



## CABINET

7 FEBRUARY 2018

**Subject Heading:**

### Employment and Skills Plan

**Cabinet Member:**

Cllr. Osman Dervish – Lead Member for Environment and Community Safety

**SLT Lead:**

Sarah Homer – Interim Chief Operating Officer

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**Policy context:**

The Connections theme of the Corporate Plan contains a priority around facilitating access to jobs and opportunities. It commits that the Council will ensure that residents are able to access employment and training opportunities locally and that we will ensure that the borough maximises employment, high quality skills and career opportunities. There is a specific action to start a new Employment and Skills Plan which will help residents into work and support businesses with a better skills and employment offer.

The Opportunities theme of the Corporate Plan contains a priority relating to high quality skills and careers and commits the Council to working with businesses to secure high quality skills and careers through the investment of the new Apprenticeship Levy. There is a specific action to develop better approaches to support the development of high level skills and progression.

**Financial summary:**

There are minimal financial implications resulting from approving the Plan for consultation. Implementation of the Plan is expected to cost £1.1m over three years. Funding has been identified from a

	combination of Council General Fund and HRA budgets, European Social Fund (ESF) grant and Section 106 allocations.
<b>Is this a Key Decision?</b>	Yes
<b>When should this matter be reviewed?</b>	By January 2021
<b>Reviewing OSC:</b>	Towns and Communities

**The subject matter of this report deals with the following Council Objectives**

Communities making Havering	<input type="checkbox"/>
Places making Havering	<input type="checkbox"/>
Opportunities making Havering	<input checked="" type="checkbox"/>
Connections making Havering	<input checked="" type="checkbox"/>

**SUMMARY**

This report seeks the Cabinet's approval to consult on the draft Havering Employment and Skills Plan 2018-2021 and associated implementation plan.

**RECOMMENDATIONS**

- 1) That the Cabinet **approves** the draft Employment and Skills Plan (attached at **Appendix 1**) for consultation with the local business community, Joint Venture partners and other key stakeholders.
- 2) That a final version of the Employment and Skills Plan be presented to the Cabinet in April 2018 for adoption.

**REPORT DETAIL**

**1. Background**

1.1 Whilst Havering has employment rates which are higher than in neighbouring boroughs, this masks a local job market based predominantly on low skill jobs and low wage levels, and pockets of long term unemployment and economic inactivity, leading to under-employment, poor career progression and in-work poverty. The details of this are set out in the borough's "data story" at **Appendix 2**.

1.2 At the same time, the local economy and job market is changing and it is important both that residents are equipped with the right skills to meet current demand and adapt to future employment trends, and that businesses are able to secure a labour force which meets their requirements. This requires a measured approach that will raise the ambition of residents and instil in businesses the confidence to work in partnership with the Council and providers to shape the local employment and skills landscape.

1.3 In addition, the Department for Work and Pensions' (DWP's) mainstream programmes, such as the Work Programme, have historically been commissioned nationally with limited if any input from local authorities in terms of preferred providers. The Work and Health programme is now being commissioned to replace the Work Programme and Work Choice. The Local London Work and Health Programme (LLWHP) is designed to support the long term unemployed and those with health or disability challenges to access the labour market. This work is being led by the London Borough of Redbridge on behalf of Local London and is estimated to be worth £47m over five years and target 19,000 people who are in receipt of Job Seeker's Allowance plus the Employment Support Allowance Work Related Activity Group (WRAG). Havering has fewer residents classified as WRAG than other boroughs and so, because of the lack of scale and returns from a provider perspective, there is a risk that Havering could miss out on its fair share again if it does not take a planned approach to engaging with this. It is therefore also important that the borough makes appropriate provision for this work locally as well as seeking to secure its fair share from other funding sources.

1.4 The Council already has a number of plans and strategies in place to prevent and / or mitigate the effects of poverty, deprivation and financial

exclusion. This document should therefore be read alongside, but does not replace, related documents such as the Demand Management Strategy, Housing Strategy, Customer Experience Strategy, Local Plan, Private Sector Landlord Licensing Scheme and the draft Financial Inclusion Strategy considered elsewhere on this agenda.

1.5 However, the Council does not currently have a specific strategy to address the identified issues relating to unemployment, under-employment, and the current incongruence between the current and future skill needs of local employers and the skills of local residents. Therefore the Council commissioned the Rocket Science consultancy (“the consultants”) to develop an Employment and Skills Plan (“the Plan”) for the Council (attached at **Appendix 1**). This report summarises the key findings and recommendations.

1.6 The proposed Employment and Skills Plan considers the challenges facing the Council and the borough from two perspectives:

**Demand management:** Developing a responsive service based on an assessment of:

- the scale of demand from residents on Council services;
- the level and type of activity that is currently carried out across Council departments to help residents to develop skills and to access and sustain employment;
- the effectiveness of this activity; and
- how such activity is funded and for how long.

**Driving prosperity:** Developing strategies for supporting the needs of businesses through workforce development that will drive economic growth in the borough.

1.7 The consultants found that service delivery is currently fragmented across the Council. The Employment and Skills Team is responsible for leading employment and skills activity in the borough. It currently has an establishment of 2 FTE posts but has no core budget other than to cover the costs of these staff. Meanwhile, other services also deliver a variety of employment and skills related support. This fragmented approach does not maximise the potential leverage of resources to secure greatest benefit for the borough. In addition, the borough does not currently monitor the impact of its various employment and skills interventions in a way which can inform future policy development and investment decisions or underpin bids for new funding.

1.8 As a result, the Plan is based on three core principles which should inform future policy development:

- (i) **Working towards the Havering Vision:** Recommendations and actions should have a clear relationship to, and contribute towards, the achievement of the Havering vision.
- (ii) **Embedding a Havering way of working:** Recommendations and actions should rely on greater cross-service collaboration and develop a universal 'Havering way of working' that is client centred and focuses on reducing duplication and costs.
- (iii) **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.

1.9 The Plan envisages these principles being implemented through the delivery of three priority areas:

- (i) **Making the most of Havering's strengths, relationships and assets:**
  - Developing the local workforce and ensuring effective recruitment of local people at key employment sites and in established sectors facing workforce challenges, and
  - Making better use of the Council's resources and opportunities to get the borough's fair share from external funding and using the Council's relationships, contracting and procurement activity to secure greater social value for businesses and residents.
- (ii) **Improving prospects and prosperity:** 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 such people so that employment can be sustained and careers developed.
- (iii) **Growing our own:** Building on the strengths of an entrepreneurial Havering, the growth of micro businesses in the borough, the rise of self-employment and the ambition to create opportunities for local people and care leavers.

1.10 The draft Plan has been developed following extensive consultation with various services across the Council. It assesses the labour market and current services provided by various Council departments to support residents into work. Subject to the approval of the Cabinet, it is now proposed to consult with the local business community and other key stakeholders on the content of the draft Employment and Skills Plan, before presenting a final version for the Cabinet's approval in April 2018.

## REASONS AND OPTIONS

### **2 Reasons for the decision:**

2.1 Consultation carried out as part of the development of the Plan has identified that the borough is not currently:

- Maximising the benefit from the funding it secures;
- Making the best use of its collective resources to support people into sustainable work, or
- Working most effectively to support key and growing employment sectors that are important to the borough.

2.2 The Plan considers in detail the challenges the Council faces in delivering the proposed priorities and sets out the case for a more structured approach to service delivery based on:

- (i) Managing and developing employment and skills provision through a central jobs and skills brokerage service which co-ordinates services and offers residents a consistent response based on their assessed needs.
- (ii) A more co-ordinated approach, utilising a single, corporate Referral Management System, which enables a coherent process of managing and tracking individual residents' access to services across the various providers both within and outside the Council. This system will also assist the Council in measuring the impact of its interventions.
- (iii) The council acting as an interface between employers and training providers to develop greater employer ownership of skills development and a training offer that is responsive to local employers' needs.

- (iv) The Council providing strong leadership in the development of strategic and operational partnerships and the development of funding bids in co-ordination with sub-regional and London partners including the Local London Partnership, the Greater London Authority (GLA), the Skills Funding Agency, and the Department for Work and Pensions (DWP).

2.3 The Plan concludes that, in order to respond effectively to these challenges, it is necessary to strengthen the existing Employment and Skills team to enable it to:

- Provide a central co-ordination and monitoring function;
- Develop and deliver a jobs and skills brokerage service;
- Work with training providers and employers to co-produce and develop customised training to meet business needs, and
- Develop support packages which maximise the leverage of existing funding, including by building on the extensive work already underway to create jobs and apprenticeships and raise local skill levels through the regeneration of 12 key estates in the borough, as well as through the Council's negotiation of S106 agreements and its other commissioning and procurement activity.

2.4 It is envisaged that the proposed approach will:

- Prevent residents having to move from provider to provider, often repeating the same types of training and further disengaging from the skills and/or employment process.
- Increase the ability of the borough to attract funding from a range of sources, as it will be better able to demonstrate the kind of coordinated and responsive infrastructure needed to deliver programmes and outcomes.
- Assist the Council to develop targeted interventions for specific priority/demand groups, outside of provision that is already funded (for example through the ESF). This will enable greater value to be added to current skills and employment provision and can be developed to meet the full spectrum of training needs from entry level to the higher level skills demanded by businesses.
- Encourage providers to work collaboratively with the Council and each other to secure the type and quality of provision that is needed to move clients into work and support them to progress in work and sustain well paid employment.
- Engage employers in working with training providers to develop "employer led" training which meets the needs of industry, supports

workforce development, enhances productivity and, crucially, is of a quality and scope that businesses are prepared to pay for.

2.5 The consultants' Cost Benefit Analysis estimates that the Council would receive a "return" (in either cashable savings or cost avoidance) of around £1.83 for every £1 invested in this area of work over the life of the Plan, with the benefits accruing predominantly to those departments working with Troubled Families, the long term unemployed, those with complex health conditions, looked after children (LAC) and care leavers, and those not in education, employment or training (NEET).

**Other options considered:**

2.6 As part of the development of the Employment and Skills Plan, the following alternative options were considered:

- 1) Do nothing
- 2) Implement the remainder of the Employment and Skills Plan, but not the Referral Management System
- 3) Implement the Referral Management System but not the wider Employment and Skills Plan

2.7 None of these options are recommended as it is considered that, if the Employment and Skills Plan is not delivered in its entirety (including through the implementation of a Referral Management System), the Council will not be able to exert the necessary influence over and involvement in the myriad of skills and employment activities that take place within Havering and the consequential impacts on local growth and prosperity. Interventions would not be most effectively coordinated and will opportunities would be lost to maximise benefits by avoiding duplication.

2.8 The Referral Management System and the wider Employment and Skills Plan need to be delivered alongside one another, and also the Employer Brokerage Service to be funded through the European Social Fund, in order to provide a credible and attractive offer to residents and businesses of jobs and skills brokerage supported by a tangible jobs and training infrastructure beyond that offered by sub-regional and regional skills provision.



**IMPLICATIONS AND RISKS**

**Financial implications and risks:**

3.1 There are minimal financial implications resulting from approving the Plan for consultation. Implementation of the Plan is expected to cost £0.456m in 2018/19, £0.407m in 2019/20 and £0.252m in 2020/21. Estimated costs and funding sources are summarised in Table 1 below:

*Table 1 – Costs and funding to deliver the Plan*

<b>Costs / Funding</b>	<b>2018/19 £</b>	<b>2019/20 £</b>	<b>2020/21 £</b>	<b>TOTAL £</b>
<b>Costs</b>				
Staffing	253,217	253,217	200,029	<b>706,463</b>
Tracking system	20,000	5,000	5,000	<b>30,000</b>
Adult education (HCFHE)	14,542	14,542	0	<b>29,084</b>
Supplies and services	32,000	32,000	28,154	<b>92,154</b>
Membership and subscriptions	3,000	3,000	3,000	<b>9,000</b>
Project delivery	132,791	98,823	15,737	<b>247,351</b>
<b>TOTAL COSTS</b>	<b>455,550</b>	<b>406,582</b>	<b>251,920</b>	<b>1,114,052</b>
<b>Funding</b>				
Core staffing budget for Employment and Skills team	150,990	150,990	150,990	<b>452,970</b>
Core non-staffing budget for Employment and Skills team	25,330	25,330	25,330	<b>75,990</b>
HRA funding for Community Engagement	75,600	75,600	75,600	<b>226,800</b>
ESF grant	57,022	57,022	0	<b>114,044</b>
Business Risk Reserve	77,500	77,500	0	<b>155,000</b>
S106 allocations for	69,108	20,140	0	<b>89,248</b>

<b>Costs / Funding</b>	<b>2018/19 £</b>	<b>2019/20 £</b>	<b>2020/21 £</b>	<b>TOTAL £</b>
Employment and Skills				
<b>TOTAL FUNDING</b>	<b>455,550</b>	<b>406,582</b>	<b>251,920</b>	<b>1,114,052</b>

3.2 Should the Employment and Skills Plan not be approved by the Cabinet, the majority of activities would likely continue, utilising the funding sources identified, but in the same uncoordinated manner in which such interventions are currently provided.

3.3 However, draw-down of some of the Section 106 funding identified is dependent on the Council being able to demonstrate that it has the necessary infrastructure in place to support delivery of certain employment and skills initiatives, so failure to agree the Plan could put at risk the Council's ability to draw down these funds. Should the identified funding not be reallocated as proposed, the Council may be required to return this Section 106 funding to the developers, which would not only mean that the benefit of these funds would be lost, but might also impact of the Council's ability to secure future Section 106 funding for this purpose.

3.4 It is essential that the conditions of the European Social Fund (ESF) grant are adhered to in order to ensure that the grant is not withdrawn.

3.5 Post 2020/21, replacement funding for the ESF funding will be sought via the UK Shared Prosperity Fund. In addition, continued efforts will be made to secure on-going benefits via Section 106 agreements and to access other external funding as it becomes available. Officers will also seek to deliver additional benefits through the Council's commissioning and procurement of services.

It should be noted that funding from the HRA is only available if it can be demonstrated that its use is beneficial to tenants. It is envisaged that delivery of the Plan will ensure such benefits are realised.

**Legal implications and risks:**

4.1 Delivery of the Plan involves applications for grants and the use of Section 106 and grant funding. Legal advice will be available in relation to these aspects.

**Human Resources implications and risks:**

- 5.1 Implementation of the Plan will require additional staff resources with 4.5 new posts being created (including two apprentice posts) and recruited to along with a vacant post already established. Posts that are externally funded will be fixed term, with contracts aligned with the duration of funding agreements. Job descriptions have been developed and will require evaluation by the HR service under the Council's GLPC job evaluation scheme.
- 5.2 ESF funding agreements require adjustments to be made to all relevant job descriptions to reflect that they are associated with delivery of ESF funded projects, and job descriptions have been accompanied by a note to this effect.
- 5.3 Any other HR implications and risks should be minimal and any that may arise will be managed in accordance with advice from the HR service.

**ICT implications and risks:**

- 6.1 Advice will be required from the ICT department on the specification of the Referral Management System and its compatibility with the council's other IT systems.
- 6.2 Advice and guidance will also be sought from the Information Governance team within the IT department with regard to data management, protection and security.

**Equalities implications and risks:**

- 7.1 The Employment and Skills Plan has been developed to support the economic well being and social inclusion of residents of the borough, with a particular focus on those who are at the margins of economic wellbeing.
- 7.2 The Public Sector Equality Duty ("PSED") set out within section 149 of the Equality Act 2010 requires the Council to have due regard to (i) the need to eliminate unlawful discrimination, harassment, victimisation and other conduct that is prohibited by or under the Equality Act 2010; (ii) the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it, and (iii) the need to foster good relations between people who share a protected characteristic and those who do not. The Council is committed to improving quality of life for all, and supports wider social and economic growth through social and physical regeneration which includes employment and skills activity.

**Cabinet, 7 February 2018**

7.3 A detailed Equalities Impact Assessment has been undertaken of the Employment and Skills Plan, which is attached at **Appendix 4**. The Assessment takes into account accessibility of services and support by all residents of the borough and sets out how people who share “protected characteristics” will be supported to access this and to provide feedback on their experience to better represent their needs.

**BACKGROUND PAPERS**

None