and the causes of worklessness
 - c) To examine the structure and nature of current projects aimed at reducing worklessness in Middlesbrough including an assessment of the effectiveness of these projects
 - d) To gain an understanding of the resource implications of worklessness
 - e) To examine the barriers to employment
 - f) To examine to what extent the existing provision is meeting the need for a strategic co-ordinated approach to tackling worklessness

- g) To establish if there are any gaps in provision and to investigate what the Council is doing in terms of helping people into work.

METHODS OF INVESTIGATION

4. Members of the Panel met formally between 27 June 2005 and 13 October 2005 to discuss/receive evidence relating to this investigation and a detailed record of the topics discussed at those meetings are available from the Committee Management System (COMMIS), accessible via the Council's website.
5. A brief summary of the methods of investigation are outlined below:
 - (a) Detailed officer presentations supplemented by verbal evidence.
 - (b) Detailed discussions with the following service providers: Pertemps, At Work, Inbiz and Job Centre Plus.
 - (c) Discussions on the regional perspective with Hilton Heslop from Government Office North East and Robin Beveridge from One North East.
6. The report has been compiled on the basis of their evidence and other background information listed at the end of the report.

MEMBERSHIP OF THE PANEL

7. The membership of the Panel was as detailed below:

Councillor M Booth (Chair), Councillor P Sanderson (Vice-Chair), Councillors S Bloundele, K Hall, J Ismail, B Taylor, J Taylor and M Williams

BACKGROUND INFORMATION

8. The term worklessness is a less familiar term than unemployment and it can be used to describe those without work. It can also be used to describe all those that are out of work but who would like a job. However, worklessness is not the same as unemployment as it can include people who are unemployed as well as people who are economically inactive i.e. those people of working age who are neither working nor looking for work, for example, someone who is on incapacity benefit. The panel considered the term 'worklessness' in further detail as part of the review and the findings are contained in paragraphs 20 to 25.

Why is Worklessness a Problem?

9. The Social Exclusion Unit's Report on 'Jobs and Enterprise in Deprived Areas' states that the country should have a stable economy where everyone has the opportunity to work. The report also states that employment levels have risen in every region, however not all areas have benefited equally from that rise in employment levels.

10. The report outlined the reasons why it mattered that workless people were concentrated in the same areas, this included the following points:

- Not working damages a person's life chances, especially those of children and young people who should be entering the workforce.
- People in areas where there are lots of other workless people have lower expectations of getting a job and a lower probability of actually starting one.
- Over the past few decades working and workless people have been moving apart geographically.
- Living in the most deprived areas with the very highest levels of unemployment has particularly strong negative effects on a person's chances of leaving poverty.
- There is a danger that children growing up in families with little contact with the world of work could therefore have limited aspirations to join it.

11. The study noted that the people who live in concentrations of worklessness tend to be from groups who were known to do badly in the labour market, for example:

- Almost half of the working age population in areas of worklessness have no qualifications.
- Half of all households in concentrations of worklessness have at least one person with a limiting long-term illness.
- A third of carers in these areas provided more than 50 hours of unpaid care each week.

12. Responses to the Social Exclusion Unit consultation also suggested that many people living in areas of worklessness had:

- Multiple disadvantages.
- Low aspirations for work and study and extremely narrow travel horizons.
- Two or three generations out of work in the same family.

13. The Centre for Economic and Social Exclusion has recently undertaken a study to develop answers to the worklessness issue in the light of generally positive news on employment. As they noted, employment is at record levels and for many the level of prosperity is rising, along with work programmes and regeneration initiatives that seem to be working. However despite this progress, not every neighbourhood has shared equally in the new opportunities.

14. It was estimated in spring 2004 that nationally, there were three million working-age households that had no adult members in work (that equates to 16% of all working-age households). Of those, 82% were households in which all of the adults were economically inactive.

15. The Centre state that worklessness is damaging to life chances and that social deprivation is linked to social exclusion. People who live in deprived areas are 2.5 times more likely to say that crime and anti-social behaviour are a serious problem.

16. The Centre notes that the government has taken action to reduce the barriers to employment in key areas of childcare, skills and transport and tax credits, the minimum wage and benefit run-ons have focused on 'making work pay'. However, the Centre found very local pockets of unemployment and economic activity remaining, even right down to the levels of individual streets. The Centre studied

three areas Middlesbrough, Kerrier and Birmingham and found that patterns of local pockets of worklessness were different in different places. In Middlesbrough local pockets were grouped together in certain wards. The study noted that having lots of people out of work living together in one place created cumulative problems and that people living in those places had lower expectations of getting a job.

17. In order to address the numbers of people who claim Incapacity Benefit, the Government has also announced the Pathways to Work pilot that will take place in a number of areas including the Tees Valley. This initiative is aimed at helping people get back to work, to help them overcome the barriers they face, for the benefit of the individual and for the local community and economy so that skills and potential are not lost.
18. Locally the issue of worklessness is also recognised in the Council's Corporate Plan under the section 'Promoting the Economic Vitality of Middlesbrough'. Under this section and within the Mayor's reduction agenda the priorities include reducing unemployment and benefit dependency.
19. The Council have prioritised, through the Mayor's reduction agenda, a number of issues within the 'promoting the economic vitality of Middlesbrough' theme which will impact on the worklessness agenda. A number of planned actions have been identified, they include:
 - **Establishing an environment that encourages and supports economic vitality.** Through an Economic Development Strategy the Council would work with agencies and partners in the creation of a positive environment for economic vitality. It would also involve implementing a comprehensive strategy of environmental management and business improvements in the town centre, improving the quality of the town's traditional industrial and commercial areas, developing key business sites and enhancing Middlesbrough as a centre for technology, digital media and creative industries.
 - **Providing business support that encourages more businesses to set up, locate and grow in Middlesbrough.** Through the provision of support for new businesses to enable them to locate and grow in the town and ensuring the Council is supportive of local businesses in the way it carries out its own functions and activities.
 - **Ensure that Local People have the appropriate skills and can access jobs and opportunities.** Helping to reduce unemployment and benefit dependency by working with partner agencies to ensure that the network of local, regional and national business support services meets Middlesbrough's needs. Through supporting a range of employment initiatives to assist local people to access employment and economic opportunities. The key target, contained within the Council's 2005/06 Corporate Performance Plan, is to assist 700 people into employment through supported projects and reduce Middlesbrough's unemployment rate to closer to the Tees Valley average.
 - **Changing Attitudes by promoting Middlesbrough's success.** Through the development of a town branding strategy.
 - **Playing a Strong Role in the Sub Region.** Through representing Middlesbrough at a Tees Valley and a regional level

THE PANEL'S FINDINGS

TO AGREE A DEFINITION OF WORKLESSNESS FOR THE PURPOSE OF CONDUCTING THE REVIEW

Definitions of Worklessness

20. 'Worklessness' is a less familiar term than 'unemployment' and it has come more into use in recent years as the numbers claiming unemployment benefit have fallen, whereas the numbers of people of working age who are not working, has remained high, particularly in certain parts of the country.
21. In May 2005, for example, the Department for Work and Pensions issued a press release quoting Margaret Hodge, the Minister for Work and Pensions talking about the recently released employment figures and claiming that
- "Today's figures mean we start the government's historic third term with the strongest labour market for decades: employment at near record levels and unemployment the lowest for thirty years. With nearly three quarters of working age people in work, we have the highest employment rate of the major world economies."* (Dept for Work and Pensions 2005)
22. The figures that she was celebrating show that 74.9% of people of working age are in employment. Clearly this means that 25.1% are not working and yet only a fraction of these are registered as seeking work. As the Renewal.Net review of worklessness published in 2003 explained, it is important to distinguish between unemployment and worklessness. The following definitions are based on those provided in that document:
- **Unemployed claimants:** this is the narrowest definition and includes only those claiming Job-Seekers' Allowance (JSA). It is based only on those eligible for JSA and therefore excludes large groups of people who may consider themselves to be unemployed and who are looking for work, such as the partners of JSA claimants.
 - **'ILO unemployment':** this measures unemployment in terms of all those who are out of work and actively looking for a job. It was defined by the International Labour Organisation and is measured by a regular survey of the national labour force. The Government increasingly uses this internationally recognised, standard definition of unemployment.
 - **Worklessness** goes further than this. It also includes those who are 'economically inactive'. The economically inactive are people of working age who are not working, are not in full-time education or training but who are not actively seeking work for a variety of reasons.
23. This paper argues that, whilst some people in the workless category are outside the labour market voluntarily, because of family responsibilities or early retirement for example, there is evidence that many others want a job and would work if they had the right opportunity, incentive or path back into employment (Renewal Net 2003).

24. The Social Exclusion Unit Report “Jobs and Enterprise in Deprived Areas” (ODPM 2004) presents a detailed analysis of the distribution of workless households and an analysis of the causes of worklessness. The report explains that, whilst concentrations of worklessness occur in all parts of the country, 60% of the concentrations of worklessness are to be found in the North East, the North West, Yorkshire and Humberside. These concentrations are disproportionately associated with areas that were traditionally dependent on mining and heavy industry for much of their employment. The report goes on to pick out the certain local authority areas with the highest concentrations of worklessness in the whole country as being: “Easington, Hartlepool and Middlesbrough in the North East and Liverpool, Knowsley and Manchester in the North West.” (ODPM 2004 pg20)

25. The panel learnt that for every person who claimed benefit there were another 3 people who were not claiming anything. The panel considered their definition carefully and for the purposes of the review their definition of worklessness adopted for this report is as follows:

‘Those people who are unemployed and claiming benefits and also those who are not claiming benefits but who are involuntarily out of work and therefore considered economically inactive.’

TO INVESTIGATE THE NATURE OF WORKLESSNESS IN MIDDLESBROUGH: WHICH WILL INCLUDE AN UNDERSTANDING OF: THE SIZE AND THE CHARACTERISTICS AND THE CAUSES OF WORKLESSNESS

26. At the panel’s first meeting the Economic Development Manager outlined to the panel the details of a review compiled by an organisation called Shared Intelligence. They had been specially commissioned by the Council to undertake a review of local employment initiatives. He explained that there had been a shift in government focus from unemployment to worklessness and this is especially relevant for Middlesbrough because the town has one of the worst six concentrations of worklessness in England.

Worklessness in Middlesbrough

27. The Shared Intelligence Report included the following statistics regarding worklessness in Middlesbrough:

- Middlesbrough has a population of 139,000 of whom 78% (80,000) are of working age. There are 57,000 economically active people in Middlesbrough which equates to 70.4% of the working age population, compared with 73.5% regionally and 78.3% nationally. The employment rate amongst people of working age is significantly lower (63.5%) compared with regionally (68%) and nationally (74.3%).

- In terms of benefit claimants, Middlesbrough had a Job Seekers Allowance (JSA) claimant count rate of 4.6%, the highest in the Tees Valley and approaching twice the national average, with 45% of claimants who had been claiming for more than 26 weeks. Despite this unemployment in the borough has fallen substantially over the last five years and at a faster rate than the Tees Valley or Great Britain as a whole. However the number of people on all benefits in Middlesbrough is more than twice the national average; there are almost five times more Incapacity Benefit (IB) and Income Support (IS) claimants than JSA claimants in Middlesbrough and the numbers of IB/IS claimants have been static in recent years. In total there

are almost 20,000 residents claiming Incapacity Benefit or Income Support, with 50% of those residents claiming Incapacity Benefit for more than 12 months.

28. Worklessness seemed to be a particular problem in the following wards: Beckfield, Beechwood, Clairville, Gresham, Hemlington, Middlehaven, North Ormesby, Brambles Farm, Pallister, Park End and Thorntree.

Characteristics

29. The report compiled by renewal.net noted that behind the headline figures the picture is complex and generally worklessness was concentrated in certain types of people and households:

- A higher proportion of men than women were workless though the proportion of women not actively seeking work keeps the unemployment rate down
- Worklessness is highest in the youngest age group 16-24
- Worklessness rates for those from ethnic minority groups were greater
- Worklessness is concentrated on those with low or no qualifications
- Worklessness is higher among people with disabilities and there is a high proportion of lone parents who are unemployed compared to the population as a whole

30. Long term worklessness is seen as a particular problem:

- A third of those who become workless are still workless after 6 months and a quarter after a year
- For those who are workless for longer periods of time, it can be increasingly difficult to get back into work
- The long term workless tend to be older, male and low skilled

Causes

31. A report by the Social Exclusion Unit has identified that concentrations of worklessness occur in all parts of the country, with only 20 of the 354 local authorities in England not having a concentration of worklessness. In the UK growth has occurred in the South East and manufacturing and mining have declined in the rest of the country including regions such as the North East. Many of those previously employed have been unable to afford to move or commute to what are low-paid jobs in different areas.

32. In the Social Exclusion Units report on worklessness, they identified that concentrations of worklessness happen for different reasons, but that there were 3 main explanations

- **Changes in the nature and location of jobs** – a main local employer or industry closed down, lack of accessible jobs and the informal economy which can make formal work less attractive, especially when combined with benefits.
- **Residential sorting** – the housing market groups the most disadvantaged people together
- **Area effects** – location, lack of infrastructure, area discrimination by employers

33. What is important to consider though is that the reasons that originally cause an area to suffer from worklessness are not always the reasons that keep them there over time. Hence government and regional action and initiatives are being developed to consider how employment policy can be focussed on improving people's job search, motivation and skills.
34. The panel learned of the importance of the demand and supply of labour. Put simply people can choose to enter the labour market based on the jobs that are available and employers decide to locate in an area based on their views of the labour market that will be available to them.
35. It was outlined how a supply and demand strategy is important. In Middlesbrough there are lots of organisations who are helping people to access the labour market however more work needs to be undertaken to stimulate both demand and supply, i.e., encourage employers to locate in Middlesbrough and ensuring that people have the skills that are in demand. It was therefore necessary to ensure that employees met employers' needs and that the Council would work with both sides to achieve just that.
36. This issue was discussed in length with representatives from One North East and Government Office North East. It was again noted that a lot of work was being undertaken to create a demand for labour, with One North East working to create more demand for labour by improving access to economic opportunities and supporting and influencing government policy. Questions were asked that why, despite efforts to provide training opportunities, employers still continued to claim that the region suffered from a skills shortage. There were a number of possible answers to this question, it was thought this could be due to the lack of 'soft skills', in that people had the qualifications but did not necessarily have the soft skills such as motivation, interpersonal skills and timekeeping for example.
37. The panel learned that efforts had been made to work with people to tackle the issue of a lack of motivation, helping people who may have been out of work for a long period of time to regain confidence, to work with employers to change people's perceptions of work and make it an attractive option. For example, it was suggested that young people had a perception of the construction industry that meant they did not necessarily want to work in that sector, despite the opportunities being available. Agencies and the construction industry would need to work together to encourage young people into this area of work.

TO EXAMINE THE STRUCTURE AND NATURE OF CURRENT PROJECTS AIMED AT REDUCING WORKLESSNESS IN MIDDLESBROUGH INCLUDING AN ASSESSMENT OF THE EFFECTIVENESS OF THESE PROJECTS

38. The Panel was presented with information regarding the projects that were being delivered across Middlesbrough, this was sub categorised into three sections
- Middlesbrough Wide Provision
 - Worklessness Projects within Disadvantaged Wards
 - Middlesbrough Area Based Initiatives

Middlesbrough Wide Provision

39. There were a total of 21 projects operating throughout the whole of Middlesbrough, all operated by a variety of organisations which included Working Links, Jobs Centre

Plus, Learning and Skills Council, Age Concern, Cleveland Trade Union, Meagis Ltd, Broker North East, Positive People Development, Wise Group, Connexions Tees Valley, Remploy, Shaw Trust, Community Campus, West Middlesbrough Neighbourhood Trust, Hope Foundation and the Women's Support Network.

40. These projects covered a whole range provision for the people without work and ranged from schemes including those for young people, harder to reach disabled people, homeless people, long term unemployed, Lone Parents, BME community, over 50s and those on Incapacity Benefit.
41. It was noted that there was a wide range of employment support programmes operating across Middlesbrough with a number of different funding regimes, there was evidence of duplication and research had highlighted a need for improved co-ordination across projects.

Worklessness Projects within Disadvantaged Wards

42. The panel learned that there were four projects covering a number of disadvantaged wards in Middlesbrough: Incapacity Project run by Pertemps, Building Bureau run by Middlesbrough Council, At Work run by At Work Recruitment Ltd and New Business Start up run by Abu Bakr.
43. Reference was made during the panel's evidence gathering that there were a number of funding regimes, in particular Neighbourhood Renewal Fund (NRF) and European Social Fund (ESF) for projects which were more locally determined and which were targeted at areas of deprivation. There was a consideration that there was less of a duplication of provision at this level.

Current Area Based Initiatives

44. At the time of writing there were 4 area based initiatives: Hemlington Works; Working In Neighbourhoods; Task Force and Employment and Enterprise covering the following wards respectively: Hemlington: Coulby Newham and Stainton & Thornton; Thorntree; University; and Ayresome. These initiatives are designed to meet the needs of specific client groups in specific localities. The full list of those initiatives can be viewed at appendix 1.
45. Officers recognised that they were unable to provide an in-depth analysis of the impact that those organisations had made on reducing worklessness mainly due to the fact that work was in the early stages to just begin to map the organisations that existed. Therefore detailed research on the impact of such organisations did not exist at the time of the review. It was recognised by officers that there is a need to evaluate the impact of projects and even more so when they come to an end.
46. However, as a result of the attendance at the panel meeting Job Centre Plus were going to undertake a study of the last 12 months to consider the statistics and identify how many people had been able to stay off benefits.
47. Panel members were advised that due to the varying criteria and complexities of each product it was therefore very difficult to compare projects and evaluate their effectiveness, this was acknowledged by the panel.

48. It was also noted that there was almost a 'revolving door' effect in that if people are successful at getting a job they then move away from the area of worklessness, other workless people can move in, so the figures for that area remain the same.

TO GAIN AN UNDERSTANDING OF THE RESOURCE IMPLICATIONS OF WORKLESSNESS

49. The Panel was aware that many of the initiatives and projects were funded by short term funding streams, many of which were due to end in March 2006. The panel was interested to gain an understanding of the impact to those organisations following the cessation of their funding.

50. The panel was informed that the Council's Local Employment Initiatives Team was working with commissioners and providers to ensure that an appropriate network of provision was available Middlesbrough wide. The Local Strategic Partnership, through the Economic Vitality Action Group (EVAG) had formed a sub group known as Middlesbrough Works to oversee the co-ordination of a scoping and mapping exercise. This will detail a number of worklessness issues, such as: current provision; who their funders are; when the funding ends; and the impact locally on the worklessness agenda when the funding ceases. Throughout this exercise opportunities could then be maximised by the setting of targets endorsed by Middlesbrough Works, which would then be embedded into the Economic Development Strategy.

51. Members were presented with a comprehensive list of information regarding the various projects that exist in Middlesbrough, when their funding ends and the likely impact on the worklessness agenda.

52. It could be seen from that information (which is attached at Appendix 2 for further reading) that for many of the existing projects their core funding was scheduled to cease in March 2006

53. Officers had identified the likely impact on the end of that of core funding on those service providers in Middlesbrough and the worklessness agenda as a whole. For the majority of those organisations the impact was going to what officers described as 'high'. In many of those cases those organisations would cease to operate.

54. The Council are also in the process of producing an Economic Strategy which will outline who the Council will work in partnership to ensure the best way forward with this issue.

55. The findings were substantiated by evidence put to the panel in the form of a briefing paper regarding the financial constraints recently being placed on Job Centre Plus (JCP).

56. To summarise the evidence Members received, Officers informed the panel that severe budget restrictions had led JCP to reduce financial provision within their programme's budget. That included support which JCP contracts through external providers for training, guidance and other support to unemployed people in the Tees Valley.

57. It amounted to around £5 million worth of provision being lost from the Tees Valley and £1.5 million from Middlesbrough. This resulted in a loss of the following programmes: full time education and training option from New Deal; self employment option from New Deal; Environmental Task Force option from New Deal; Mentoring; and Occupational Training.
58. The loss of such funding had major implications for a wide range of organisations in Middlesbrough who were established in order to tackle the issues of worklessness and unemployment. The options available to the Council were outlined; permission was being sought from Government Office North East (GONE) to use European Social Fund (ESF) monies in order to fund services lost from mainstream provision. Business Link in Tees Valley is also looking at the situation to see if they can support the self employment element of the provision.
59. The panel was informed that there seemed to be little opportunity to lobby against this in any way and the budget cuts were happening on a national level.

TO EXAMINE THE BARRIERS TO EMPLOYMENT

60. In order to consider the barriers to employment the panel met with a number of representatives from the following organisations involved with the worklessness agenda in Middlesbrough: Pertemps, At Work, Inbiz and Job Centre Plus. This enabled the panel to hear first hand about the issues that people affected by worklessness faced, the barriers to employment, how people could develop their skills to help them gain long term employment and how people could be supported to enable them to start their own business.

Barriers to Work

61. The panel was interested to understand the barriers that existed that made it difficult for some people to enter the labour market. The panel learned that the Shared Intelligence Study had taken a snapshot of the views of a number of groups to gather their views on their experiences of worklessness.
62. The main barrier found by young people were the lack of suitable vacancies available in the area. The lack of suitable vacancies within Middlesbrough and the cost and inadequate provision of public transport meant that transport was seen a major barrier. Other barriers, which were raised were lack of basic skills, low levels of confidence and a poor knowledge of the world of work and to a lesser extent addiction, mental health problems and criminal records.
63. Young people also wanted a career and gaining a job that included training opportunities, as opposed to continual short-term employment.
64. When lone parents were questioned the major barriers to accessing employment were a lack of skills and affordable childcare. Where childcare did exist it was often a distance from their home and incurred travel costs or was not available in normal school hours. Another factor was a lack of confidence and self esteem, a feeling that they had no real skills or experience that they could offer to an employer and expressed a fear of the working environment.
65. Middlesbrough has a significantly higher proportion of Black and Minority Ethnic (BME) residents than the Tees Valley as a whole. For BME residents language was

a real barrier, even for English speakers it was felt that their accent can sometimes affect employer attitudes and perceptions and English as a Second or Other Language (ESOL) training does not include work based or technical English. The lack of recognition by UK employers of qualifications and training gained outside the UK can also be a factor. Some respondents from the BME group also noted that there was a continued presence of racism amongst some employers, preventing individuals from accessing training and certain types of employment.

66. For those people who had been unemployed longer than 18 months the main barrier expressed was a lack of confidence and self esteem, older people felt that their skills and experience were outdated and not valued by employers. Often people felt that they had the required skills to undertake a specific job but were unwilling and unable to get through the application and interview process.

67. Financially in some cases the wages offered by some of the entry level jobs available to the long term unemployed were seen as a disincentive to leaving benefit, in some cases people could only be £10 better off per week if they work.

68. Postcode discrimination was also seen as a barrier, it was felt that there was discrimination by employers to employing residents of 'disadvantaged' areas and that employers also discriminated due to employment history and age.

69. For people with disabilities the main cause of concern for them was that often they had been out of the labour market for a substantial period of time, that resulted in a lack of confidence and fear of what would be expected of them by an employer. For some it was a lack of knowledge about current skill requirements and a perception that the job application process could deter disabled people from applying for jobs, mainly because of the perception that employers were often unwilling to take on someone with a disability. Again transport was an issue, not only in terms of availability and cost but how it met disabled people's needs.

70. In discussions with the following service providers: Pertemps, At Work, Job Centre Plus and Inbiz, their representatives confirmed that many of the barriers outlined above were common amongst the people they were helping to find jobs. Examples of their views are summarised in the table below

Table 1 - Barriers to Work

Major barriers were seen as
<ul style="list-style-type: none">• a lack of confidence amongst clients and the fear of meeting new people• fear of loosing benefits• credibility – e.g. not having the right clothes• fear of failure (when starting their own business)• the lack of basic literacy and numeracy skills, especially amongst younger people.• application forms that can discriminate against those people who may have the requisite skills for the job but not necessarily the experience of filling in application forms• Motivation - The fact that people can and do survive on the benefits and or the support of family and friends and adjust their lifestyle to suit their income• Language barriers

71. The panel learned that amongst those service providers present there were examples of high levels of success in terms of getting residents into work or starting their own business. There were also some good examples of best practice which included:

- **Pertemps** – work to motivate people through encouragement by holding ‘Discovery Weeks’. These weeks enable a group of people to work together, with support, to learn skills and motivate each other. The courses have a 75% success rate for those people who have attended them who then go on to employment.
- **At Work** – in Middlesbrough leads nationally on Diversity. Representatives of the organisation go out into the community to work with BME residents and to date 26% of those accessing the service were from BME groups.
- **Job Centre Plus** - are also working closely with residents in ethnic minority wards and their local ‘getting to know you’ event has been used as an example of good practice nationally. The event, aimed at Asian ladies, is about support, motivation and encouragement to assist them gaining paid employment
- **Inbiz** – help clients with confidence and self-esteem through 1 to 1 sessions. As one of the barriers to self-employment, fear of losing benefits, Inbiz support people through their knowledge of the benefit system. In terms of long term sustainability 80% of the clients of Inbiz who go self employed are independent of the benefit system after 2 years and even go on to employ people in their businesses. In fact more jobs are created than the 20% of people that return to the system.

72. When discussing the barriers with representatives from One North East and Government Office North East, the issue of Transport was again highlighted as a major barrier affecting worklessness and that travel to work remained a major challenge in many areas. Research by the Social Exclusion Unit showed that people from concentrations of worklessness are twice as likely to walk to work or be a passenger in a car or van, five times more likely to use a taxi and five times more likely to use a bus.

73. The panel was also concerned about the support that people were offered when they returned to work. The panel expressed the view that for some people, going from a situation where they don’t work to working possibly 5 days a week could be a big culture change and perhaps a gradual return to work would prove beneficial for some people. The panel learned that work had been undertaken to address this issue by a number of agencies but that a lot more could be done. It was noted that public and voluntary sectors had a key role to play.

TO EXAMINE TO WHAT EXTENT THE EXISTING PROVISION IS MEETING THE NEED FOR A STRATEGIC CO-ORDINATED APPROACH TO TACKLING WORKLESSNESS AND TO ESTABLISH IF THERE ARE ANY GAPS IN PROVISION AND TO INVESTIGATE WHAT THE COUNCIL IS DOING IN TERMS OF HELPING PEOPLE INTO WORK

74. The panel learned that as a result of the findings of the Shared Intelligence report and other research into employment initiatives, it was considered that in overall terms there should be greater co-ordination at a strategic level and therefore less potential for duplication of provision.

75. In examining this issue further, evidence was received from the Economic Development Manager who outlined the approach that the Council was to adopt, as a result of the findings that came out of the Shared Intelligence report. The proposed approach would ensure that a strategic approach would now be adopted in order to take forward the worklessness agenda.

'Middlesbrough Works'

76. The Shared Intelligence report had recommended that in order to provide a holistic approach to tackling worklessness and unemployment which encompassed a whole range of issues such as health, family support, welfare, education and skills support that a co-ordinating body should be created. This would enable partners to work collectively together to deliver the Local Employment Strategy. This body would be entitled 'Middlesbrough Works'.

77. It was outlined to the panel that Middlesbrough Works would comprise of representatives from the Council, Job Centre Plus, New Deal for Communities, Learning and Skills Council, the Network of Intermediaries, this would build upon the Local Strategic Partnership's Economic Vitality Action Group.

78. It was the aim of Middlesbrough Works to:

- clearly define delivery roles and responsibilities
- align funding and resources
- move towards joint commissioning and re-commissioning of projects
- work with other partners such as social work and health to strengthen referral routes and promote progression
- provide capacity building and support to local organisations and maintain an overview of local needs and priorities
- monitor, evaluate and update the Local Employment Strategy.

79. It was proposed that Middlesbrough Works would provide a co-ordinating role for all the employment initiatives across Middlesbrough including those projects that seek to access workless clients.

80. In order to fulfil its co-ordinating function effectively, Middlesbrough Works would need to be informed by and take evidence from a number of appropriate sector representatives, including

- the Network of Intermediaries – a co-ordinating body for a range of providers
- The Chamber of Commerce and Business Link
- Middlesbrough Voluntary Development Agency – the co-ordinating body for voluntary groups

81. Proposals would see Middlesbrough Works developing and taking ownership of a Local Employment Strategy for key target areas to develop programmes for residents to enter into employment and training and there are 6 key areas for action

1. worklessness
2. job seekers
3. progression in work

4. enterprise
5. skills and training
6. area based initiatives

82. At the time of undergoing the review actions were underway to progress the development of Middlesbrough Works and with the worklessness topic in particular there has been the opportunity to test the new strategic approach with the development of new areas of activity. This being the 'Pathways to Work' and the Northern Way worklessness pilot.

83. As previously highlighted, high on the government's agenda is to assist Incapacity Benefit claimants back to work. The Pathways to Work programme is being introduced in the Tees Valley. It will give new Incapacity Benefit clients immediate access to a full range of Job Centre Plus provision. This provision will assist them with health care, return to work credits, a discretion fund to help people buy work related items and provide 'in work' support.

84. Middlesbrough Council has also been working towards being selected as one of 12 areas to deliver a pilot for worklessness under the Northern Way to supplement the Pathways to Work Programme. The scheme will also involve working with voluntary and community organisations to promote initiatives that provide voluntary opportunities to help people back to work.

Provision

85. Rather than gaps in provision, the panel learned that there was a myriad of organisations that targeted a full range of client groups. Evidence, including that from the Shared Intelligence Report, suggests that a range of support currently serves many of the most employment-deprived wards in Middlesbrough. This could of course change when some of the organisations' funding comes to an end in March 2006. Evidence suggests that some aspects of the system are working well. The freedoms and flexibilities adopted by a number of the programmes were enabling a highly tailored support to the individual to be developed.

86. However, there were a number of ways in which the research by Shared Intelligence suggested that the system could be improved and this included:

- Avoiding duplication of provision by using the Network of Intermediaries as a way of improving the co-ordination of local provision
- Reviewing funding regimes – presently they focus on achieving short term outputs which could be unsustainable
- Development of projects to support individuals during the transition into their new job
- More information advice and guidance advisors
- Improved links between Connexions and local employers to create new pathways to employment for young people.
- Commissioning local initiatives to plug gaps in provision, including support for long-term Incapacity Benefit/Income Support claimants.

A Regional Perspective

87. In their discussions with representatives from One North East and Government Office North East the panel learned that the aim of the Regional Economic Strategy was to ensure an increased economic participation in the region by tackling

worklessness and employment to increase the economic activity rate of the North East population to the UK average.

88. The panel learned how the Council is involved with worklessness from a regional perspective. The Economic Development Manager is a member of both the Strategic Direction Group and the Task Group regional groups which involve other strategic players including Government Office North East, One North East, the Learning and Skills Council, the NHS, Employers and Voluntary and Community Sectors. It was acknowledged that although work had been carried out at a local and sub-regional level, until now, there had been no co-ordinated effort to address worklessness regionally. Therefore the aim of the task group is to work to improve and develop worklessness policy by bringing together key players with an interest in reducing worklessness from across the North East. The group will share information, identify good practice, provide a forum for discussion, co-ordination of programmes and initiatives, provide a regional focus and in the longer term, move towards the possible integration of programmes.

CONCLUSION

89. Based on evidence given throughout the investigation the Panel concluded:

- a) That Middlesbrough has one of the worst six concentrations of worklessness in England. This is a serious barrier both to the economic renewal of the town and to ensuring that the benefits of economic growth are shared by all the people of the town.
- b) That dealing with and tackling worklessness is a complex issue that needs a holistic approach that is a far wider challenge than simply providing more jobs. It involves partnerships with organisations such as health professionals, government agencies, local employers, training organisations, job brokerage agencies, the council and the voluntary sector.
- c) Bearing in mind all of the barriers which workless residents face in gaining employment it is clear that simply creating new employment opportunities in the town is not sufficient to ensure that the proportion of workless households will decrease. Access to new jobs created is a key factor.
- d) The Panel recognises that many people in receipt of incapacity benefit and income support are not able to work. Nevertheless, the panel also recognised that many of the 20,000 Middlesbrough residents of working age who are surviving on incapacity benefit and income support need to be encouraged to see training and employment as a route out of dependency on state benefits.
- e) That the panel acknowledges the research and evidence undertaken by Shared Intelligence and are supportive of the proposals resulting from the review, namely the development of a co-ordinated approach through the establishment of Middlesbrough Works.
- f) That there are currently a large number of organisations that exist to support the worklessness agenda and a co-ordinated approach is vital to avoid duplication. However the panel acknowledges that work to address the issue of

worklessness is still in its infancy and that research into the impact of the work carried out is limited at this stage.

- g) Following discussions with external service providers there was some evidence of their impact in terms of getting people into jobs/business. However more work needed to be undertaken to analyse the impact on worklessness of the various schemes and to ensure that agencies are not recycling the same beneficiaries or concentrating their efforts on the work ready rather than long term workless residents.
- h) The panel was dismayed to learn of the reductions in the services provided by Job Centre Plus. At a time when the government is wanting to reduce worklessness in the region these reductions are at odds with this stated desire to give every assistance to people not in work to find suitable employment.
- i) Whilst worklessness is an area in which the Council has little direct responsibility there is a need for Middlesbrough Council to take the lead as a co-ordinator of provision and to consider its own role as a major local employer.

RECOMMENDATIONS

90. That the Economic Regeneration and Transport Scrutiny Panel recommends to the Executive:

- a) The Council vigorously pursues its role as a co-ordinator of agencies operating in the field of tackling worklessness through the establishment of the Middlesbrough Works Partnership.
- b) That reducing the proportion of Middlesbrough residents who are workless should be a very high priority for action and for policy development. A specific target should be set for reducing the numbers of workless people in the town and that reports on the progress towards meeting that target should be provided to the Middlesbrough Works Group and the Economic Regeneration and Transport Scrutiny Panel on annual basis.
- c) The Council should consider how employment opportunities within the authority could be used to attract, train and employ workless residents.
- d) In developing new opportunities for employment with inward investors in the town, every effort should be made to ensure that as many of the new jobs created as possible are filled by previously workless Middlesbrough residents.

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- Penny Thomas, At Work
- Hugh McGoran – Pertemps
- Carol Daniell – Job Centre Plus
- Will Pratt, Chief Executive, Inbiz
- Hilton Heslop - Government Office North East
- Robin Beveridge - One North East

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October 2005

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BACKGROUND PAPERS

The following background papers were consulted or referred to in the preparation of this report:

- a) Minutes of the Economic Regeneration and Transport Scrutiny Panel held between 27 June and 13 October
- b) Worklessness – An overview – Renewal.net
- c) Review of Local Employment Initiatives – Final Report, Shared Intelligence, April 2005
- d) Plugging the Jobs Gap in Deprived Areas – Working Brief, Centre for Economic and Social Exclusion, October 04
- e) Jobs and Enterprise in Deprived Areas – Social Exclusion Unit Report, September 2004
- f) Workless Households: Results from the Spring Labour Force Survey, Office for National Statistics November 2004
- g) Understanding Workless People and Communities – A Literature Review – Helen Ritchie, Jo Casebourne and Jo Rick, Institute for Employment Studies on behalf of the Department of Work and Pensions.
- h) Mayor’s Reduction Agenda
- i) Margaret Hodge, Minister for Work and Pensions, Speech, Department of Work and Pensions