



## The Working Neighbourhoods Fund





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## Foreword



There has been significant progress in tackling deprivation in recent years. Investment in public services – schools, hospitals and children’s centres – in deprived areas has increased significantly. Across the country, the success of our welfare to work programmes has been critical in raising employment rates to a historically high level. Departments now have a clear focus on deprived areas, and many of the innovations delivered through Neighbourhood Renewal Funding have been mainstreamed into public services.

However, concentrations of deprivation remain, and despite rapid improvement in some of the most deprived areas, worklessness in particular remains persistent in some local communities. Many of the most disadvantaged people in the labour market also live in the most disadvantaged places, disproportionately including ethnic minorities – we need to tailor our approaches to local communities.

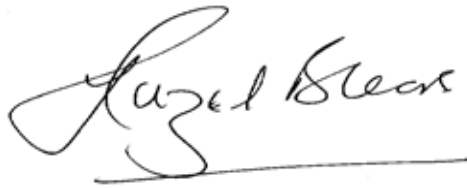
As part of a concerted drive to get people off welfare and into training and work the Government has decided to establish a new Working Neighbourhoods Fund which will focus on the most deprived areas and which will support local authorities and communities in their efforts to tackle worklessness and the other elements of deprivation.

This new fund will replace Communities and Local Government’s *Neighbourhood Renewal Fund* and incorporate the Department for Work and Pension’s *Deprived Areas Fund* – to create a single fund at the local level. This fund will include a significant element of reward grant, which will be paid to Local Authorities and communities which are most successful in tackling worklessness and increasing skills and enterprise levels.

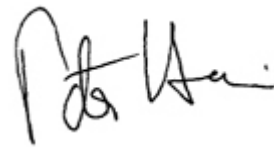
The Working Neighbourhoods Fund is not just about money. It is about new ways of working. Through the new Local Government Performance Framework and reforms to local government finance, local authorities have greater flexibilities to achieve the objectives which are most important to them and to local people. At the same time changes to our welfare to work programmes are ensuring they can be more tailored to the needs of individuals and communities.

As we give local areas more flexibility there is a real opportunity for local leaders and different agencies from Jobcentre Plus to the Learning and Skills Council to innovate, respond to the particular challenges in their areas, and move more people into work and training.

Galvanising community action on worklessness will be key to the new approach. The new Working Neighbourhoods Fund, details of which are set out in Section 4 of this report, will support this ambition. It will stimulate councils working with communities to take a fresh look at the problems of worklessness, and find proactive and innovative solutions which build on our achievements to date. It provides for tangible rewards for local communities where targets are achieved. All members of the community could benefit from the financial incentives that will be introduced. Getting people into work would become a shared concern with everyone having something to gain from rising employment in their area. This new injection of peer support and peer pressure will go hand in hand with innovative approaches to engage people who have been out of work for lengthy periods. It is a new approach, a bold approach, and a community driven approach.



Hazel Blears  
Communities and  
Local Government



Peter Hain  
Department for Work  
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## Introduction

1. The benefits to the British economy of a decade of reform and economic stability include high levels of employment compared with 1997. There are now 1 million fewer people on key out-of-work benefits and 2.8 million more people in work. Earlier this week the Prime Minister and Secretaries of State for Work and Pensions and for Innovation, Universities and Skills set out their vision for the next stage of reform of the welfare and skills systems to support the Government's ambition of achieving an employment rate of 80 percent and a world class skills base.
2. The joint DIUS/DWP publication *Opportunity, Employment and Progression: making skills work* outlined the start of a new phase of reform; one which sees welfare policy as not just about placing people in jobs but more and more about education and training to ensure Britain's workforce can benefit from the opportunities in a globalised world.
3. It described welfare policies underpinned by five core principles:
  - A strong framework of rights and responsibilities;
  - A personalised, responsive and more effective approach;
  - Not just jobs, but jobs that pay and offer retention and progression;
  - Partnership – the private, public and third sectors working together;
  - Targeting areas of high worklessness by devolving and empowering communities.
4. It is the last of these principles that this document is focused on. While we need to personalise the welfare system to meet individual needs, we also need to do more to tailor our responses to different communities. We need to empower local communities by putting employment at the heart of neighbourhood renewal to find local solutions to local challenges.
5. Our vision is of a renewed focus on worklessness in deprived areas – one which recognises that achieving a step-change in outcomes will require everyone – local government, local employers, Jobcentre Plus, the Learning and Skills Council (LSC) and crucially the local communities themselves – all pushing in the same direction.
6. Central to this new approach will be a reform of neighbourhood renewal funding through the creation of a new Working Neighbourhoods Fund (WNF).

## Section 1. Progress on tackling deprivation

7. In 2001 the Government published *A New Commitment to Neighbourhood Renewal: National Strategy Action Plan* which set out a vision that within 10 to 20 years no-one should be seriously disadvantaged by where they live. This vision is reflected in two long-term, measurable goals to:
  - secure lower worklessness and crime, better health, skills, housing and the physical environment in the most deprived areas; and
  - narrow the gap between the most deprived areas and the rest.
  
8. The Strategy grew out of the recognition that despite 20 years of intervention too many poor neighbourhoods had experienced reductions in their basic quality of life and had become increasingly detached from the rest of society. Many of these areas were stuck in a cycle of decline with high levels of crime, low levels of employment, lower investment opportunities and high population turnover.
  
9. Since 2001 Communities and Local Government has allocated £2.9 billion to 91 Neighbourhood Renewal Fund (NRF) areas and £2 billion in 39 New Deal for Communities (NDC) areas. Other Departments and agencies have also focused their investment on the most deprived areas and good progress has been achieved in reducing the gap between deprived areas and the rest of the country. For example:
  - The gap in mortality rates from Cardiovascular Disease for people aged under-75 years has decreased by 27.5 percent;<sup>1</sup>
  - The gap has reduced by 6 percentage points to 6.9 percent for schools in which 14 year olds gain level 5 or above at KS3 in each of English, Maths and Science between 2002-03 and 2005-06;
  - Since 2003-04 the total number of recorded British Crime Survey (BCS) comparator crimes has fallen by 15 percent in the NRF areas that are also high crime areas compared with a reduction of 8 percent in all other areas;<sup>2</sup>
  - In NDC areas there has been a 24 percentage point increase in residents who said that the NDC has improved the area as a place to live between 2002 and 2006. Burglary rates have fallen by 30 percent per 1,000 properties between 2000-01 and 2004-05. This is compared to a 19 percent fall in the England average. There has been an 11 percentage point increase in the number of pupils achieving 5+ GCSEs A-C. The England average for this time period has increased by 5 percentage points.

<sup>1</sup> Comparing 2003-05 data with the baseline year of 1995-97.

<sup>2</sup> Data covers between 2003-04 and March 2007.

- 10.** In addition, our evidence shows that NRF has contributed to wider key outcomes including an increased focus on deprived areas, improved joint working between partners, increased opportunities to experiment and innovate and to mainstream interventions once tested, and changes in the way services are delivered in deprived areas.
- 11.** Six years ago, there was a need to address a wide range of challenges. Decades of underinvestment in our schools, poor local health facilities and not enough focus on local community concerns by the police meant that many areas benefited from extra local action on these issues.
- 12.** Six years on, there is now a compelling case for a more focused approach. There are two main reasons for this. First, in recent years our mainstream public services have seen significant increases in spending, with faster rises in deprived areas. For example, there are now 1,678 SureStart Children's Centres in the country and by 2008 there will be 2,500, which means that all of our most disadvantaged areas will be covered. By 2010 there will be 3,500. And from April next year every community will have a Community Policing team in place. NRF played a vital role in supporting local areas while investment through mainstream budgets was increased. But now is the time to refocus it.
- 13.** Second, despite success in raising employment rates overall and in many deprived areas, pockets of concentrated worklessness remain. Getting people back to work is key to improving their lives and tackling poverty. Improving people's skill levels also has a large part to play in helping them to progress in work or to be able to run their own businesses. The position on concentrated worklessness is considered in more detail in section 3.

## Section 2. Progress on tackling worklessness

- 14.** Since 1997 the UK has seen rising employment and now has one of the highest employment rates in its history. Total employment is currently at record highs, having risen by nearly 2.8 million since 1997.
- 15.** At the same time unemployment, and particularly long-term unemployment, has fallen. Claimant unemployment has fallen by over 800,000 since 1997, to levels last seen a generation ago, and since the start of 2001 has remained consistently below one million – the first time this has happened since 1975.
- 16.** The Government's priority in 1997 was to tackle long-term unemployment, especially among young people (aged 18-24), and support has subsequently been extended to older age groups. The New Deals have been at the heart of the Government's approach:
  - the New Deal for Young People (NDYP) was introduced in April 1998 to end long-term youth unemployment and provide support for all jobseekers aged 18-24 who have been unemployed for 6 months or more;
  - building on the successful elements of NDYP, the New Deal for jobseekers aged 25 and over (ND25+) was developed and enhanced from April 2001, to provide assistance on a similar basis to jobseekers who had been unemployed for 18 months or more;
  - Jobseekers aged 50 and over have been able to access New Deal on a voluntary basis when out of work for six months or longer. Jobseekers aged 50 and over also have access to ND25+ from 18 months, and from July 2007 the Intensive Activity Period element of the ND25+ became mandatory;
  - In 2000, Employment Zones (EZs) were introduced to test a new, flexible approach to reducing long-term unemployment. EZs were established in 15 of the most deprived areas of the UK and given considerable freedom to determine the appropriate type and level of support, with payment linked to the achievement of sustained job outcomes.
- 17.** Our current welfare to work strategy is to ensure that those who can work are given the support needed through a national framework which delivers intervention at an individual level. New Deal for Lone Parents has contributed to a significant improvement in lone parents' employment rate. For people on Incapacity Benefit (IB), we are currently rolling out the new Pathways to Work programme and next year we will be replacing IB with the new Employment and Support Allowance.

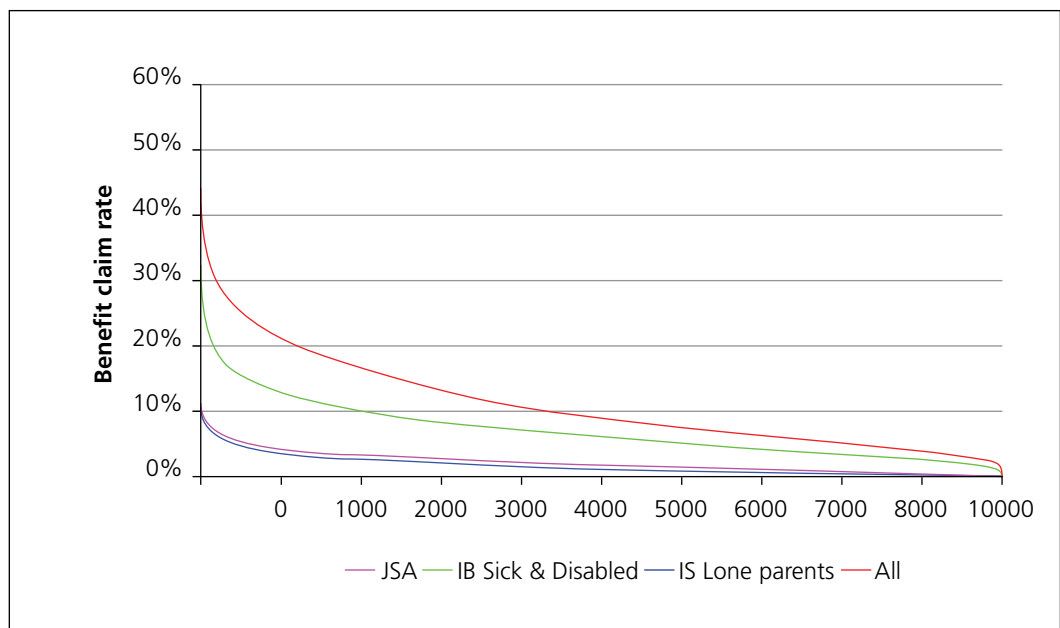
- 18.** July's Green Paper, *In work, better off: next steps to full employment* set out proposals for further strengthening the framework of rights and responsibilities for benefit claimants. It also set out proposals for a more personalised welfare system, including the introduction of a flexible new deal, providing more tailored and intensive support for jobseekers. We will be responding to the consultation soon.
- 19.** Jobcentre Plus is central to helping people get back to work, because of its key role in enabling access to benefits, jobs and training, working with many different partners in the public, private and voluntary sectors.
- 20.** A wide range of providers from the private, public and third sectors also play a key role in the delivery of employment programmes. On Tuesday, the Department for Work and Pensions published an interim report on our new Commissioning Strategy, which will set out our approach to working with providers, in order to get the best outcomes for customers. We will ensure that the commissioning framework is consistent, and where bolsters, the area-targeted approach outlined in this document.
- 21.** As well as the success in tackling worklessness we have made excellent progress in ensuring that individuals have the right skills they need to move into and thrive in our flexible labour market. In England, more than 1.7 million adults have improved their employability by gaining literacy and numeracy qualifications through Skills for Life. And over a million adults have gained level 2 qualifications, a firm basis for gaining employment and engaging in further learning. The proportion of people with skills and qualifications is rising each year, and our reforms of further education have secured major improvements in success rates.
- 22.** However, we cannot afford to be complacent and if we are to succeed in a global economy we must ensure that we use all the skills and talents of the British people. *Opportunity, Employment and Progression: making skills work* sets out the key principles for the integration of employment and skills services.
- 23.** As part of this, Jobcentre Plus will work with the adult advancement and careers service to support individuals in identifying and addressing skills needs. Job seekers will be helped to develop the skills needed to find, retain and progress in work. Jobcentre Plus will help customers navigate wider welfare to work services and broker solutions with other Government agencies, local authorities, employers and the private and voluntary sectors.

- 24.** Many of the most disadvantaged people in the labour market also live in the most disadvantaged places. In particular, ethnic minorities are concentrated in disadvantaged areas. We need to tailor our approaches to local communities, taking account of local issues – for example, working with Muslim community organisations to reach groups who have become detached from the labour market in some areas. This means giving local people a direct stake in how we tackle worklessness.

## Section 3. Concentration of worklessness

- 25.** As with other aspects of social exclusion, worklessness varies widely across the country. While there is high employment in every region and a healthy national picture, pockets of worklessness exist close to more affluent areas, and many highly successful labour markets. Consequently Communities and Local Government has moved from a local authority based Public Service Agreement to focus on smaller areas of worklessness within the wider authority.
- 26.** Understanding spatial patterns of worklessness requires an in-depth analysis of the drivers of decline in different areas. There are numerous social, economic and physical factors that can interact and reinforce each other resulting in concentrations of deprivation and worklessness more specifically.
- 27.** Some of the drivers are down to the long legacy of past policy decisions. John Hills' recent report into social housing made clear the correlation, although not necessarily causation, between social housing and worklessness. A reduced supply of new social housing, with much of the stock concentrated on large estates, has led to a residualisation effect – the households with the greatest needs are screened into social housing and those whose circumstances and incomes improve often screen themselves out, accounting for much of the poorer labour market performance of households in the social sector. While today new social housing is in mixed tenure and mixed income communities, this government inherited a legacy of large estates of social housing which too often had become pockets of low employment and low aspiration. In this regard, John Hills' found that the proportion of workless households in social housing has increased from around 30 percent in 1981 to around 55 percent in 2006.
- 28.** Other factors contributing to the a concentration of worklessness include the facts that: Britain has a relatively long tail of low skilled workers (there are strong links between worklessness and skill levels with an employment rate of 55 percent for those with low literacy rates compared to around 75 percent for those with good literacy skills. Improving skills levels of this group will play a large part in ensuring that they get and keep a job or that they are able to run their own businesses); some regions have been disproportionately affected by structural changes to the economy; and significant regional differentials in housing costs constitute a barrier to mobility to many low income groups.

- 29. These concentrations of worklessness are not evenly spread, with almost thirty percent of them in the North West, and another thirty percent split between the North East and Yorkshire and the Humber. A relatively small number of local authority districts account for the majority of concentrations of worklessness, with sixty percent found in just 40 districts. There are large numbers of concentrations in cities outside London, with the highest numbers of concentrations in Birmingham, Liverpool and Manchester.<sup>3</sup>
- 30. The wide variation across areas is demonstrated in the chart below<sup>4</sup>. This shows that the benefit claim rate varies from around 50 percent in some wards, to around 2 percent in others.



- 31. Some of the statistics remain stark. Despite national improvements in the employment rate and faster progress in many deprived areas, spatial disparities in levels of worklessness persist and we want to see more improvement in reducing the gap between the best and the worst affected areas. Currently 5.2 million people are claiming 'out of work' benefits<sup>5</sup> (Jobseeker's Allowance, Incapacity Benefit or Income Support). Around a fifth of these claimants live in the most deprived ten percent of neighbourhoods in England.

<sup>3</sup> SEU, 2004. Jobs and Enterprise in Deprived Areas.

<sup>4</sup> DWP September 2007.

<sup>5</sup> DWP's working age client group data, May 2007.

- 32.** To present this information in another way, 30 percent of the working age population in the most deprived neighbourhoods was claiming out-of-work benefits to May 2007. This compares to a figure of 12 percent for England as a whole. If we can decrease the number of these benefit claimants by 3 percent, we will have moved nearly 100,000 people off benefits. To achieve the Government's target of an employment rate of 80 percent we need to move nearly 300,000 people in our most deprived areas into work.
- 33.** Many ethnic minorities, particularly Pakistanis and Bangladeshis, experience particular labour market disadvantage. Compared to a national average of almost 75 percent and despite progress in closing the gap over the last decade, the ethnic minority employment rate is still less than 62 percent. For Pakistanis and Bangladeshis, the employment rate is 47 percent and 40 percent respectively. Unsurprisingly given the considerable overlap, Muslims record similar levels of disadvantage with an employment rate of 43 percent. One consequence is unacceptably high levels of child poverty within ethnic minority communities, concentrated in deprived areas.
- 34.** Sometimes people can be disadvantaged by 'place' – where they live – as well as a lack of skills. In the most deprived 10 percent of neighbourhoods, 54 percent of the working age population have skills below NVQ Level 2 and among these 26 percent have no qualifications at all. Despite significant progress overall in educational attainment, some children are failing to meet the required standards in education. Of the 320 schools that failed to meet the target of at least 50 percent of pupils achieving Level 5 at KS3 in each of English, Maths and Science, over one-quarter (27 percent) of these are located in the most deprived 10 percent of neighbourhoods.
- 35.** Evidence shows that while individual characteristics – such as education – are most important in determining an individual's chance of getting a job, living in an area of concentrated worklessness can also reduce an individual's chances as areas with high worklessness lack social networks that connect to work and some areas suffer low connectivity to the labour market. Expectations and aspirations can be low amongst residents. Places can play different roles within wider functioning areas. Some deprived neighbourhoods may play significant social and economic roles in their communities and effective regeneration policy should take account of this.
- 36.** Area-based policies can be an effective way of targeting those with the highest needs and tailoring support to the diversity of the local population, so we need to enhance our focus on the most deprived neighbourhoods.

## Section 4. A new approach: the Working Neighbourhoods Fund (WNF)

- 37.** The Working Neighbourhoods Fund, which will be launched as part of the local government settlement next month will form a distinct element of the new Area Based Grant (ABG). It will provide resources to local authorities to tackle worklessness and low levels of skills and enterprise in their most deprived areas. The fund will provide the basis for a new approach, recognising the need to tackle worklessness on a community wide basis and including those claiming Jobseeker's Allowance and those on Incapacity Benefit.
- 38.** The total Working Neighbourhoods Fund (WNF) of £1.5 billion will be allocated with more than £450million in 2008-09, and over £500million in 2009-10 and 2010-11. In addition, after a transitional period, DWP will be contributing into the new WNF from its Deprived Areas Fund all of the money which will be available to England over the three year period. DAF funding will continue to be made available to tackle worklessness in deprived areas of Scotland and Wales but will be handled separately because of the different local government arrangements. The WNF will be paid as part of ABG which is a non-ringfenced general grant providing maximum flexibility to local authorities to design local programmes to meet local needs, and removing onerous reporting requirements.
- 39.** Government has significantly increased local authorities' flexibility over the use of their mainstream resources by moving at least £5 billion of former specific grant funding into non-ringfenced general grants allocated on a three year basis over the CSR period.<sup>6</sup> This gives local authorities the scope to use this funding in innovative ways to address local priorities.
- 40.** But this funding alone cannot deliver our objectives to tackle worklessness and build the economic base of the most disadvantaged areas. Key to delivery will be the targets and implementation plans that local areas agree in consultation with their partners in the private and community and voluntary sectors. Communities and Local Government will agree targets as part of the Local Area Agreement (LAA) process with the strong expectation that areas receiving the fund will want to include targets on tackling worklessness and boosting enterprise in their 'up to 35' targets. Reducing worklessness and increasing enterprise would thus become key priorities for the Local Strategic Partnerships (LSPs) and their partners in the private and voluntary and community sectors.

<sup>6</sup> Over £4 billion of former specific grant funding – including the Working Neighbourhoods Fund – will be moved into the new Area Based Grant and nearly £1 billion moved into Revenue Support Grant.

- 41.** DWP uses the Deprived Areas Fund (DAF) to support locally tailored approaches to tackling worklessness. DAF is currently devolved to the City Strategy partnerships in some areas and managed by Jobcentre Plus in others. To simplify funding for local initiatives, we will bring together DAF and the WNF to create a single fund at the local level, as noted above.
- 42.** All the community will need to be involved if we are to get those that are able to work into work. Peer support and peer pressure will need to underpin innovative approaches to getting people into work, such as those outlined below. Because we need to learn from these successes, working closely with local authorities we will establish a Task Group to advise us on how to spread best practice and achieve the greatest impact on tackling local worklessness and raising enterprise and skills levels.
- 43.** The challenge now is to do more to mainstream these excellent local initiatives. This will be done within a wider, more coherent, framework for regeneration and neighbourhood renewal.

#### **Reward Grant**

- 44.** In addition to the up-front WNF element of the new Area Based Grant, Communities and Local Government have also allocated at least £50 million funding to deprived areas that have agreed relevant LAA targets. The Department will want to discuss with local authorities and other local agencies how best to use this money to motivate areas with the highest worklessness and to do so in a way that empowers the local communities affected. This includes the possible role of social enterprise activities and community budgeting in empowering those communities that have started to make progress.
- 45.** Through our negotiations with local areas as part of the LAA process, we will work with local authorities and other agencies to design incentives for local areas that focus on the communities that have made the most progress. This could be achieved, for example, through establishing a 'community kitty' for local areas to decide how best to use their element of the reward fund.

### **Examples of community action to tackle worklessness**

There has already been innovative work in communities to increase employment and improve skill levels. For example, the NDC in East Manchester helped launch an innovative recruitment agency called Aspire. Aspire is a not-for-profit, self-funding employment agency which takes the unusual step of giving full-time contracts to its pool of staff and subcontracting their services on a temporary basis to employers. Last year it turned over £2.2m and provided employment to 750 people, 330 of whom were from the NDC area. A small percentage of profits go back into the NDC to promote employment.

In Newcastle the NDC has introduced Planet Plus. The project works with young people who have been excluded or have self excluded with the aim of reintegrating them back into mainstream education provision. The NDC runs the Byte Size project, which trains local volunteers as computer coaches to help fellow residents get to grips with technology. A comprehensive worklessness package has reduced the number of JSA claimants (down from 25.4 percent in 2000 to 10 percent in December 2006). Other significant achievements in the area include: 14 new community enterprises established; 1,459 people trained and receiving qualifications; 160 residents trained into jobs; 826 residents helped into employment; 27 into employment through the Flexible Fund.

In Southampton, the Thornhill NDC struck a Section 106 agreement with the private developer of an industrial site on the Thornhill estate, which earmarks 200 of the 400 (retail) jobs created by the redevelopment for Thornhill residents. The developer has committed to produce a training and recruitment plan.

In Doncaster the Ways2Work project has worked with over 800 residents and has helped more than 300 of these find work, with a consequent reduction in the number of people who are registered unemployed or economically inactive.

The Castle Cavendish Business Centre in Nottingham NDC provides affordable office accommodation to local start-up and young businesses. With 100 percent occupancy it has also become one of the key assets for generating future income post 2010. Many of these start-up businesses have already expanded and moved out of the centre to their own premises.

## Section 5. Coherent national, regional and local action

- 46.** In July 2007, the Government published the Sub-national Review of Economic Development and Regeneration (SNR), which set out a vision and a programme for coordinated action at all spatial levels to stimulate economic growth and tackle deprivation. The SNR confirmed the progress that has been made over the last 10 years but stressed the importance of improving the economic performance of deprived areas through partnership working between agencies and between spatial levels. Building on the new powers and incentives highlighted in the SNR, Communities and Local Government will provide a clear framework for regeneration in early 2008, and a clearer link between neighbourhood renewal and wider regeneration and economic interventions. This will help ensure regeneration interventions are coordinated with regional strategies so that they are focused on areas with potential for sustainable economic growth and for private sector investment over the longer term. Improving the consistency of appraisal and evaluation will be a key element of the framework ensuring that interventions are better targeted on tackling market failures.
- 47.** The SNR also made clear that developing the economic base of deprived areas requires a holistic approach which brings together action at various governance levels – national, regional, sub-regional and local. Our vision is of local leadership which can tailor programmes to suit local circumstances, supported by the expertise and resources of national and regional partners. Local Strategic Partnerships (LSPs) can play a key role, bringing together a range of partners to help co-ordinate action on worklessness and enterprise growth including the agreement of relevant targets in LAAs.
- 48.** The SNR placed a greater importance on local authorities' role in promoting economic well-being. Communities and Local Government will shortly consult on a new duty for authorities to assess the economic circumstances and challenges of their local area. This assessment will form the basis of the Sustainable Community Strategy for the area, which will set out the priorities for the LSP.
- 49.** The intention for our future strategy for local areas is not for local authorities to work in isolation, but to work at a level that makes good economic sense. This could include joining efforts with other local authorities. This will be possible in a formal way through the introduction of Multi Area Agreements (MAAs). MAAs are voluntary agreements between two or more top-tier or unitary local authorities, their partners and Government to achieve collective outcome-based targets to improve economic prosperity. They provide an opportunity to drive prosperity by tackling a range of related economic policies such as worklessness, skills, housing and transport at the level of the functional economic area.

- 50.** Our vision is of LAAs and MAAs providing a coherent framework at local and sub-regional levels respectively to pull together the range of initiatives and other actors which aim to tackle worklessness and increase enterprise.
- 51.** Tackling worklessness needs to involve a multi-agency approach in order to create and sustain enterprise to drive demand for labour in and around neighbourhoods with high worklessness. Building on the good work, for example, City Strategy and NDCs, local partnerships will need to actively engage with the most disadvantaged members of their communities including ethnic minorities, disabled people and others at risk of worklessness. Partnerships need to:
- Address barriers that prevent people in areas of high worklessness from traveling to areas where there are jobs;
  - Work with public and private employers to identify enterprises' needs, and meet those needs with people drawn from the local population. This can sometimes involve tackling employer discrimination against some groups and the residents of deprived areas;
  - Involve Regional Development Agencies (RDAs) and sub-regional partnerships bringing perspectives and interventions at a higher spatial level that can help to connect workless areas to areas of jobs growth.
- 52.** Worklessness interventions delivered by LSPs can play an important role in providing the link between the neighbourhood and the job market, bringing together the work of Jobcentre Plus, the LSC and other partners (local authorities, private, and voluntary and community sectors) within an area to provide tailored, specialised solutions that address localised and individual problems.
- 53.** The City Strategy pathfinders (CSPs) are one such initiative that was announced by DWP in January 2006, in response to the challenge of low employment in many of our biggest cities. It is testing a new bottom up approach to joining up delivery of employment and skills provision, including devolving some decisions and funding to local levels. It has an initial focus on those areas currently furthest away from the Government's 80 percent employment ambition.
- 54.** Following an expression of interest exercise focused on the most deprived labour market areas, 13 pathfinders were selected in July 2006, joining the two London pathfinders announced in April 2006. All 15<sup>7</sup> pathfinders were asked to work up business plans setting out the local challenges, how they would be addressed, the governance arrangements that would be put in place and the targets that the consortia would use to measure success.

<sup>7</sup> Birmingham, Blackburn, Dundee, Edinburgh, Glasgow, Heads of the Valley, Leicester, Greater Manchester, Nottingham, Rhyll, South Yorkshire, Tyne and Wear, West London, East London, Liverpool

- 55.** All pathfinders have agreed to two standard targets – an additional 3 percent reduction in the numbers off working age benefits, and an equivalent increase in the employment rate, to March 2009. In those City Strategy areas with a significant ethnic minority population, DWP has also agreed an additional local target on ethnic minority employment. Around half of DWP's Deprived Areas Fund has been devolved to pathfinders to take forward delivery. The delivery phase lasts until April 2009 and we are exploring how best the learning can be taken forward through the new LAAs and MAAs.
- 56.** However, the City Strategy is not principally about new funding, but about making better use of the existing investment in employment and skills at the local level, in order to benefit those with the greatest barriers to employment – in some of the most disadvantaged communities.
- 57.** The City Strategy pathfinders will also be working closely with the new Local Employment Partnerships initiative (LEPs). LEPs is bringing together Government and some of the country's largest employers with the aim of helping a quarter of a million disadvantaged people into jobs within the next three years. Examples of city strategy initiatives include:
- In Birmingham the Pathfinder has ensured that all activity is underpinned by the creation of a City Region Joint Investment Plan aligning funding and resources across all private sector delivery partners. The Birmingham Pathfinder will learn from best practice within the private sector and eliminate gaps and fragmentation in employment and skills services.
  - Greater Manchester are working towards a test of Leitch's proposal for an employer-led Employment and Skills Board, charged with shaping provision, and integrating employment and skills at the local level.
- 58.** *Opportunity, Employment and Progression: making skills work* also committed the Government to trialing aspects of the integrated employment and skills service from autumn 2008. The trials will include the new adult advancement and careers service that will help individuals get on in work and learning.
- 59.** The Government will invite a range of advice organisations in up to 10 localities to work with us in developing a joined up advice service covering issues such as jobs, financial issues, housing, employment rights and childcare issues. We will set aside £2 million in 2008-09 for this purpose. More intensive support will be available to those who need it most including the workless and the low skilled.

- 60.** The new service will be fully operational from 2010-11 aiming to deliver Skills Health Checks and action plans to a million workless people and low skilled individuals in employment.
- 61.** A fully integrated employment and skills service will build on the existing collaboration between Jobcentre Plus and the LSC, underpinned by a shared DWP/DIUS objective to move more people into sustainable employment and help them progress in work. And we will draw upon the skills and expertise of partners across the public, private and voluntary sectors, including learning from the emerging City Strategy pathfinders to deliver high quality, innovative services that are sensitive to locals needs and are demand-led.
- 62.** In London, the London Skills and Employment Board, comprising major London employers, is responsible for producing an adults skills and employment strategy for the capital which the LSC will be under a statutory duty to implement. There is scope for other skills and employment boards to be created in other regions, cities and city regions to join up skills and employment and bring together local authorities, employers and other key partners.
- 63.** The current and future European Social Fund (ESF) programmes are designed to make a contribution to increasing employment, and skill levels, and reducing unemployment and inactivity. The 2007-2013 programme has national priorities but alongside those are strong regional priorities. There are a large number of local specifications for provision specifically tailored to local needs. ESF provision addresses the needs of some of the most disadvantaged groups and communities.

## Section 6. How will the WNF work in partnership with other DWP activities and programmes?

- 64.** Communities and Local Government and DWP are already working together to ensure that employment, regeneration and neighbourhood renewal objectives are met and the recent Partnership Agreement between the departments is set to strengthen this even further. More practical ways in which the two departments can assist local areas are through offering:
- advice and expertise: through the Regional Improvement and Efficiency Partnerships, providing tools to support local delivery and providing best practice advice;
  - monitoring and evaluation: tracking progress and assessing likelihood of delivery on the four priority areas of worklessness, health, crime and education through the Local Government Performance Framework;
  - coordination: supporting Departments on delivery against national PSA targets;
  - challenge: supporting the Government Offices (GOs) in negotiating the set of 'up to 35' improvement targets with local authorities. The focus on worklessness will be further strengthened because DWP staff will be working within GOs to take forward this agenda; and
  - supporting those sub-regions that are developing MAAs, a number of which include an explicit focus on delivering challenging outcomes on worklessness and skills.
- 65.** Communities and Local Government and the DWP will work together to develop a programme of support for Local Strategic Partnerships including developing a network of advice to assist areas in devising, implementing and delivering employment support programmes, backed up with pilots and evaluations of successful interventions in tackling worklessness and a best practice sharing network for practitioners.
- 66.** In particular, we will work with Local Authorities to establish an advisory committee to help spread best practice in tackling worklessness and increasing enterprise levels. This will build on the work of the Learning Network, which has been introduced as part of DWP's City Strategy pathfinders. The membership of this committee will be announced shortly.

## Conclusion

- 67.** We have had many successes over recent years in tackling deprivation and increasing the employment rate not only nationally, but in some of the most disadvantaged areas.
- 68.** In the context of the new Local Government Performance Framework and recent proposals for refining and integrating our approaches in the delivery of welfare to work services, we now have the framework necessary for making further improvements in those areas where worklessness is still persistent.
- 69.** By concentrating the focus of neighbourhood renewal on tackling worklessness and increasing skills and enterprise levels, we believe that together we can make a significant impact on the future of residents in disadvantaged areas. We know the benefits of being in employment in terms of health improvements, better social networks and improved life chances for the children of those in work, compared to those not in employment.
- 70.** The creation of the new Working Neighbourhoods Fund, which will be merged with the Deprived Areas Fund at the local level, will simplify and refocus local level funding to tackle worklessness and low levels of skills and enterprise within some of the most disadvantaged communities.
- 71.** By combining our efforts at a national, regional, sub-regional and local level – and bringing together the funding available for some of our most disadvantaged communities – we can make a difference in building more sustainable communities and creating more prosperity for all.