

London Borough of Havering

# Employment and Skills Plan

2018 - 2021

## Contents

1. Executive Summary	2
2. Introduction to the Plan	5
3. Making the case for action	9
4. The Employment and Skills Plan	27
5. The Referral Management System	42
6. Conclusion	53

# 1. Executive Summary

This document is the culmination of research, consultation and analysis conducted by Rocket Science to support the development of an Employment and Skills Plan for Havering for 2018 to 2021.

Although relatively understated, the employment and skills activity already taking place in the council has the potential to be transformative, particularly for residents where investment and support to date has been minimal or less effective than it might have been.

The challenge for Havering is making its case for investment for government funding. This is a borough that has relative wealth and is without the same scale of disadvantage (in terms of numbers of people affected) as other areas within its devolved sub-region. There are many unknowns about the future, but we are beginning to see the impact of the London housing market and low value employment sectors in the borough (like others) on the cost of living and homelessness.

Combined, and if left unaddressed, these factors will inevitably create greater polarisation between wealth and disadvantage, and leave those already stuck in long term unemployment or poor quality jobs further behind. Ultimately it will also lead to increased demand on council services and budgets in the short and longer term.

Our assessment of the case for action has focused on understanding the impact unemployment, poor quality jobs and low skills have on the **costs of council services**. We have also determined where the council is missing out on employment and skills investment by not having a strategic plan which is resulting in **opportunities lost** for the council, businesses and its residents.

We have identified that the council is NOT:	We have recommended:
Maximising the funding it secures and missing out on over £2 million of external funding through ESF. The potential to continue to miss out on this funding over the next two years is very high if action is not taken.	<ul style="list-style-type: none"> <li>Improved processes for engaging and supporting providers to work in the borough to help residents access training and employment.</li> <li>Developing programmes that better target and support residents at risk of placing high demand on council services.</li> </ul>
Making the best use of its resources to support people into work and ensure this is sustainable. This is likely to impact on housing costs the most.	<ul style="list-style-type: none"> <li>Establishment of a Referral Management System to help coordinate employment interventions for clients accessing key council services.</li> <li>Continued support to help people manage the transition to employment and ensure they sustain employment</li> </ul>

We have identified that the council is NOT:	We have recommended:
Working effectively to support key and growth employment sectors important to the borough	<ul style="list-style-type: none"> <li>Using secured funding to help make savings in social care through workforce development.</li> <li>Developing responsive and integrated sector focused interventions.</li> </ul>

Our findings have shown that there is real potential for the council to use this plan to act on several fronts. Recognising that this is the first Employment and Skills Plan the Council has developed, we have structured it around three principles to support interventions, with clear ambitions for change and for the future.

- First Principle - Working towards the Havering Vision**

Recommendations and actions have a clear relationship to, and contribute towards, the achievement of the Havering vision (see section 2.2).

- Second Principle - Embedding a Havering way of working**

Recommendations and actions rely on greater cross-service collaboration and developing a universal ‘Havering way of working’ that is client centred and focuses on reducing duplication and costs.

- Third Principle - Preparing Havering for the future**

Implementation of the Plan should build the policy and delivery infrastructure for maximising employment and skills funding and investment into the borough beyond 2020.

## How much will this cost?

We have estimated that the council spends approximately £400,000 per year to support employment and skills activity. Yet in 2016/17 it has generated over £1.5 million alone through the current Employment and Skills team and Adult College. It also has many opportunities to support the agenda through funding vehicles at its disposal such as the Apprenticeship Levy and social value provisions within procurement and commissioning. **Employment and skills activity generates income for the council.**

Based on the cost benefit analysis conducted, the proposed Referral Management System could also generate a return for the Council of £2.71 for every pound spent by year 3. Potentially this could lead to £4.9 million in savings and cost avoidance over 10 years, although we expect returns to be greater.

But this is not just about a cost or return for the Council. Proposed interventions will provide a return for local businesses and for the Havering residents that need it and will benefit the most.

We are confident that the Employment and Skills Plan 2018 -2021 provides a blueprint for the Council to:

- take concerted action, with clear returns in savings and cost avoidance to support demand management, and
- a practical way forward to build capacity within the organisation to prepare the ground for, and be more resilient to, changes in policy and funding for employment and skills beyond 2020.

## 2. Introduction to the Plan

### 2.1 Background

In September 2016, the Economic Development service commissioned Rocket Science to undertake research and consultation into the development of an Employment and Skills Plan and a business case for establishing an employer brokerage service. This work has built on an assessment of employment and skills in the borough conducted in July 2014. Our research and consultation has been focused on understanding the need and potential opportunities for Council-led intervention.

It is important to acknowledge that this is the first time a strategic plan specifically targeted at employment and skills interventions has been developed for Havering. It is also important to note the forthcoming changes to funding, particularly the European Social Fund (ESF), and overall uncertainty regarding replacement funding. There is also uncertainty about the impact of devolution of the Adult Education Budget taking place in 2019/2020.

Employment and Skills has, until April 2017, been positioned within the Economic Development service. It has been a relatively modest function to date with other departments such as Housing having some employment and skills functions as their remits have grown. This has led to a lack of coordination across the Council although the majority of funding for employment and skills activity is managed through Economic Development. This funding has been opportunity-led (i.e. responding to available funding and initiatives) and linked to securing external funding and Section 106 agreements. However, during the course of this research, there have been internal changes and departmental restructures and the Employment and Skills team has moved into the Policy, Performance and Community service. The move represents a real opportunity to embed employment and skills considerations across Council policy making and commissioning, specifically in helping to achieve the Havering Vision.

This Employment and Skills Plan sets out recommendations and a business case for developing a Referral Management Service. This is in addition to the ESF funded employer brokerage service which is due to be delivered by the Employment and Skills team.

### 2.2 Havering's vision for employment and skills

The development of a new Employment and Skills Plan to help residents into work and support businesses with a better skills and employment offer was a specific commitment in the Council's Corporate Plan for 2017/18.

Within its Corporate Plan, the Council committed to providing access to jobs and opportunities for its residents. It has undertaken to ensure that residents are able to access employment and training opportunities locally, including by matching employment opportunities to skill needs by

developing a pilot employer brokerage service using European funding. Through investment in business development and improving the transport network, the Council has committed further to maximising employment, high quality skills and career opportunities.

The Council will continue to set an example for businesses by developing the skills of its workforce through traineeships, apprenticeships and graduate programmes, as well as by providing and coordinating training and upskilling opportunities for local residents through European Social Funding (ESF) projects such as “Routes to Employment”. The Council will also work with businesses to secure high quality skills and careers through the investment of the new Apprenticeship Levy, which will work towards achieving the government’s target of apprentices representing 2.3% of the workforce by 2020. The Council will particularly consider how it can provide further opportunities for looked after children; people who are not in education, training or employment (NEET); the long term unemployed and disabled people in the borough. It has made a specific commitment to ensure that young people leaving care are provided with a carefully planned programme of support for their transition into adulthood, making sure they have life skills and giving them the very best chances in education and employment.

The Council will utilise its relationships with businesses to establish sector specific initiatives leading to local employment and to develop better approaches to support the development of high level skills and progression.

## 2.3 Principles and priorities for the Employment and Skills Plan

Reflecting on the opportunities for the borough, tight financial constraints and the need to focus efforts where the Council has the greatest control, we have established guiding principles to support both the buy in and implementation of the Plan.

<b>First Principle</b>	<b>Working towards the Havering Vision.</b> Recommendations and actions have a clear relationship to, and contribute towards, the achievement of the Havering vision.
<b>Second Principle</b>	<b>Embedding a Havering way of working.</b> Recommendations and actions rely on greater cross-service collaboration and developing a universal ‘Havering way of working’ that is client centred and focuses on reducing duplication and costs.
<b>Third Principle</b>	<b>Preparing Havering for the future.</b> Implementation of the Plan should build the policy and delivery infrastructure for maximising employment and skills funding and investment into the borough beyond 2020.

Supporting these principles are three priorities for taking forward employment and skills work in the Council for the benefit of the borough. These were identified early in our consultation and have resonated well with stakeholders.

### Priority one

**Making the most of Havering’s strengths, relationships and assets.** This has two strands. The first is centred around building Havering’s economy by developing the local workforce and ensuring effective recruitment of local people at key employment sites (e.g. Rainham) and in established sectors facing workforce challenges (Construction, Health and Social Care and Retail). The second is about making better use of the council’s resources and opportunities to get the borough’s fair share from external funding (e.g. from EU and any replacement programmes, City Hall, the Apprenticeship Levy, Section 106 agreements and government investment) and using the Council’s relationships and contracting activity to secure greater social value for businesses and residents.

### Priority two

**Improving prospects and prosperity.** Whilst Havering has a relatively high employment rate, there are groups of residents with specific challenges and needs, particularly those stuck in long term unemployment or low paid/temporary /low quality work, lone parents and young people. Tailored packages of support are needed to secure jobs for these people so that employment can be sustained and careers developed.

### Priority three

**Growing our own.** This plays very well to the strengths of an entrepreneurial Havering, given the growth of micro businesses in the borough, self-employment and the ambition to create opportunities for local people and care leavers.

## 2.3 Approach to the development of the plan

Applying these principles and focusing our approach on the identified priorities, this plan sets out our understanding of the challenges and barriers facing Havering as well as the opportunities that the borough is facing, so that recommendations for the plan are both realistic and achievable. This has involved:

- Consultation with the Leader, council Members and the Senior Leadership Team as well as Heads of Services and officer leads to determine the ambitions, expectations and potential of employment and skills interventions. This is summarised in **Chapter 3**.
- A review of employment and skills data to help identify potential targets for support and to determine priorities for action. This has been summarised into a short Data Story in **Appendix 1** and illustrated in **Chapter 3**.
- An assessment of the governance, commissioning and contracting arrangements that Havering Council sits within, to determine the role for the Council and the potential scale of external employment and skills investment into the borough. This is set out in **Chapter 3**.



- Development of an overarching ambition for the plan including governance and management arrangements, set out in **Chapter 4**
- Research into, and an assessment of, options for different delivery models to ensure that people are supported into and sustained in quality employment in the borough. The options assessment that informed a subsequent consultation workshop has been set out in **Appendix 3**.
- A consultation workshop with service leads and members of the Senior Leadership Team to explore options and recommend a preferred option. This has led to the design of the preferred option, a Referral Management System, which can integrate with the forthcoming ESF programme, as set out in **Chapter 5**.
- An assessment of the cost benefits of the Referral Management System using the Rocket Science Cost Benefits Analysis (CBA) Tool. The tool and methodology guidance notes are set out in **Appendix 4** and a summary of the anticipated benefits and returns highlighted in **Chapter 5**. The Rocket Science CBA tool has been designed to assess the potential savings / cost avoidance the Council could achieve based on returns derived from reducing poverty through employment.

We would like to extend our thanks to staff from the Employment and Skills team for their support of this work and help accessing insight and information from the Council. We would also like to thank all those who have supported the research for their help and insight.

## 3. Making the case for action

### 3.1 Summary of the challenges

On first impressions Havering, compared to other outer London boroughs, fares relatively well in terms of employment. It has enjoyed a higher than average employment rate, is relatively well connected and is considered a desirable place to live.

However, like many other boroughs, this picture masks some more challenging issues such as low attainment rates for young people, low numbers of residents with higher level qualifications, long term unemployment, the emerging impact of welfare reform on families and the effect of the London housing market, all of which have the potential to impact on current and future Council spending. Havering, like other councils, is focused on making efficiency savings and determining the greatest returns it can bring by better managing demand on its services.

Our assessment of the case for strategic action has focused on understanding the impact unemployment, poor quality jobs and low skills have on the **costs of council services**. We have also determined where the council is missing out on employment and skills investment by not having a strategic plan which is currently resulting in **opportunities lost** for the council and its residents.

Developing a case for action around employment and skills is complicated. A plan purely focused on reducing costs and managing service demand through employment and skills interventions is very different to a plan that is focused on driving economic growth through workforce development. Our findings have concluded that the Plan will need to consider interventions to:

- prevent current and future costs of people either in or at risk of long term employment and impacted by welfare reforms by reducing barriers to employment and thereby helping to prevent homelessness and other negative consequences, and
- reduce the costs of services needed to meet statutory requirements through workforce development, particularly in health and social care.

Whilst these interventions will contribute to the demand management agenda, it is important also to acknowledge the need to consider what might be needed to support local economic resilience and growth and prevent service demand into the future.

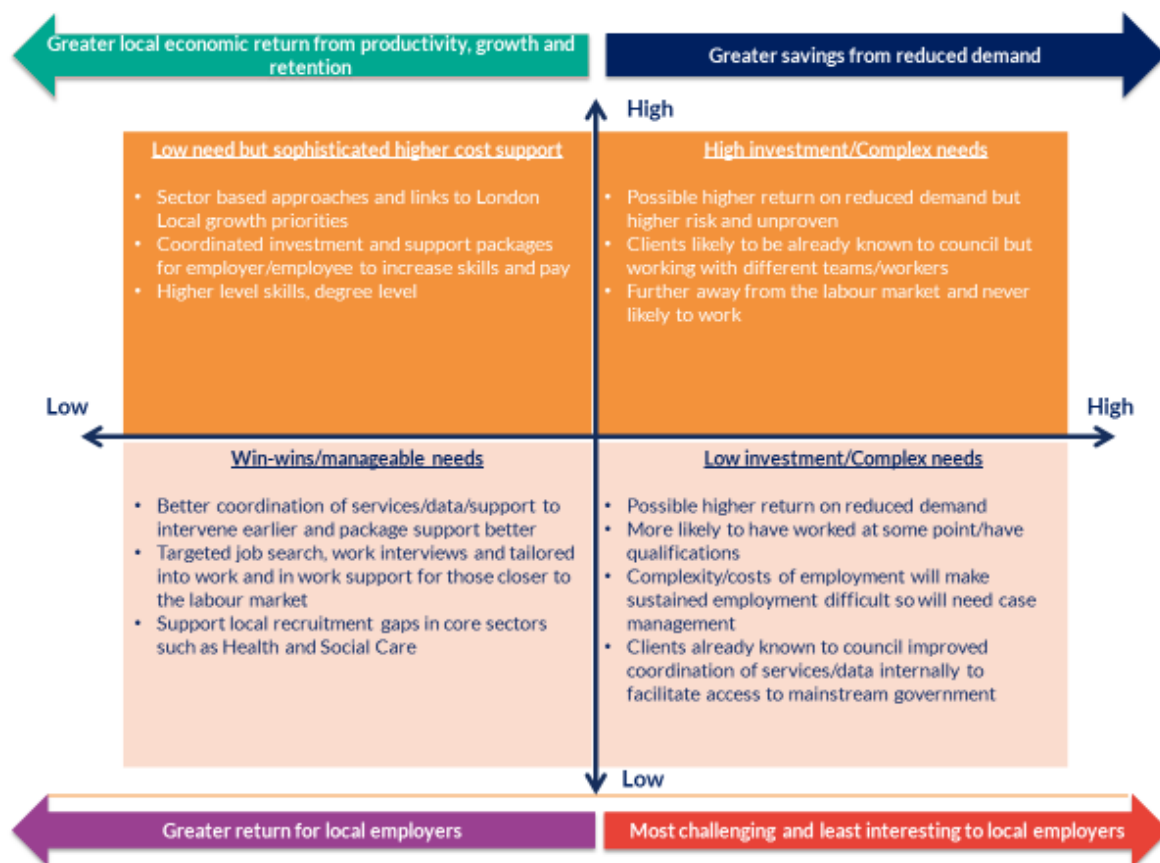


Figure 1 Understanding how employment and skills supports demand management and economic growth

This diagram attempts to summarise the differences between demand management and what employers want and a local economy needs. As it shows, the higher the cost and complexity of issues, the less attractive a person will be to an employer. It also shows that there needs to be different approaches to address different needs. In this respect, developing a case for action has several dimensions.

Our recommendation is that the Council needs to tailor its efforts for different groups but also needs to focus efforts on where it can get the greatest return. There is also a case for providing support where it can result in other benefits such as improved independence for residents with complex needs who present high costs but are unlikely to secure employment.

To set the context for this recommendation, the following section unpacks the challenges around:

- Costs - both in terms of prevention and reduction and current Council investment
- Council influence – in terms of Local London, ESF and government commissioning
- Targets – who the Council should be supporting as part of the plan. The Data Story in **Appendix 1** sets out in more detail the key issues, numbers affected and the potential impact.

## 3.2 Understanding the demand management challenge

### Impact of welfare reform and Universal Credit on council costs

Although the borough has relatively high employment (currently at 77%), it does have pockets of need for specific groups of residents that are long term unemployed, not working or caught in low paid/unsustainable employment.

Many of these residents are likely to be presenting to council services and bringing associated costs with them, some of which could be mitigated by helping them secure sustainable employment. This is particularly the case for those impacted by the benefit cap which is affecting 469 households. Most of these households (some 69%) need to find up to £100 per week (and others need to find more) to address an income shortfall which equates to working around 16 hours a week each year on the National Minimum Wage<sup>1</sup>.

Welfare reforms introduced in April 2017 are also impacting on households with more than two children. Coupled with the benefit cap, these households are at risk of increased indebtedness and potential homelessness through not being able to afford rent or mortgage payments. Findings from our consultation with Housing showed that many families in emergency accommodation had been made homeless from the private rented sector because of welfare reform. Our analysis of the data has also shown that welfare reform is primarily affecting lone parents that have more than two children.

### Reducing costs and supporting the care sector

#### Health and social care

Demand on health and social care services is increasing and costs are rising, yet the workforce is aging. Market conditions in the sector make it more attractive for individuals to work in the private sector, at rates well above those the Council can afford. This is creating a shortage of care workers in the borough, whilst the availability of jobs in the sector is increasing. The Council is exploring new ways of funding support which relies less on expensive agency staff and is focused on developing the Personal Assistant market. This is where individuals are self-employed and provide care to people that is brokered directly by social services at a significantly reduced cost. Although such workers are self-employed, the Living Wage Foundation has established that these workers should be considered eligible for the London Living Wage of £9.75<sup>2</sup> per hour.

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<sup>1</sup> For data references please refer to the Data Story in Appendix 1

<sup>2</sup> <http://www.livingwage.org.uk/what-is-the-living-wage>

Comparing this to the Homecare rate of £14.94 per hour<sup>3</sup>, the Council could save over £5.00 per hour which equates to a reduction of about a third of the current hourly rate.

However, there are structural challenges facing the adult care sector around the quality of jobs and level of pay. Based on current information, the borough needs to recruit at least **400** Personal Assistants to meet projected demand and whilst self-employment can be an attractive option it is not without risk as work and hours are not guaranteed. In one of our interviews it was felt that costs to the Council could be prevented by having a programme targeted at people affected by the benefit cap.

The Council has also launched a Social Care Academy across Adults' and Children's Social Care which will offer clear responsive pathways for development for staff, managers and partners. The Social Care Academy comprises six faculties: Social Workers in Training, Social Workers and Advanced Practitioners, Leadership and Management, Alternative Social Care Pathways, Audit and Evaluation, and Providers. The Council's Workforce Development Strategy is being reviewed in line with this approach and the impact of the Social Care Academy will be continue to monitored, particularly as the Council moves towards providing more integrated services, both internally and with its partners.

On one hand, it makes sense to invest efforts to supporting people into the sector, particularly where this offers flexibility around personal care arrangements. On the other however, this may not generate the job security or financial return to meet the income shortfalls faced by households affected by Universal Credit. Latest workforce information provided by Skills for Care in October 2016 shows that, compared to London as a whole, Havering has:

- the highest turnover of direct carers at over 37% - 14% higher than London average
- the lowest pay across all levels – from professionals through to care workers
- higher numbers of workers on zero hours contracts (5% higher than the London average)
- lower numbers of the workforce with a relevant qualification (at 37%, 17% less than the London average).

This example illustrates the complexities of attempting to marry up demand management with workforce development. Therefore, this Plan needs to consider what needs to be done to address these workforce challenges in addition to reducing service costs.

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<sup>3</sup> <https://www3.havering.gov.uk/Documents/Adults-and-older-people/Adult-care-costs/Non-residential-Care-Charging-Policy.pdf>

## Childcare

Another example that illustrates the interdependencies and complexities of demand management and workforce development is within Early Years. There are 1,860 one parent families in the borough and one parent families make up 80% of households that are affected by Universal Credit<sup>4</sup>. They will need to work to ensure they do not fall into arrears, face eviction and end up as homeless and presenting themselves back to the Council for support. Without appropriate and accessible childcare, employment will be impossible to secure for households that do not have access to other informal care arrangements such as lone parents and those without extended families.

In some parts of the borough, particularly where there are higher numbers of unemployed lone parents (e.g. Harold Hill), there is a projected deficit of Early Education Entitlement places to 2020. Although the borough has sufficient childcare overall, this is in places that – for some families - would be too difficult to get to and manage with other caring and employment responsibilities, and without a car. For example, Hacton Ward has an over-supply of places nearly equivalent to the under-supply projected<sup>5</sup> in Harold Hill. However it is important to note that many parents do not take up childcare near where they live, so planning for places is complicated when factoring in personal choice.

Our consultation discussions also considered opportunities for working with lone parents and adults in households in areas where there is a place deficit to train them into childminding. This type of employment could better fit their lifestyle and family caring needs. This would have a double positive impact for the Council, firstly by increasing the number of early years places and secondly by reducing demand arising from welfare reform. On the face of it, this would seem a sensible solution. However, childminding is self-employment and financial sustainability is reliant on the following factors:

- The age and numbers of children a childminder is registered to look after, considering the numbers and ages of their own children and the suitability of their premises to provide a service in the first place. If households have high numbers of children, registration and numbers of places the childminder can offer will be limited, impacting on the income they could achieve.
- The ability to optimise income from full time places. This relies on attracting parents that have reliable and sustainable employment. Providing childcare for people on short term/zero hour contracts is unsustainable for the childminder, which is why part-time or more flexible childcare can be difficult to offer. This also impacts on the parent using the service who would be required to pay for a place regardless of whether they work or not.

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<sup>4</sup> For data references please refer to the Data Story in Appendix 1

<sup>5</sup> LB Havering Childcare Sufficiency Assessment 2016/17

The council is keen to increase the number of childminders and improve the quality of provision, so this is clearly a workforce development issue. But unless childcare is affordable and accessible for families impacted by welfare reform, reducing demand and the costs of services will be far more difficult.

Our recommendation is that, to be effective, the Plan needs to deliver employment and skills interventions from both the demand management and workforce development perspective. **This works towards achieving Priorities 1, 2 and 3.**

### 3.3 Understanding current Council investment

#### Investment into demand management and workforce development

##### Staff and resources

We estimate that the council currently invests around £400,000 per annum in employment and related skills activity in some form or another. Some of this is linked directly to the Employment and Skills team's salaries and some is based on other activities to help move people into work. Most of the Council's current investment in activity is linked to Information, Advice and Guidance (IAG) and in some cases management support, delivered internally and provided by different service areas in order to help:

- reduce barriers to employment - such as childcare information provided by the Family Information Services;
- move people into employment focusing on early intervention – e.g. within the Leaving Care service, or
- prevent homelessness and rent / mortgage arrears.

Our findings show that, in most cases, IAG relies on referring clients into other services and provision either to access training, support and/or a job. These services are often delivered outside of the Council and providers are chosen based on the personal knowledge of advisors or from advisors sourcing contacts independently. There is no single source of information that captures provider information (i.e. what is provided, where and by / to who, and what outcomes have been achieved), so tracking the impact and measuring the quality of support in achieving sustained employment is very difficult and, in many cases, non-existent.

Services are duplicating their efforts, particularly around employer engagement, and are operating different case management and action planning approaches which results in the potential for residents to disengage from support, especially when they transition between services. The Troubled Families, Leaving Care, Housing and Housing Benefit teams are applying different approaches to their client assessment and case work. In some cases, teams are also likely to be working with the same clients.

Our assessment of this investment is that it is not joined up or coordinated and outcomes are not tracked to ensure that the investment (internal and external) the Council currently makes is leading to potential savings.

Our recommendation is that savings could be made, costs avoided, additional investment secured, and better outcomes achieved by improving the coordination of existing activity within the Council. This has two elements; improving the tracking of outcomes achieved by individuals, particularly to ensure they are securing and sustaining work, and improving the coordination of engagement with employers and other external provision to ensure individuals are accessing opportunities. **This works towards Embedding a Havering Way of Working.**

As part of the development of the Employment and Skills Plan, we have produced a cost / benefit analysis for a Referral Management System (**see Chapter 5**). When assessing the costs and benefits of employment interventions, we need to look at returns that are based on sustained employment. Although the Government generally measures sustainment in employment as 26 weeks in employment, we suggest that sustainment measures need to be longer – at least 12 months. This is to be reasonably confident that potential savings or cost avoidance for the Council are both realistic and achievable. However, unless sustainment is tracked effectively, it is hard to determine whether any savings or returns could be or are being achieved.

Our recommendation is that the Council will need to invest in a process/system for tracking sustained employment outcomes for the residents it wants to support, in order to be assured that the returns and savings it is expecting are being realised. **This works towards achieving Priority 1 and Embedding a Havering Way of Working.**

### Apprenticeship Levy

It is important to note the potential of the Apprenticeship Levy. Although only just implemented, Havering Council must have 2.3% of its workforce working towards an apprenticeship, the funding for which comes from its Levy contribution of 0.5% of the PAYE bill.

The Havering Levy is being led by the OneSource HR service and plans are at an early stage. Councils are using the funding in different ways to address both workforce development needs (to support pay and career progression) and to support local employment, particularly for young people.

Our discussions with Members highlighted the ambition to create an employment and skills pathway for looked after children using the returns from the Levy to develop a specific programme of support, work experience and learning. We have since learnt that OneSource has developed a project with the Leaving Care team which is in its early stages. As part of its corporate parenting responsibility and in respect of Ofsted's recommendations around bolstering support for transition into adulthood, we see this as being a real opportunity to provide much needed support for care leavers. Our assessment of the data showed that a high proportion of care leavers are Not in Education, Employment or Training (NEET).



Our recommendation is that the Council builds on this newly developed project supporting care leavers by providing work experience, training and support within the Council and funded in part through the Levy. **This works towards Achieving the Havering Vision and Priorities 1, 2 and 3.**

### What does the Council secure through external funding?

The Employment and Skills team recently delivered a contract from the Flexible Support Fund to deliver advice and support to households impacted by welfare reform up to December 2017. The team has also been given an indication from London Councils that it can access £114,000 of ESF funding to March 2020. The team has also generated income (of £244,248 to be spent over the next two years) through Section 106 to work with Segro and match funding from Harold Hill Ambitions and Gooshays developments.

Havering Adult College (which is part of Havering Council, and all its staff are LBH employees) is wholly funded through the Skills Funding Agency. The Adult College secured £1,555,940 funding in 2016/17. The college provides a range of vocational and employment related training as well as offering employability courses to support local residents through its partnership with Job Centre Plus.

The Public Health Grant provides £700,000 funding to deliver the Council's statutory duty to support careers information, advice and guidance and the tracking of young people in the borough into education, employment and training which is currently contracted to Prospects. In addition, the Troubled Families team can claim funding through two employment and skills related outcomes and has two advisors provided by DWP to provide employment advice to families.

Overall this paints a relatively healthy picture of the investment into employment and skills related activity, although this is not as coordinated as it could be, nor is it guaranteed beyond the lifetime of the funding period.

Devolution of the Adult Education Budget to the Mayor of London could be quite risky to the borough and the Adult College when this comes into effect by 2020. Although uncertain, decisions on that investment would be made at the London level and could impact on Havering's share depending on the mayoral priorities at the time and the extent to which this is further devolved to Local London. In addition, there are other funded programmes through various sources that the Council could access directly or by working with others to secure opportunities for its residents. We explore this issue in more detail in 2.4, but we estimate that the borough could be missing out on over £2 million from its fair share of skills and employment funding to 2019.

Our recommendation is that Havering focuses its efforts on ensuring effective delivery of the current external investment by clearly linking this to the three priorities. We also recommend that the Council uses this Plan to put in place the systems and processes to

help prepare for the future commissioning landscape. **This works towards Achieving the Havering Vision (Principle 1) and Preparing Havering for the future (Principle 2).**

### 3.4 Devolution and the employment and skills landscape

#### Strategic relationships

Havering sits within a relatively complicated employment and skills landscape. It has functional relationships as part of the Local London sub-region, but also shares business rate responsibility with Barking & Dagenham, Thurrock and Basildon. It has relationships with both the London LEP and South East LEP and sits within a larger East and South East area for skills development. The council also shares HR functions with Newham and Bexley. We suspect that whilst there is a lot of activity at a strategic level, Havering is losing out in terms of its employment and skills voice in such a crowded space. This is unlikely to change.

Although the borough has clear need for employment and skills investment, this is not at the same level and intensity as other boroughs. These other boroughs are likely to have a greater say or at least a louder voice in relation to decisions affecting employment and skills at the sub-regional level. These decisions will impact on investment, contracting and the employment and skills infrastructure within the borough, which we explore further on.

The following diagram illustrates this complexity and highlights a few of the strategic and commissioning relationships Havering operates within. Whilst it is important that the Council maintains a watching brief over these relationships, influence can be best achieved through the Local London CEO and Leaders Forum. This is in recognition that the various arrangements are being led and directed by different agencies, policy agendas and government departments and the extent to which the Council can influence and control this bigger picture is very limited.

Our recommendation is that the Council needs to prioritise its time by maximising the benefits and investment these relationships can bring into the borough rather than expending effort trying to influence what is essentially out of its direct control. **This works towards achieving Priority 1 and helps towards Achieving the Havering Vision.**

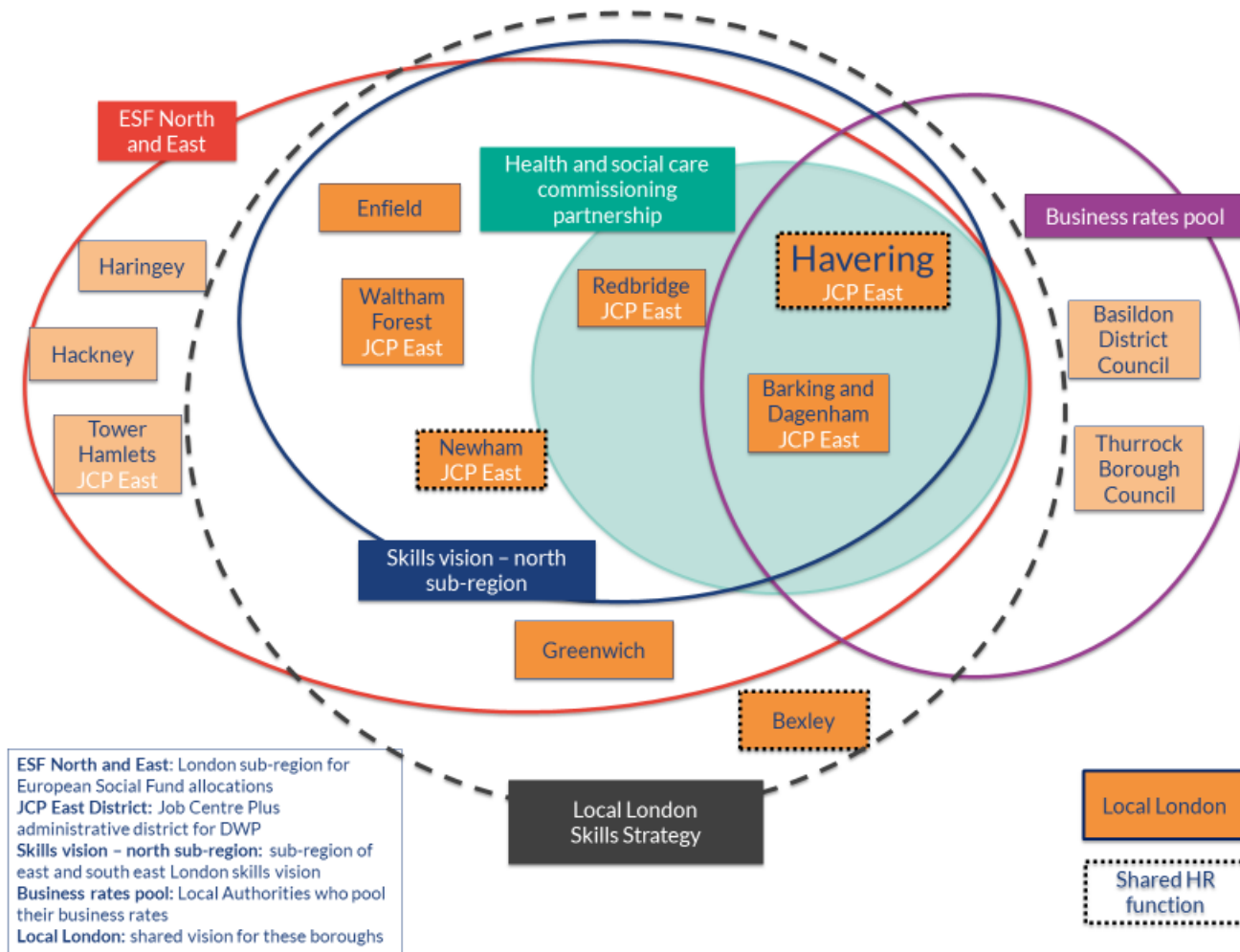


Figure 2 Strategic relationships that Havering sits within

## Contracting and investment relationships

There is a complicated map of employment and skills investment operating in the Local London area and there are several ways in which Havering is disadvantaged.

### DWP investment

Traditionally, the DWP's mainstream programmes, such as the Work Programme, have been commissioned nationally with limited if any input from local authorities in terms of preferred providers. The Work and Health Programme is being commissioned to replace the Work Programme and Work Choice and this is led by the London Borough of Redbridge on behalf of Local London. This is estimated to be worth £47 million over five years and targeting 19,000 people that are on Job Seekers Allowance plus the Employment Support Allowance Work Related Activity Group (WRAG). Havering has 750<sup>6</sup> residents classified as WRAG, which is less than other boroughs and therefore, because of lack of scale and returns from a provider perspective, there is a risk that Havering could miss out on its fair share again.

### European Social Funding (ESF) and other investment

In addition, there is a range of co-financing arrangements for the distribution of ESF money to London through the DWP, SFA, London Councils, GLA and (more recently) the Big Lottery Fund through Building Better Opportunities. Some of this funding is linked to specific needs; some of it is linked to specific borough needs, and some of it is distributed according to a mix of need and targeting specific geography.

All of this is commissioned independently by the co-financing body through their own arrangements and there is little if any influence by London boroughs as to which provider/solution they want in place. This has resulted in a complicated patchwork of provision, delivered by many different providers, with different models, payment mechanisms and outcomes and different contract management, monitoring and impact measurement arrangements. There is no central directory of provision covering opportunities for all residents or a cross-Council brokerage function to help connect residents effectively to these programmes. The following chart illustrates where existing contracts and ESF/SFA funding are being invested and the potential investment that Havering could be accessing for its residents. We have sourced this information from the websites of various commissioners (and, in some cases, is not clear or available to view). Therefore, this illustrates the potential value rather than being a 100% accurate analysis.

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<sup>6</sup> Please refer to the Data Story in Appendix 1 for data references

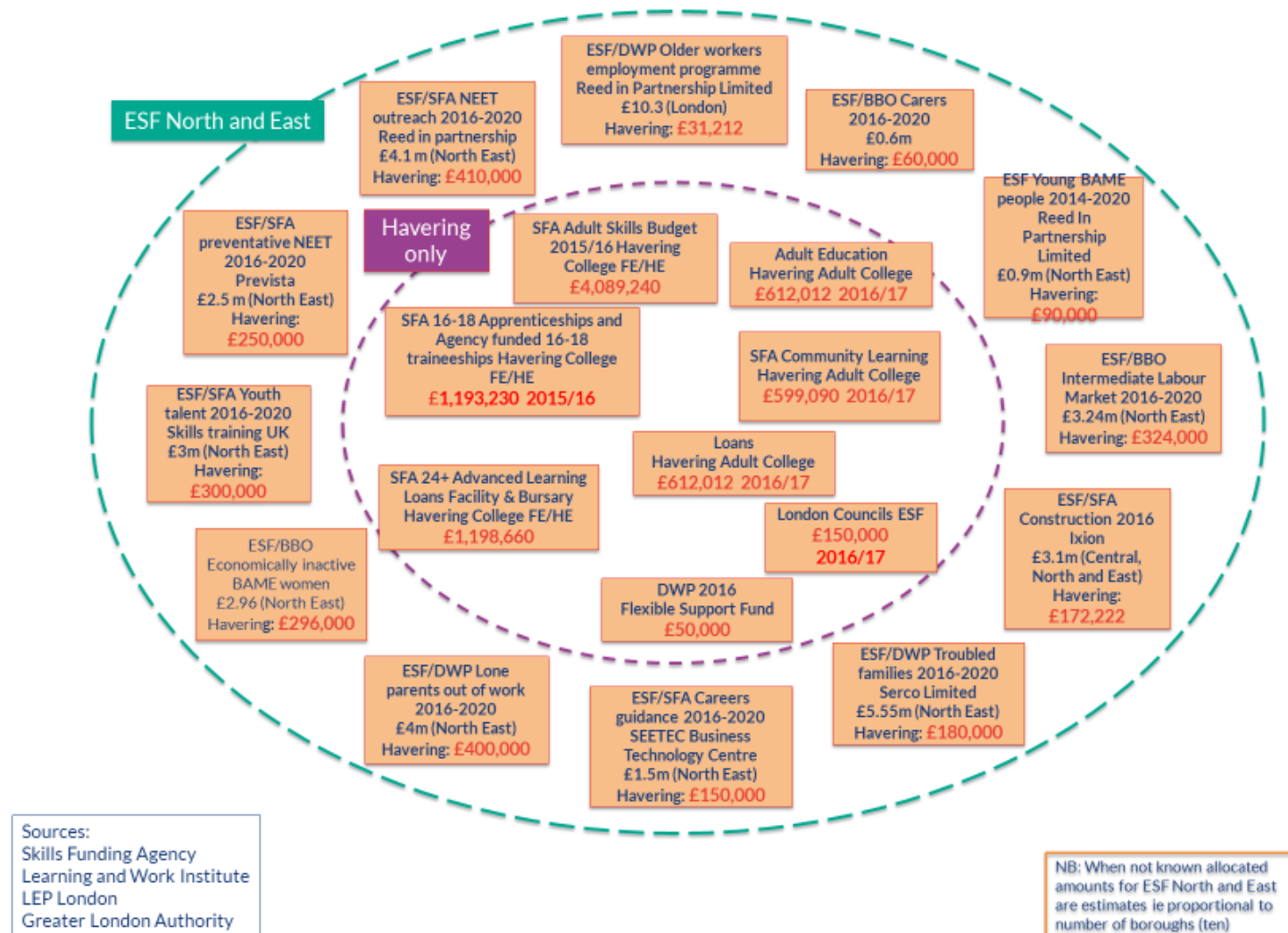


Figure 3 Contracting and investment relationships

Based on our consultation and review of the data, our assessment is that referrals for clients supported by the Council and possibly other residents are not being made effectively into this provision. This is resulting in Havering not getting its potential share of the £2.6 million investment we have estimated based on available data.

We recommend that the Council further investigates the potential contracting landscape as funding announcements are made and contracts awarded. Any funding the Council secures should target and support residents or vocational areas which are not being met by the existing infrastructure to avoid duplication and displacement. **This works towards achieving Priorities 1, 2 and 3.**

As there is no control and limited influence by boroughs and, at best, indicative allocations for how contract investment needs to be spread across local authority areas. Providers will invest in areas where they will get greater returns from their contract. Participation in these programmes is, in most cases, voluntary (other than for those mandated by Government and enforced through benefit sanctions), therefore decisions regarding where providers focus their investment will be based on two things:

- Concentrating delivery in areas where there is a greater level of need and the provider can meet most of their contract volumes. This results in clients from areas with lower needs having to travel to provision, which:
  - incurs costs for the client and could discourage them from participating, and
  - acts as a barrier for participation for clients that have mobility or health issues, or those that are least motivated to take up the opportunity.
- Where they have an existing footprint and therefore can build on existing infrastructure without needing to invest in new premises and staff.

The issue for Havering is that it is likely clients will face barriers to participation in these programmes because of location and travel. Havering has always had lower levels of need which has resulted in a weak provider footprint. This leads to a natural disinvestment in the local provider infrastructure and results in less choice and limited local provision for residents. Unless the Council commissions or provides services directly, it will have little control or influence over what is provided and how. Therefore, to ensure Havering get its share of this investment, it needs to incentivise and support those providers commissioned by others to deliver services where they are needed most in the borough.

We recommend that this can be done in two ways. The first is by facilitating access to common client groups (Troubled Families, people with disabilities etc.) by actively managing their referral and supporting interventions so that services are working effectively around the person and minimising disengagement. The second is by offering free space for providers to deliver services locally and helping them make effective connections to local employment opportunities through Council contracts and relationships so that local people can benefit most. **This works to support all three principles and priorities for the plan.**

### 3.5 Council-led interventions

#### Supporting demand management – Principles 1 and 2, and Priorities 1, 2, 3

In order to maximise the returns that could be achieved from Council-led interventions, there is a need to create ways to improve the targeting and support of higher cost residents, intervening earlier and preventing disengagement from support. In the short term, this will be almost entirely concentrated on mitigating the impact of welfare reforms and preventing costs to the Council linked to housing and homelessness. In the longer term, it needs to focus on preventing long term unemployment for young people, including looked after children and care leavers.

The Council should also consider what it could achieve by working with partners to support the 360 people (JSA claimants aged 25-64 and ESA WRAG)<sup>7</sup> who have been unemployed for longer than six months but less than one year to prevent them from moving in to long term unemployment and to mandated programmes. Preventing long term unemployment and reducing the amount of time people spend claiming unemployment benefits has several positive impacts. Our work in Dundee highlighted the increased probability of becoming long term unemployed between six and 12 months of claiming JSA. These six months represent a window of opportunity to make concerted efforts to support people into employment and avoid long-term unemployment. We know gaps in employment make people less attractive to employers, and also that long term unemployment can lead to other health and wellbeing challenges and present costs to council services in the future.

In terms of making the most of the Work and Health Programme investment into the borough, the Council could also consider how to support those residents it is funding through adult social care budgets who are also within the WRAG group (750). This will require additional mapping to identify those receiving support that are in the WRAG group. It will also be helpful to identify those that might be impacted by the benefit cap in the future that are living in the private rented sector.

The following table shows our recommendations for the groups of residents the Council needs to target in the short to medium term (within the next 12 to 18 months), the

<sup>7</sup> Refer to the Data Story in Appendix 1

numbers affected and the types of interventions needed to help individuals access and remain in sustained employment:



Target group	Numbers affected – Data sourced from Data Story – Appendix 1	Costs to the council	Interventions needed
<b>Lone parents</b>	375 lone parent families affected by Universal Credit	<ul style="list-style-type: none"> <li>Housing arrears</li> <li>Eviction costs</li> </ul>	<ul style="list-style-type: none"> <li>Early help and advice to move lone parents/at least one adult in a two-parent workless family household into employment as early as possible –and as soon as the youngest child is entitled to 15 (30) hours of free childcare</li> </ul>
<b>Troubled families</b>	1450 families within the programme	<ul style="list-style-type: none"> <li>Emergency and Temporary Accommodation</li> <li>Advice and Guidance</li> <li>Council Tax</li> <li>Costs for additional social work support</li> <li>Cost of failure to sustain outcomes achieved because of subsequent homelessness</li> </ul>	<ul style="list-style-type: none"> <li>Removing barriers to employment – by developing options for and improving access to childcare and high level employability skills</li> <li>Sourcing of flexible employment that supports caring responsibilities or family friendly employers</li> </ul>
<b>Families already living in hostel, bed and breakfast and private sector leasing accommodation</b>	c.200 families are living in expensive hostel accommodation and in bed and breakfast accommodation. As they are not affected by Universal Credit, this is creating high and long term housing costs to the Council	<ul style="list-style-type: none"> <li>Cost of hostel accommodation</li> <li>Cost of private sector rented accommodation (average per family)</li> <li>Cost of Bed and Breakfast accommodation per family</li> </ul>	<ul style="list-style-type: none"> <li>Supporting families to sustain employment through mentoring and ongoing support</li> <li>Budgeting and money management advice</li> <li>Interim financial help to cover shortfall in rent to prevent arrears and evictions</li> </ul>
<b>Looked after children/Early Help</b>	34 Care Leavers are currently under the care of the Council and 23 are in the NEET cohort	<ul style="list-style-type: none"> <li>Casework and support to help looked after children into work/employment</li> <li>Costs for social work support</li> <li>Costs to meet legal responsibilities as a corporate parent</li> </ul>	<ul style="list-style-type: none"> <li>Targeted support and mentoring to help the young person through transitions into work/independence</li> <li>Access to training and vocational opportunities such as apprenticeships</li> </ul>
<b>NEET transitions (18-24 and over)</b>	375 claimants in the 18-24 cohort	<ul style="list-style-type: none"> <li>Possible homelessness/housing costs</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of sustainable and flexible pre-apprenticeship and pre-employment/traineeship opportunities</li> </ul>

## Making best use of ESF funding – Principles 1 and 2 and Priorities 1, 2 and 3

The Council is awaiting confirmation of funding over the next two years to invest in employment activity for local people through ESF. Meanwhile, we have conducted research into best practice in the design of effective employment interventions in order to recommend approaches to the Council and this is explained in more detail in **Appendix 3**.

The Employment and Skills team will need to recruit additional team members to take this work forward, using the external funding. To ensure that this programme does not displace other provision, we suggest that this is an opportunity to help local people access entry level jobs within the Council, its suppliers and key account employers. Specifically, we recommend that the team develops the following elements with the funded project:

- **Personal Assistant and Childminding Pathway** - Including promotion of and access to a self - employment programme. This would require working with the adult social care and early years sectors to integrate their existing training and support into an enhanced model. Some of the ESF funding could be used to pay for specific training, DBS checks and possibly initial insurance/set up costs, with an agreed qualification and registration requirement so that council teams can be confident in referring clients.
- **Preventing long term unemployment** - Targeting of young people aged over 18 who are at risk of becoming long-term unemployed as well as supporting people who have been on Job Seekers Allowance for more than three months but less than 12 into jobs with the council, its suppliers and development opportunities. These groups are likely to be much closer to the labour market and require minimal support and intervention to help them access work. We suggest that this is kept very flexible but would focus on providing:
  - enhanced advice and guidance to support job readiness,
  - work tasters (where these can be arranged internally),
  - removal of barriers to work such as providing travel cards, uniforms, specific training/certification, or childcare support and
  - case management support to help manage transitions into employment once a job is secured.
- **Pathways to employment from the Flexible Support Fund and the next wave of households at risk.** We recommend that this funding is also used to target those that have been supported through the recent FSF programme which was targeted at Universal Credit Claimants to work with those households now to prevent risk in the future. This will mean close working with the Housing team on a referral pathway to this programme and additional support to help move these people into sustainable work. It may be possible to use some of the funding to support those individuals that are in part-time work but are not earning sufficient money or working enough hours to cover their costs. This will require quite sophisticated case management and job matching.

## Supporting workforce development - Principles 1 and 3 and Priorities 1, 2 and 3

There is a case for the Council to focus greater efforts on supporting broader workforce development, particularly to help achieve the Havering Vision. However, this requires a strategic approach to address longer-term workforce development, which is greatly influenced by economic, funding and structural issues outside the control of the Council.

Clearly there is a strong argument for developing strategies that support the key sectors for Havering - Health and Social Care, Construction and Retail and others relating to the physical development taking place in the borough. We have set out in this chapter where we recommend the Council focuses its efforts to support these sectors.

There is a further challenge in how the employment and skills agenda fits within the broader economic and physical regeneration of the borough. Moving the Employment and Skills team from Economic Development into the Chief Operating Officer's Directorate is beneficial and makes the most sense from a coordination and internal influencing perspective. However, this runs the risk of losing some of the potential connections and links with the Economic Development service that are easier to make and develop when you are in the same team. Plans will need to be put in place to ensure that workforce development is an integral part of the inward investment and business growth offer which could be coordinated by the Employment and Skills team. In addition, given that the success of both Economic Development and Employment and Skills initiatives rely on businesses (many of them the same businesses) participating and cooperating, the coordination and management of these business relationships is key.

We recommend that the Employment and Skills team works closely with Economic Development to ensure businesses have a responsive and effective council offer. The proposed governance arrangements and employment and skills impact assessment process set out in 4.3 will facilitate this work and develop further over the lifetime of the plan.

### 3.6 Summary

This chapter has provided an in-depth assessment of the case for action in developing the Employment and Skills Plan 2018 -2021.

What has become very clear is the level of complexity and complication involved in developing interventions to support the employment and skills agenda in the borough.

Based on our assessments drawn from consultation, research and analysis, the Council needs to focus its efforts where it will have the greatest impact on services, prosperity and the local economy.

The following chapter sets out how the council can achieve this.

## 4. The Employment and Skills Plan

### 4.1 Context and recommendations

So far, this document has set out a case for action to help frame the design of an Employment and Skills Plan. In this section, we present

- a summary of the issues, challenges and opportunities using a SWOT analysis to help set the baseline and ambition for action
- an overall plan linked to the recommendations and clear ambition about where the Council needs to be in 2021
- the governance and management structures that will need to be put in place to ensure the effective implementation of the plan.

We have already set out some guiding principles that clearly link all the recommendations and actions to the achievement of the Havering Vision. These should also encourage collaboration across teams and services to work together to reduce costs of services and prepare Havering for changes in 2020.

The challenge facing any organisation embarking on a new way of working is significant, particularly in an environment that is constantly subject to review and change as national policy and investment shifts. We do not underestimate this challenge. We have focused our thinking on actions that have a clear rationale for implementation, that have been suggested as part of our consultation with staff and Members and can be measured.

The following SWOT analysis summarises the borough's strengths, weaknesses, opportunities and threats from both the council and local economic and policy perspectives.

## Summary of Strengths and Weaknesses

Strengths		Weaknesses	
Internal	External	Internal	External
<ul style="list-style-type: none"> <li>• Commitment across the organisation to use employment as a means to supporting 'at risk' residents and existing examples of practice and caseworking</li> <li>• High level of knowledge about the borough, its history, opportunities and challenges amongst the workforce</li> <li>• A small but experienced employment and skills team with insight and knowledge of workforce and structural challenges in the borough – examples of existing initiatives such as business support for social care providers</li> <li>• Relative success in securing external funding for economic development activity through Section 106, European Social Fund and Greater London Authority</li> <li>• Highly regarded Adult Skills provision through the Adult College</li> <li>• <b>Havering Vision</b> as road map to harness opportunities for the borough and residents</li> </ul>	<ul style="list-style-type: none"> <li>• Traditionally high levels of employment within the borough and higher levels of performance in government funded programmes</li> <li>• Highly regarded FE college, the borough is net importer of learners and has key assets eg Rainham Construction Centre</li> <li>• Lower levels of young people Not in Education, Employment and Training compared to neighbours and higher take up of Apprenticeships</li> <li>• High levels of entrepreneurship and business start up with emerging high value sector in Science and Technology, growth in Construction</li> <li>• Regeneration and 'London effect' driving new opportunities for the borough such as Crossrail and Housing Zones, Rainham</li> <li>• Relationships with developers such as Segro at London Riverside and ambition to improve transport and connectivity within, across and to the borough</li> </ul>	<ul style="list-style-type: none"> <li>• Council has not had an employment and skills strategy in place due in part to labour market performance and perceived lack of need/reluctance to intervene</li> <li>• Lack of knowledge of who is working with at risk residents and what interventions are in place to help residents access sustainable employment across services</li> <li>• Lack of cross service working and tracking is resulting in duplication of assessment and referral processes and potentially impacting on quality of provision and disengagement</li> <li>• Combined with lack of data and insight on costs of supporting residents and potential savings means impact cannot be assessed effectively</li> <li>• Organisational change impacting on staff churn and focus on immediate savings/demand management impacts on longer term planning</li> </ul>	<ul style="list-style-type: none"> <li>• Despite employment rate, entrenched issues for vulnerable residents, challenges for Looked After Children, Lone Parents and residents at risk of homelessness including those in work– this results in greater polarisation and inequality</li> <li>• Low base of medium/large employers</li> <li>• Issue around job quality and focus on low pay sectors will impact on residents' ability to afford to live in the borough and potentially create high costs for the council as a result of homelessness and welfare reform</li> <li>• Employment and skills commissioning is outside of council's control and influence– limited engagement and relationships with existing provision</li> <li>• Havering is a 'poor relation' in devolution partnership as needs are not as high as other boroughs</li> <li>• Perceived low need has driven disinvestment in provision infrastructure resulting in reduced access to opportunities</li> <li>• No oversight on quality and performance of provision for the borough</li> <li>• Sporadic employer engagement and uncoordinated</li> </ul>

## Summary of Opportunities and Threats

Opportunities		Threats	
Internal	External	Internal	External
<ul style="list-style-type: none"> <li>• Transfer of employment and skills function to directorate with wide corporate remit is an opportunity to embed employment and skills oversight across the organisation to identify opportunities and enable greater collaboration</li> <li>• Leading to opportunities to maximise resources and council investment into service commissioning, procurement through social value building on Section 106</li> <li>• Improved insight and intelligence on how services are supporting high cost residents result in improved collaboration between services, supporting early action and reducing duplication of effort both in terms of assessment and support</li> <li>• Opportunity to use internal assets such as the Adult College to deliver targeted training and support.</li> <li>• Use community spaces to provide space and resources to deliver targeted support</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunity to maximise existing external funding secured by the council £150,000 to support residents and council services through improved collaboration and joint planning</li> <li>• Investment in Referral Management System to maximise access to external provision and secure over £2.6 million worth of provision to residents and deliver savings to the council</li> <li>• New programmes such as Work and Health Programme providing c£2million of support to long term unemployed and people with disabilities in the borough</li> <li>• Opportunities for local residents to secure employment through regeneration and developments at London Riverside</li> <li>• Apprenticeship Levy for the council can support some Looked After Children and extend to other groups</li> <li>• Improve coordination of business and employer offer for Havering businesses</li> </ul>	<ul style="list-style-type: none"> <li>• Moving employment and skills function away from Economic Development could impact on connections to business support, employer engagement and regeneration activity – need to ensure connections and collaboration are maintained and developed</li> <li>• Not addressing workforce challenges around adult social care and childcare in meeting statutory support could result in greater costs for the council longer term</li> <li>• Lack of plan and strategy for engaging with business, providers and stakeholders will impact on external investment being used to benefit the borough</li> <li>• Pace of organisational change and future cuts in funding and services could impact on the delivery of employment and skills plan in the future through staff changes, cost savings</li> <li>• Focus on immediate demand management may result in lack of planning for longer term impacts where council has little control or influence ie young people's attainment rates</li> </ul>	<ul style="list-style-type: none"> <li>• External funding through ESF will be impacted by Brexit and no idea of scale or type of investment beyond 2018/19 - planning beyond this is impossible at moment – lack of plan or strategy to support council/borough to be ready for the challenge could result in lack of investment post 2020</li> <li>• Impact of Crossrail not known, risk of skills flight and housing plans forcing business flight - tipping the balance on affordability and access to business/office space</li> <li>• Extent of devolution powers not known or role of the London Mayor on decisions eg around Adult Education Budget which may impact on Havering's already limited voice and influence on employment and skills decisions in the London Local/ London area</li> <li>• New cuts and policies introduced by Government which will impact on services, residents, infrastructure and economy</li> </ul>



## Recommendations

The SWOT analysis shows a mixed picture of challenges and opportunities, but a context in which much can be achieved through improved coordination and targeted support. The following 10 recommendations have been developed to respond to these challenges and opportunities.

### **Priority 1 - Making the most of our assets, strengths and relationships to secure the borough's 'fair share' of employment and skills investment**

#### **Recommendations**

- 1.1 Bring employment and skills investment into, and maximise what is already commissioned for the borough through other agencies, by incentivising and supporting providers to deliver services within the borough and helping residents to access and benefit from these opportunities.
- 1.2 Enable savings and cost avoidance to be achieved through sustainable and quality job outcomes for higher cost residents, by improving the coordination of existing employment and skills activity within the Council and optimising returns for the borough from external investment through the establishment of a Referral Management System.
- 1.3 Ensure that additional investment secured by the Council through ESF/DWP and other sources such as Section 106 is focused on plugging the gaps in mainstream and other provision and focused on supporting key sectors for borough (i.e. Health and Social Care) or removing barriers to work (e.g. supporting childcare provision).
- 1.4 Ensure that, where appropriate, the Council's key strategies, procurement and commissioning and development plans realise opportunities for employment and skills investment into the borough.

### **Priority 2 - Improving prospects and prosperity for residents in or at risk of poverty and unemployment**

- 2.1 Work with key services to provide a continuous assessment of 'at risk' residents and, through the proposed Referral Management System, support them to access and sustain employment to reduce their risk of presenting to Council services (particularly Housing).
- 2.2 Develop agreements and new ways of working with businesses and local providers to help residents access sustainable quality jobs through effective employer targeting, work interviews and phased employment to support transitions into work, as well as through in-work support to help residents sustain their employment and reduce their risk of cycling in and out of work.
- 2.3 Work with key services within and outside the Council to help remove the structural barriers to employment faced by some residents, such as access to affordable childcare and transport, and access to quality, relevant training.

**Priority 3 - Growing our own – Supporting local people and businesses to thrive**

3.3 Support key sectors critical to the Havering economy (e.g. Construction) and delivery of Council services (e.g. Health and Social Care) through coordinated workforce development interventions.

3.4 Support other and emerging sectors important to the growth and future prosperity of the borough and higher value sectors (i.e. Logistics, Manufacturing, Engineering and Technology) through better targeting of workforce development support including apprenticeships.

3.3 Work with providers, schools and colleges to enable better connections and communication between local employers and providers, so that young people/residents access and benefit from career opportunities both locally, regionally and nationally.

The following sets out the Plan in more detail; the recommendations, the activities and the ambition including outcomes and outputs to be achieved by 2021 and how these contribute to achieving the Havering Vision.



## High level plan 2018-2021

### 1 - Making the most of your assets, strengths and relationships and secure the borough's 'fair share' of employment and skills investment

#### 1.1 Bring employment and skills investment into, and maximising what is already commissioned for the borough through other agencies, by incentivising and supporting providers to deliver services within the borough and helping residents to access and benefit from these opportunities.

What do we need to do?	Where do we want to be in 2021?	How does this help us meet our vision?
<ul style="list-style-type: none"> <li>Develop relationships with external providers and assess their ability/needs to deliver into the borough and work with the council to deliver <b>1.2</b> – providing additional space and resources as needed</li> <li>Negotiate referrals into their provision through <b>1.2</b> in return for management information on referral progress and success</li> <li>Provide ongoing support and connections into existing and other initiatives/funding including the Apprenticeship Levy</li> <li>Encourage providers to locate services in the borough and become part of a local provider network to work together for the benefit of local people and businesses</li> </ul>	<ul style="list-style-type: none"> <li>ESF investment from London Local and Pan London commissioning into Havering has been optimised with over £2 million of this funding supporting Havering residents</li> <li>Havering Council has used its Apprenticeship Levy to offer apprenticeships to local people and has embedded a learning programme for Looked After Children (LAC) to gain skills and work experience</li> <li>Havering has developed a stronger and effective provider infrastructure that is working together to secure and maximise replacement EU funding and other investment to support employment and skills post 2020</li> </ul>	<p><b>Communities Making Havering</b> – Supporting vulnerable residents in our communities helping them secure sustainable employment and reduce risk of homelessness.</p> <p>- Ensure our care leavers are given a good start to their working life</p> <p><b>Opportunities Making Havering</b> – Supporting a thriving local economy where local people benefit from all of the employment and skills opportunities that are available to them.</p>

#### 1.2 Enable cost savings to be achieved through sustainable and quality job outcomes for higher cost residents, by improving the coordination of existing employment and skills activity within the council and optimise returns for the borough from external investment through the establishment of a Referral Management System.

What do we need to do?	Where do we want to be in 2021?	How does this help us meet our vision?
<ul style="list-style-type: none"> <li>Establish the service function by April 2018 – including recruitment of staff and put in place management information system.</li> <li>Agree internal case work model and referral process to ensure consistency across key services,</li> <li>Work together with services to agree data sharing protocols, internally and externally</li> </ul>	<ul style="list-style-type: none"> <li>A return of 2.73 pounds for every pound spent on the service has been saved by helping residents access sustainable employment and demand on services has reduced</li> <li>400 households have avoided homelessness by securing sustainable employment</li> </ul>	<p><b>Communities Making Havering</b> – Supporting vulnerable residents in our communities helping them secure sustainable employment and reducing their risk of homelessness</p> <p>-Ensure our Care Leavers are given a good start to their working life</p> <p><b>Opportunities Making Havering</b> –Supporting businesses to offer training and development opportunities to local residents and help them sustain their employment</p>

## 1 - Making the most of your assets, strengths and relationships and secure the borough's 'fair share' of employment and skills investment

**1.3 Ensure that additional investment secured by the council through ESF/DWP and other sources such as Section 106, is focused on plugging the gaps in mainstream and other provision and focused on supporting key sectors for borough (i.e. health and social care) or removing barriers to jobs (i.e. supporting childcare provision).**

What do we need to do?	Where do we want to be in 2021?	How does this help us meet our vision?
<ul style="list-style-type: none"> <li>Develop delivery model to support current ESF/DWP investment to 2019 combined value of £300,000.</li> <li>Focus investment on areas which reduce dependency on benefits/support service delivery including – access to childcare and Personal Assistant self-employment – NEET/6 months plus unemployed given turnaround support to help access employment – LTU and ESA target clients to get ready for the Work and Health Programme</li> <li>Through greater intelligence on the local offer work with providers to identify gaps in training and vocational provision and develop new projects/pathways for future delivery supporting <b>1.1, 1.2, 2.2 and 3.1</b></li> </ul>	<ul style="list-style-type: none"> <li>50 residents are now operating as childminders to address sufficiency shortfall providing 100 places</li> <li>100 residents are operating as Personal Assistants and have contributed to a reduction in agency costs for social care to the council</li> <li>300 NEETS over age 19 have avoided going into long term unemployment and are now working</li> <li>500 residents have secured sustained employment including ESA/LTU through programmes like the Work and Health Programme</li> <li>Greater insight on gaps in provision and provider collaboration has improved the local skills offer making it relevant and supporting key employment sectors in the borough</li> </ul>	<p><b>Communities Making Havering</b></p> <ul style="list-style-type: none"> <li>We have supported vulnerable residents with effective and efficient social care services by having more Personal Assistants</li> <li>Increased early years provision in areas where there is a deficit, contributing to a good start for children to reach their full potential</li> </ul> <p><b>Opportunities Making Havering</b></p> <ul style="list-style-type: none"> <li>Supporting a thriving local economy where local people benefit from all of the employment and skills opportunities that are available to them</li> <li>Helping key sectors critical for making Havering work for residents and businesses access to a local skilled and experienced workforce</li> </ul>

**1.4 Ensure that, where appropriate, the council's key strategies, procurement and commissioning and development plans are assessed to identify the potential and then supported to realise opportunities for employment and skills investment into the borough.**

What do we need to do?	Where do we want to be in 2021?	How does this help us meet our vision?
<ul style="list-style-type: none"> <li>Establish cross council agreement on the development and embedding of an Employment and Skills Impact Assessment process across the council</li> <li>Establish cross council governance on employment and skills</li> <li>Agree Terms of Reference, reporting on performance and success (see Slide 10 on governance arrangements).</li> </ul>	<ul style="list-style-type: none"> <li>Opportunities for work, careers and experience for our residents are systematically secured through our suppliers and their supply chain</li> <li>Employment and skills impacts are routinely considered and evaluated in policy and strategy development and new service delivery</li> <li>Additional investment and support is being leveraged through social value for employment and skills activity in the borough</li> </ul>	<p><b>Opportunities Making Havering</b></p> <ul style="list-style-type: none"> <li>Working more efficiently internally and with partners to support sustainable economic growth that generates wealth and opportunities for local people</li> </ul> <p><b>Connections Making Havering</b></p> <ul style="list-style-type: none"> <li>Through improved business development practice internally we are increasing access to employment, high quality skills and careers for our residents</li> </ul>

## 2 - Improving prospects and prosperity for residents in or at risk of poverty and unemployment

### 2.1 Work with key services to provide a continuous assessment of 'at risk' residents, and through Havering Works (1.2), support them to access and sustain employment to reduce risk of presenting to council services – particularly housing.

What do we need to do?	Where do we want to be in 2021?	How does this help us meet our vision?
<ul style="list-style-type: none"> <li>Agree a common assessment process across key council services to identify at-risk residents and through common action plan and referral process recruit them into the service at earliest opportunity</li> <li>Agree process for sharing data and insight on client progress and assessment on potential savings from early intervention</li> </ul>	<ul style="list-style-type: none"> <li>A Havering Council common assessment and referral process for supporting residents into work is embedded across key council services</li> <li>Services are identifying 'at risk' residents earlier and referring them into Havering Works or alternative provision</li> <li>Clearer insight on savings generated for the council through residents accessing employment has validated business case</li> </ul>	<b>Communities Making Havering</b> – Supporting vulnerable residents in our communities earlier and helping them secure sustainable employment to reduce their risk of homelessness and falling into poverty.

### 2.2 Develop agreements and new ways of working with businesses and local providers to help residents access sustainable quality jobs through effective employer targeting, work interviews and phased employment to support transition into work and in-work support to help residents sustain their employment and reduce their risk of cycling in and out of work.

What do we need to do?	Where do we want to be in 2021?	How does this help us meet our vision?
<ul style="list-style-type: none"> <li>Work with internal services, economic development and external providers to agree and incentivise common approach and messaging to local employers to support recruitment of residents</li> <li>Use ESF and other funding to trial new ways of supporting people into work into the borough for target groups</li> <li>Commission and deliver job outcomes that are measured on quality and sustainability potential ie status and pay level.</li> </ul>	<ul style="list-style-type: none"> <li>Local employers are confident and willing to recruit local residents and are working with providers and services to help them sustain their employment</li> <li>Employment pathways have been adapted and higher numbers of at risk residents are accessing employment and being supported in employment</li> <li>Payment on job outcomes that are at London Living Wage and secure is common across local provision</li> </ul>	<b>Opportunities Making Havering</b> – Supporting a thriving local economy where local people are benefiting from accessing and remaining in sustainable quality employment.

### 2.3 Work with key services within and outside the council to help remove the structural barriers to employment faced by residents, such as access to affordable childcare, transport, access to quality, relevant training.

What do we need to do?	Where do we want to be in 2021?	How does this help us meet our vision?
<ul style="list-style-type: none"> <li>Use our resources and influence (1.1, 1.2, 1.3, 1.4. 2.2) to work towards reducing barriers for our residents to access and sustain employment that we have influence over.</li> </ul>	<ul style="list-style-type: none"> <li>Collective and coordinated action within the council and with our partners has helped reduce barriers around access to childcare, improved our local skills offer and plans in place to improve transport connections</li> </ul>	<b>Connections Making Havering</b> - Through improved collaboration within and outside the council we are increasing access to employment, high quality skills and careers for our residents.



### 3 - Growing your own – supporting local people and businesses to thrive

#### 3.1 Support key sectors critical to the Havering economy (construction) and delivery of council services (health and social care) through coordinated workforce development interventions.

What do we need to do?	Where do we want to be in 2021?	How does this help us meet our vision?
<ul style="list-style-type: none"> <li>Identify support and funding to help our key sectors, working with businesses and providers to better fit local provision to workforce needs</li> <li>Use ESF and other resources to support sectors and use local assets better (ie Construction Centre, BID for Retail and Leisure)</li> </ul>	<ul style="list-style-type: none"> <li>Our key sectors are reporting improvement in productivity and recruitment through workforce development support ie reduction in skills gaps, increased local recruitment</li> <li>Increased insight and intelligence on local workforce development needs has better shaped local provision – employers and residents are choosing to work with local providers for their training and recruitment needs</li> </ul>	<b>Opportunities Making Havering</b> - Havering's employers in our key sectors have access to resources and funding to support their training and development needs

#### 3.2 Support other and emerging sectors important to the growth and future prosperity of the borough i.e. logistics, manufacturing, engineering and technology through better targeting of workforce development support including apprenticeships.

What do we need to do?	Where do we want to be in 2021?	How does this help us meet our vision?
<ul style="list-style-type: none"> <li>Agree our workforce development strategy for sectors and through our brokerage expertise, package offers for sectors working with economic development teams and our provider network</li> </ul>	<ul style="list-style-type: none"> <li>Businesses already in the borough are reporting that their workforce development needs are being met locally</li> <li>New businesses are attracted to the borough (in part) as a result of the local workforce offer</li> </ul>	<b>Opportunities Making Havering</b> – We will use workforce development support to augment our inward investment offer and work with Segro to ensure local people can access jobs at London Riverside

#### 3.3 Work with providers, schools and colleges to enable better connections and communication between local employers and providers, so that young people/residents access and benefit from local career opportunities.

What do we need to do?	Where do we want to be in 2021?	How does this help us meet our vision?
<ul style="list-style-type: none"> <li>Develop an effective local partnership between providers and schools through a Provider Forum to improve our collective messaging to young people and learners on local career opportunities.</li> <li>Streamline our collective engagement with local employers agree common messages and engagement protocols to underpin a universal employer offer.</li> </ul>	<ul style="list-style-type: none"> <li>Local people are benefiting from improved employer engagement through increased opportunities for work experience, apprenticeships, traineeships, graduates</li> <li>Local employers are reporting improved relevance of skills and aptitude of local people to support their recruitment and productivity</li> </ul>	<b>Opportunities Making Havering</b> – Working with employers, partners and investors we will ensure that opportunities are generated for local people to benefit from, supporting them to be part of our growth and improve local wealth

## 4.3 Governance and management

### Governing and managing the Plan

This Plan relies on improved collaboration and cross-departmental support to make the most of the funding and investment opportunities. Critical to its success will be effective and clear governance. There have been various groups established to respond to specific policy challenges such as the Welfare Reform Group. In our consultation, Members expressed an interest in the idea of a Star Chamber on employment and skills.

Given the cross cutting nature of the interventions of the Plan and the need to bring greater coherence to policy, services and investment, we are recommending the establishment of a cross-departmental Employment and Skills Group reporting to the Senior Leadership Team. The purpose of this group will be to oversee the delivery of the Plan. It will also have a role to play in maintaining a watching brief of the employment and skills agenda including new policy (e.g. around welfare reform and funding opportunities) in order to develop a corporate response. The group will be administered and serviced by the Employment and Skills team.

We recommend that the group is chaired by a Member and is drawn from a mix of service heads and operational staff. This will include representatives from key services such as Housing, Care Resources, Troubled Families, and Havering Adult College as well as Economic Development, other Children's Services, Adult Social Care, Procurement and HR.

The establishment of this group will help embed a process of review and action around the employment and skills agenda supported by an implementation plan to measure progress and performance.

The Employment and Skills team will need to be remodelled to have two clear functions; a delivery focus which manages the proposed Referral Management System (see Chapter 5); and a strategic focus with clearer responsibilities for the strategic development of employment and skills for Havering. The latter will include a quality management and oversight function of the Plan's performance, a role in developing external relationships with providers and businesses and responsibility for new developments and funding.

The following diagram illustrates what we envision the governance and management structure should be:

## Suggested Governance Structure

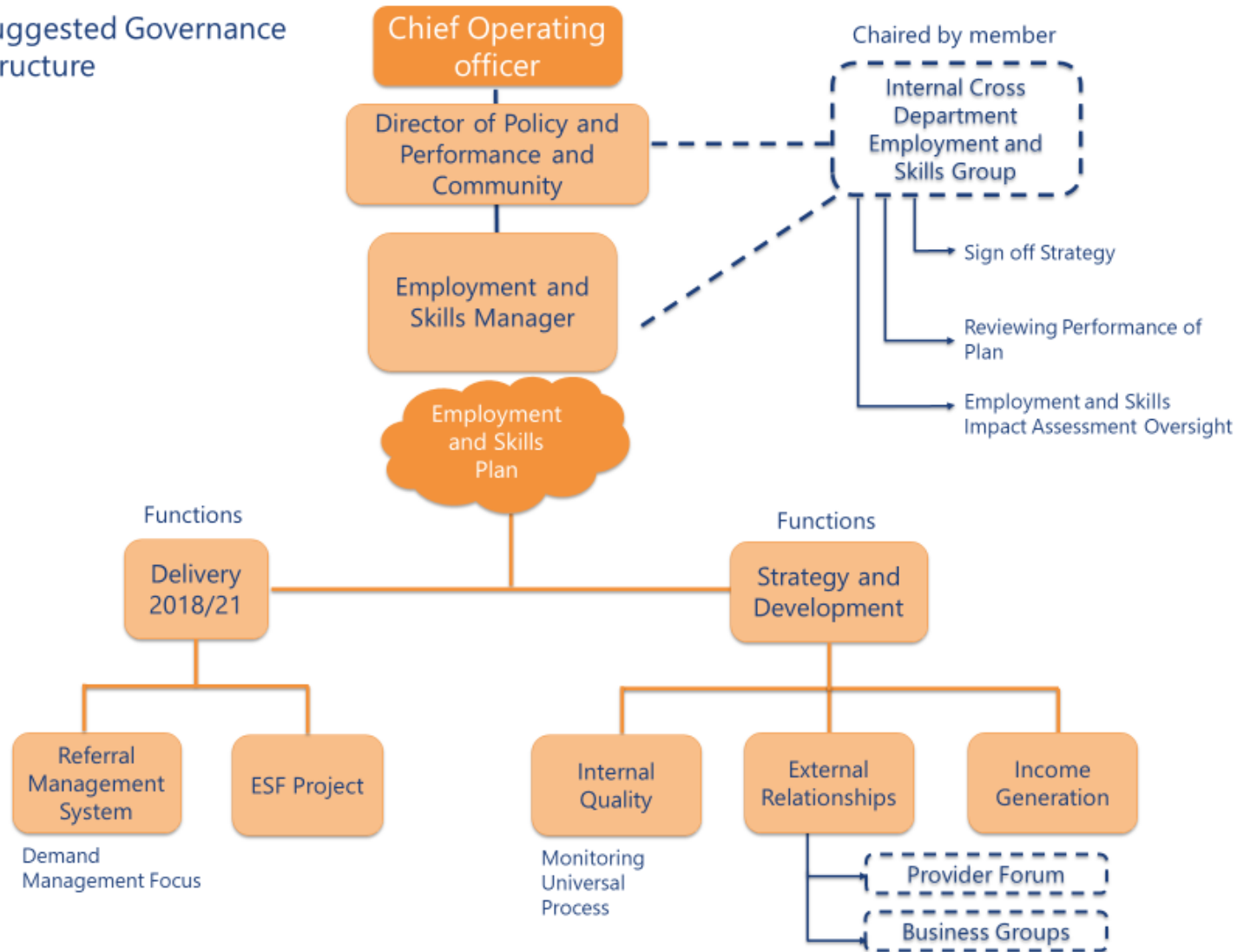


Figure 4 -Governance and management chart

## Staffing and resourcing

The current Employment and Skills team comprises 2.5 FTE led by the Employment and Skills Manager. This will need to be increased (using external funding) to accommodate delivery of the ESF programme. If the proposed Referral Management System (**Chapter 5**) is also approved by Council, this will increase the team by 4.0 FTE posts, two of which will be apprentices. Responsibility for the delivery of the Plan will fall under the team and be led the Employment and Skills Manager.

## Stakeholder engagement

To enable effective communication of the Plan's objectives, implementation of the Plan and reviews of performance, the following sets out key stakeholders both internal and external, their relationship to the Plan and the proposed engagement method.

To support this, the Employment and Skills team will become the single point of contact for stakeholder engagement on employment and skills issues and for developing and applying the corporate stance on policy and implementation. The Employment and Skills team will have overall responsibility for ensuring that stakeholders are engaged, the Plan is communicated, and any issues acted upon.

### Internal

Stakeholder	Relationship to the delivery of the Plan	Engagement method
Leader and Chief Executive	<ul style="list-style-type: none"> <li>- Council and political oversight</li> <li>-Representation of the Plan at Local London at Leader and Chief Executive level</li> </ul>	<ul style="list-style-type: none"> <li>-Agreement of the Plan's recommendations at Cabinet</li> <li>-Performance and achievement reports</li> </ul>
Lead Members	<ul style="list-style-type: none"> <li>-Chair of the Employment and Skills Group</li> <li>-Support for implementation at Cabinet</li> </ul>	<ul style="list-style-type: none"> <li>- Employment and Skills Group meetings and progress reports</li> <li>-Ad hoc support as required</li> </ul>
Senior Leadership Team	<ul style="list-style-type: none"> <li>- Support for implementation at Council and directorate level</li> </ul>	<ul style="list-style-type: none"> <li>-Performance and achievement reports</li> </ul>
Assistant Director of Policy, Performance and Community	<ul style="list-style-type: none"> <li>-Line management of the Employment and Skills Manager</li> <li>-Member of Employment and Skills Group</li> </ul>	<ul style="list-style-type: none"> <li>-Supervision and appraisals</li> <li>-Monthly reporting</li> <li>-Sign off of performance and achievement reports</li> </ul>
Assistant Directors and Heads of Services – Housing, Adult Social Care, Children's Services, Economic Development, Procurement, HR, Learning and	<ul style="list-style-type: none"> <li>-Members of the Employment and Skills Group</li> <li>-Responsible for supporting delivery of the Plan by helping service areas deliver effectively and remove any</li> </ul>	<ul style="list-style-type: none"> <li>-Terms of reference</li> <li>-The overall plan and supporting action plan</li> <li>-Employment and Skills Group meetings and progress reports</li> </ul>

Stakeholder	Relationship to the delivery of the Plan	Engagement method
Achievement, Joint Commissioning Unit, and Public Health	blockages to delivery -Oversight of the Employment and Skills Impact Assessment function	
Service delivery – Emergency Housing, Money Advice, Community Development, Early Help, Troubled Families, and the Adult College	As above plus: -Effective delivery of services to support interventions -Support for and implementation of the Referral Management System -Agreement of and implementation of a universal case management approach to employment and skills	As above plus: -Reporting of service and referral information for performance management -Close working with the Employment and Skills team -Ad hoc meetings or workshops to support the review, design and adaptation of interventions

#### External

Stakeholder	Relationship to the Plan	Engagement method
London Councils	- Funding of the ESF “Routes to Employment” programme -Advising and supporting employment and skills policy at London level within local government	- Programme reporting on Routes to Employment -Attendance at networking and officer level policy groups
Local London	-Important to keep up to date with progress and issues arising within the borough and from devolution -Link to the delivery of the Work and Health Programme in Havering and other Local London commissioned/led activity for employment and skills.	- Leader-level as appropriate - Chief Executive level as appropriate -Employment and Skills Manager – office network meetings
JCP	-Supporting referrals into Council-delivered ESF provision -Funder of the Community Budgets programme (previously Flexible Support Fund)	-Regular meetings with the Employment and Skills team -Attendance at associated forums



Stakeholder	Relationship to the Plan	Engagement method
ESF and Work and Health Programme providers (e.g. Reed, Serco, Prospects, Seetec, Maximus)	- Support and links to the Referral Management System process including data sharing and referral handovers	- Active management with the Employment and Skills Manager -Attendance at associated forums
Other employment and skills providers (including the college) and education providers	- Insight and information on provision to improve the quality of the local offer -Support for and possible involvement in future bids for funding -Agreement of ways in which to better support employers, young people and other target audiences	- Attendance at associated forums -Employment and Skills Manager as designated single point of contact for the Council
Havering Business Forum - To have a regular ongoing dialogue with employers and target sectors	-Access to local employers and business that can provide work placements and jobs -Insight into the needs of local businesses to inform workforce development activities	- Attendance at meetings and reporting of progress around the plan -Advising on a local employer engagement strategy
Section 106/other developers	- As above	- Planning department to notify all developments to the Employment and Skills Team, so that contact and dialogue can be established -Monitoring and review meetings to take place monthly between the Planning department and Employment and Skills team to ensure that commitments are progressing well and adhered to.
Employers including sector specific groups and BIDs	-Providing job opportunities, work placements and apprenticeships -Insight into workforce development needs -Through sector approaches and targeted initiatives	-Employer engagement strategy for the Council and borough -Sector-based approaches to support key and emerging sectors -Key accounts respond to employer requests for assistance with vacancies and training needs

## 4.4 Summary

This chapter has set out the context, recommendations, governance and engagement requirements for the Plan, as well as an overarching document that establishes the need and ambitions for 2021. We believe this is achievable as the Plan provides a framework for improved coordination and collaboration across the Council. The business case for action is clear and most of the funding to achieve the Plan is in place – at least until 2019/20.

In the next and last chapter, we provide detail on the proposed Referral Management System and what the returns might be from Council investment, including getting the borough's fair share of the employment and skills funding for residents.

## 5. The Referral Management System

### 5.1 The case for intervention

Chapter 3 sets out a detailed assessment of the employment and skills issues and challenges facing the Council and proposed recommendations for intervention. In this chapter, we provide further detail and an assessment of the costs and benefits of the proposed Referral Management System. There are two main factors driving the business case for developing a Referral Management System:

#### Factor 1 – No current assurance that demand is being effectively managed

The first is ensuring that the investment and services the Council provides through a range of services including Housing, Troubled Families and Early Help is helping clients to secure sustainable employment and thereby reduce demand and costs.

Our assessment is that services currently have different models and approaches, most of which are focussed on information, advice and guidance and referring on to other agencies. There is no formal tracking of what happens to clients from that point on; quality assurance of the provision they are referred into, or confidence that people are accessing jobs and sustaining them. The Council can only be sure it is saving money and / or avoiding costs if it has evidence that the clients it supports access and sustain work.

Even if clients access a job, there is no guarantee of its quality (i.e. pay, hours and conditions). Coupling poor quality jobs with the lack of in-work support will result in clients going back to unemployment as their work cannot be sustained longer term.

Our recent evaluation of a £2 million employment programme in another borough found that over 40% of the people supported through it had returned to being unemployed within approximately six months. This was because of the temporary nature of jobs people accessed, low pay and inability of people to manage their employment because of other pressures, e.g. childcare, travel and shift work.

#### Factor 2 – No current way of securing the borough's fair share of funding

The second is ensuring that the estimated £2.6 million of European Social Funding and other investment in employment and skills that is commissioned outside of the borough (i.e. through the Work and Health Programme) is secured for Havering's benefit.

Our assessment is that this is certainly not the case for most of the provision that we have currently identified. The reasons for this are many:

- There is no current formal mechanism for engaging with external providers, nor a single point of access for them to make effective connections to Council services. This results in ad hoc engagement, if any. The exception to this is the ESF Troubled Families programme which has a requirement to access referrals

from Havering. There is likely to be other provision available to these families that they are not accessing.

- There is currently no single formal mechanism of keeping track of what is being or has been commissioned by others into the borough. This results in the borough being on the 'back foot' when it comes to negotiating with the successful contractor on an offer for the borough.
- Although providers may have indicative allocations for working in Havering, it can be easier for them deliver their contract outputs and outcomes in other areas where they have better connections, footprint and higher numbers of clients.

If the borough is to secure its fair share of this funding, then it needs to improve its offer to providers and incentivise them to work with the Council's different clients.

### What does an effective and sustainable employment pathway look like?

A final consideration of the case for intervention is understanding what constitutes a quality employment service. A great deal of research has been undertaken, nationally and internationally, on what an effective employment service needs to look like. There are seven elements:

1. Effective outreach to attract clients into the programme
2. Good quality assessment and eligibility checks
3. Induction and action planning that fits the needs of the client
4. One to one casework and support including tracking
5. Group activities where clients can work with and be supported by their peers
6. A suite of specialist activity to support the client, including training and support to remove barriers to work such as childcare
7. In-work support to help the client maintain their employment.

The following diagram illustrates this pathway, and how support should not end once employment has been secured.

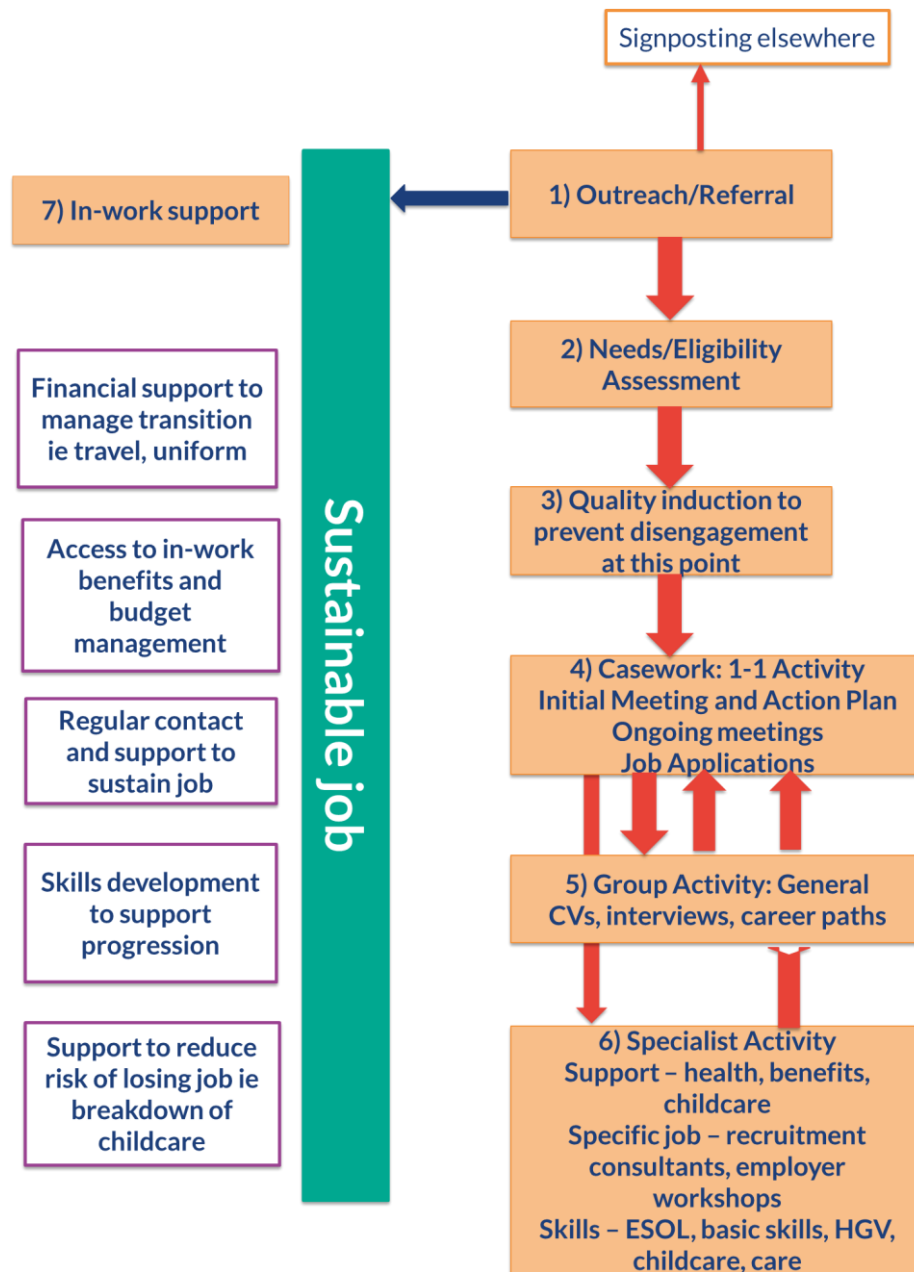


Figure 5 - Effective pathway to employment and sustainment

Our assessment of current employment support in the Council is that this is at best uncoordinated across services; casework is not universal and, in effect, services are offering only a few of these elements (and in some cases only parts of them). There appears to be no in-work support on offer other than that provided to care leavers who have been helped into work through the Early Help team. It is therefore critical that clients are supported into quality provision to increase their likelihood of getting and sustaining employment.

## 5.2 Consultation on the Referral Management System

On 12<sup>th</sup> January 2017, an options workshop was held with service representatives from across the Council to explore three options presented for a referral management system. Using personas of typical client groups supported by teams in Housing, Troubled Families and Children's Services, attendees mapped current Council approaches to support them into employment. With this information and using their respective expertise, groups assessed which of the following three options would provide the best outcomes for both the Council and the client:

- Option 1 – Signposting - Creating a referral process for clients across services into existing external provision using a common database and with additional support to secure opportunities from providers and track client outcomes.
- Option 2 – Signposting Plus – Similar to option 1, but offering an enhanced service which includes internal matching to opportunities, additional case work support and supporting retention of job outcomes through tracking and regular in-work contact and support.
- Option 3 – Creating a managing agent model – This required establishing a new service whereby the Council could design and deliver a bespoke, borough-wide service and bid alongside commercial providers to win programmes and funding.

Groups were asked to reflect on the extent to which each option would enable people to get a job quicker, sustain that employment longer and increase their income. In part this was to help determine which option could deliver better outcomes, but also to develop assumptions to support the Cost / Benefit Analysis in **Appendix 4**.

Although it was agreed that Option 3 would give the Council greater control and influence over quality, delivery and performance, this would be at a considerably greater cost to the Council with no guarantee of return in the short term. It would also require establishing a centralised service which could compromise existing service arrangements, particularly for Looked After Children and Troubled Families and require a long lead in time.

Option 2 was considered the most appropriate option as it provided greater surety that client progress and outcomes could be monitored than Option 1, as well as ensuring that additional support was in place to help clients sustain those outcomes. It was also in recognition that opportunities available to residents were time limited, as they are funded through ESF, so every effort needed to be made to maximise the potential investment for Havering before 2020. However, service leads were very clear that Option 2 should not create a separate team of caseworkers. It should use existing resources and systems better and provide added value and support to case workers within each of the services working with the target client groups.

A detailed assessment of the options for intervention and the requirements of an employment service which informed the consultation into a preferred option is set out in **Appendix 3**.

The following outlines the model, structure and potential costs between 2018 to 2021.

## 5.3 How will it work?

### Core elements

The service, which is an enhanced referral and case work model, requires two main elements to make it work:

- The first element needs to engage, support and enable external providers that have an obligation to deliver services to Havering residents to operate effectively in the borough. Providers need to be incentivised to focus efforts in the borough and to have effective relationships with the Council. This includes:
  - Access to targeted Council clients that are eligible for the provision on offer. Providers need to meet their targets and know that clients are eligible for provision.
  - Support to ensure that referrals made to providers are “warmed” and ready and therefore less likely to disengage from provision.
  - Access to additional support and services that can add value to the provider offer and help them achieve their contract outcomes. These are likely to be one, all or a combination of advice services, premises (provided free or at low cost to support delivery), access to vacancies in the council, through its supply chain or other employer relationships and any other training and support on offer.

In return, providers need to be willing to share information on progress and outcomes of referrals so that these can be tracked and monitored internally. This will enable the service to generate management information to track client progress and identify where savings have been made and/or costs prevented. It will also provide information back to services on their clients.

- The second is a universal process of assessing the ‘readiness’ of clients to be referred into provision; their ability to secure a job and then access support to help sustain that employment or move to alternative employment if needed.
  - Providers are paid on achieving a job outcome and sustainment which is often at 13 and 26 weeks of employment. To reduce the likelihood of clients becoming unemployed during and post 26 weeks, additional help needs to be in place. This is likely to be one, all or a combination of;



ongoing mentoring/support to deal with any issues or challenges faced by the client provided by the service

- early identification for those at risk of becoming unemployed again (i.e. due to shorter term contracts or temporary positions) and support put in place to help them find alternative work
  - access to other support such as debt advice.
- This needs a common assessment process used by the different services in the Council to assess readiness. Currently there are several different processes of varying intensity and quality for assessing need and delivering case work. For the model to work effectively this needs to be done consistently and requires a universal 'Havering' assessment process.

## Monitoring

A tracking and monitoring system needs to be put in place to underpin these elements and to gather the management information to illustrate the progress and outcomes clients are achieving and the savings that are being made and / or costs avoided through them securing employment. The system needs to be focused on tracking and reporting interventions and outcomes but also able to interface with other systems being used across the Council. This is to facilitate the exchange of data and information about clients with their key or case workers as well as ensure that client contact is being managed and recorded effectively.

This will require access by team members, case/key workers, the Employment and Skills team and providers to share information on clients relevant to their employment and progress. There will be a requirement to ensure that clients are willing to share data but this can be built into consent forms and action plans.

The following charts illustrate the potential client journey and delivery structure:

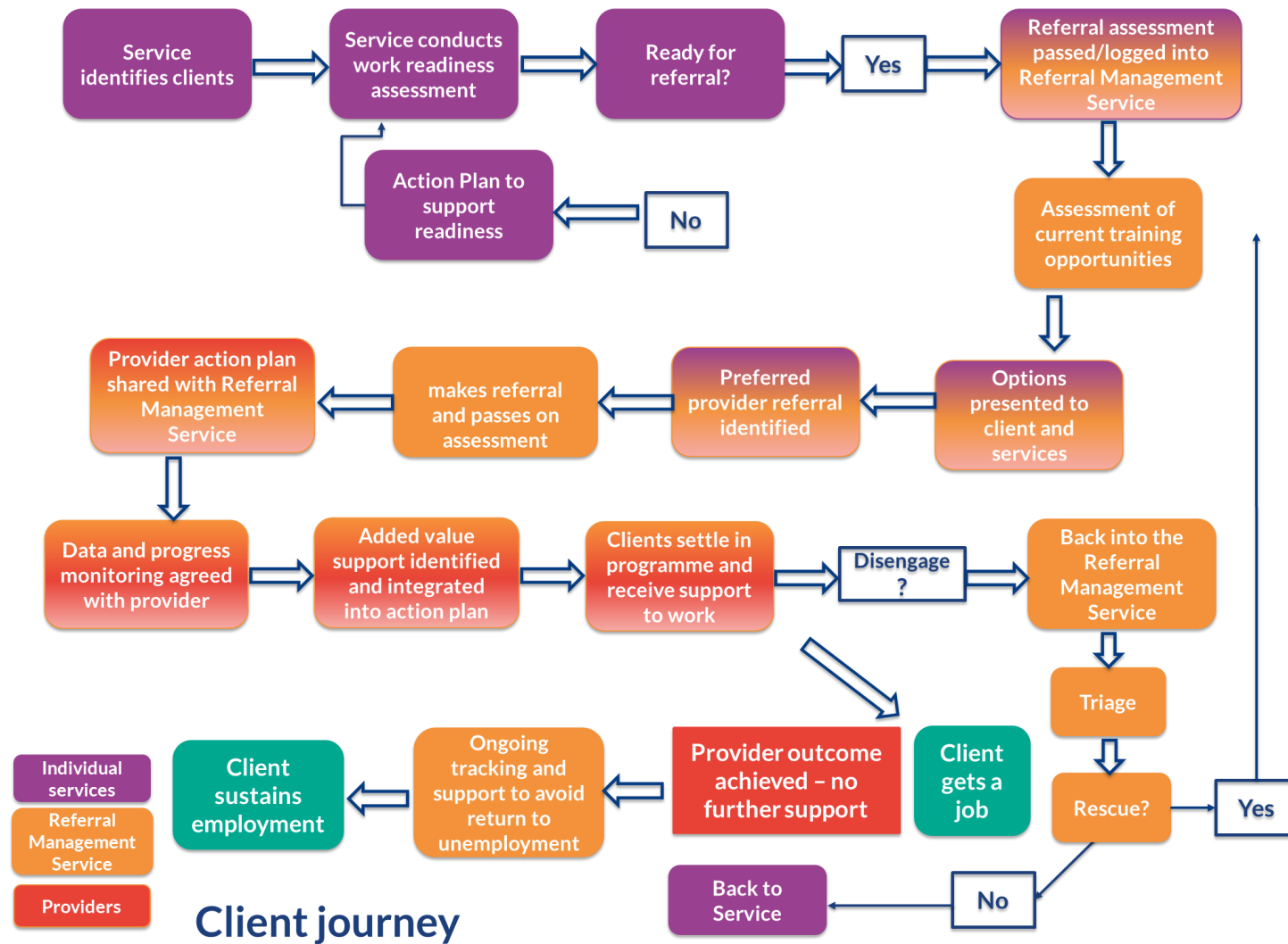


Figure 6 Proposed client journey for the Referral Management System

## Proposed structure

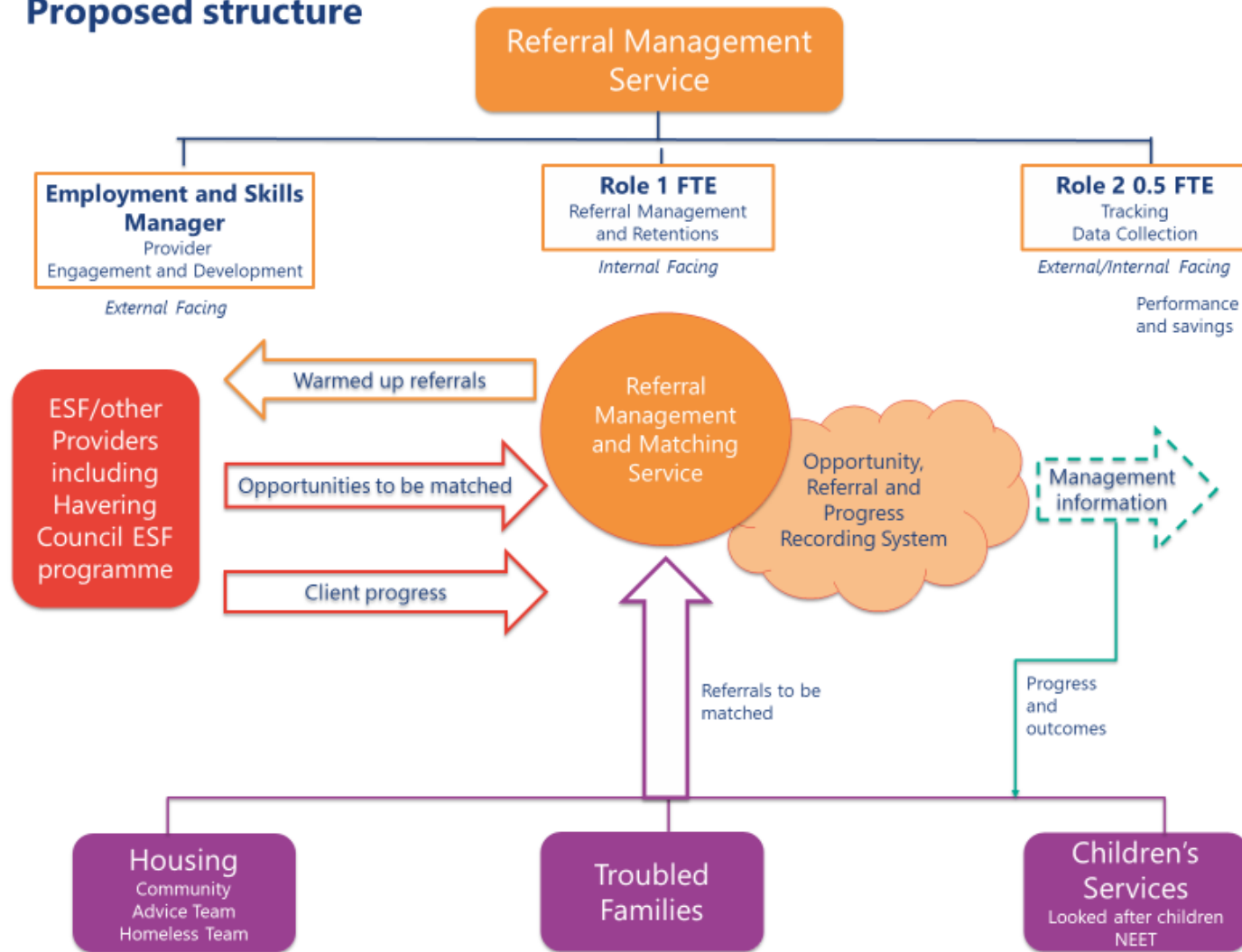


Figure 7 - Proposed management and delivery structure

## Staffing and resources

We have suggested that this function could be serviced by two additional people. We recommend the following:

- Provider development role - focused on developing opportunities with providers and supporting retention of referrals. This should be managed by the Employment and Skills Manager.
- Referral matching and management role - focused on developing referrals and working with services to sustain employment outcomes. This role needs to be recruited to.
- Data, information and analyst role (part time) - to support collection and analysis of client and outcome data. This role also needs to be recruited to.

In addition, this model would require a client management and tracking system to be in place. Our estimate based on the market is that this would require set up costs in year one and license arrangements over the three years. We have estimated the set-up costs to be up to £20,000 in our modelling but this could be achieved for less.

## 5.4 Assessing the costs and benefits of the service

### Explanation of the CBA model

We have developed a Cost Benefit Analysis (CBA) Toolkit to identify the savings to / costs avoided by the Council over three years as a result of the intervention. These savings / cost avoidance opportunities arise from reducing poverty-related demand for council services by reducing unemployment in the borough. This model has been developed by Rocket Science as an alternative way of modelling returns when cost information has been difficult to access.

The basis of this model is drawn from the 2016 Joseph Rowntree Foundation report “Counting the Cost of UK Poverty”, a UK-wide study looking at what proportion of local authority spending was a result of poverty.<sup>8</sup> For example, it found that 44% of spending on housing and 26% of spending on Adult Social Services by local authorities was a result of poverty.

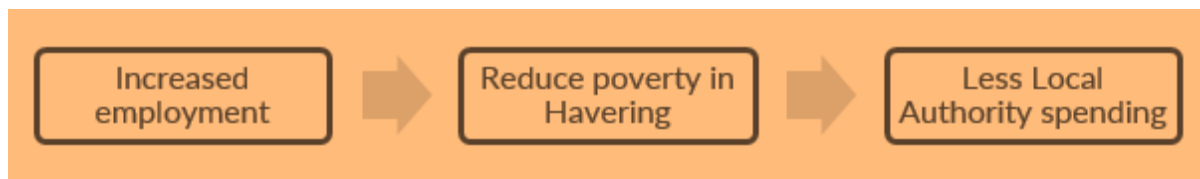
We have combined this with data indicating that around 20% of the borough’s households are in poverty<sup>9</sup> and an ONS study showing that “over the period 2007 to 2012, of people aged 18 to 59

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<sup>8</sup> <https://www.jrf.org.uk/report/counting-cost-uk-poverty>

<sup>9</sup> <http://www.londonpovertyprofile.org.uk/indicators/topics/low-pay/low-pay-by-place-of-residence-and-work/> and <https://www.jrf.org.uk/report/monitoring-poverty-and-social-exclusion-2016> and [http://www.learningandwork.org.uk/gridhosted.co.uk/wp-content/uploads/2017/01/Work\\_in\\_progress\\_full.pdf](http://www.learningandwork.org.uk/gridhosted.co.uk/wp-content/uploads/2017/01/Work_in_progress_full.pdf)

who were not working and living in a household in poverty, 70% of those who entered employment left poverty.”<sup>10</sup> The causal links in the model are therefore:



The model calculates the costs and benefits of the intervention – and the return on investment which is the ratio of the two – for the first three years of the programme. This is because estimates become less accurate the further into the future the model looks. However, we would expect benefits from reduced poverty to last longer, and we have also included an indicative value of the benefits from lifting one person fully out of poverty for 10 years.

Overall, we consider this model to be a conservative estimate of the savings that could be made and costs avoided within three years. Reductions have been made in the calculations for deadweight – what would have happened with no intervention – and to account for “optimism bias”, as recommended by the Manchester New Economy CBA guidance. We have also conducted a sensitivity analysis to identify which variables the model is most sensitive to, and ensured these are particularly robust.

### Costs and returns expected

Under current parameters we estimate that the return on investment from the intervention will be £0.69 per £1 in the first year, £2.14 in the second year, £2.71 in the third year, and £1.83 overall<sup>11</sup>.

As we would expect, the return on investment increases over time, as more people are lifted out of poverty and demand for council services readjusts. These figures have been based on working with an average of 570 clients per year.

The benefits accrued for the Council over ten years of lifting one person fully out of poverty are in the region of £22,818 in today’s price terms. Based on the projected numbers achieving the outcome, in our analysis this would equate to over £4.9 million.

<sup>10</sup>

[http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/dcp171776\\_395768.pdf](http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/dcp171776_395768.pdf)

<sup>11</sup> This is currently based on figures which are subject to quality review by the council’s accounts team but unlikely to change significantly.

	Year 1	Year 2	Year 3	Total
<b>Programme Costs</b>	£99,239	£95,244	£97,034	£291,517
<b>Programme Benefits</b>	£68,154	£203,509	£263,241	£534,903
<b>Return on investment</b>	£0.69	£2.14	£2.71	£1.83
<b>Cost benefit ratio</b>	1 : 0.69	1 : 2.14	1 : 2.71	1 : 1.83

Figure 8 Headline figures from investment based on the CBA analysis in Appendix 4

The full cost benefit analysis spreadsheet and accompanying technical note can be found in Appendix 4.

## 5.5 Summary

This chapter has set out the case for developing a Referral Management System, a proposed delivery structure, client journey and an assessment of the possible returns to the Council.

There are clearly a number of benefits from this service which align with the three principles we established for the Plan; Achieving the Havering Vision, Embedding a Havering Way of Working and Preparing Havering for 2020.

But this is not just about a return for the Council. This service provides a return for residents and local businesses by maximising external investment in employment and skills through improved provider engagement and management. Whilst it is difficult to estimate what this will mean financially in practice, it is likely that a good proportion of the estimated £2.6 million will be secured for the Havering residents that need it and will benefit the most.

Finally, it is important to reflect on the potential client management data tool and process to support cross departmental and service collaboration. Our findings have shown what the potential could be around client centred support in mobilising services to work together, sharing information and supporting efficient working across the council.

In this respect, there is scope to consider the adoption of the Referral Management System as an opportunity to pilot and learn lessons for future client management structures and systems in the council.

## 6. Conclusion

This report has set out for Havering Council a clear case for action, a roadmap and action plan for delivery and an options appraisal for developing its employment and skills capacity.

Although relatively understated, the employment and skills activity in the council has the potential to be transformative, particularly for residents where investment to date has been minimal or ineffective.

The challenge for Havering is making its case for investment for government funding, in a borough that has relative wealth and is without the same scale of disadvantage (in terms of numbers of people affected) as others within its devolved sub-region.

There are many unknowns about the future, but we are beginning to see the impact of the London housing market and low value employment sectors in the borough on the cost of living, which will inevitably lead to greater polarisation between wealth and disadvantage.

We believe the findings and recommendations provide a blueprint for the Council to:

- take concerted action, with clear returns on savings and / or cost avoidance to support demand management and
- a practical way forward to build capacity within the organisation to prepare the ground for, and be more resilient to, changes in policy and funding for employment and skills beyond 2021.