

LSIS Brief Guide

Tackling Worklessness: The Houghton Review



Introduction

1. As part of our continuing coverage of Government policy concerning the recession and other economic matters, this document briefly reprises *Tackling Worklessness: A Review of the Contribution and Role of English Local Authorities and Partnerships*¹. The review was conducted by Cllr Stephen Houghton, the (Labour) leader of the Barnsley Metropolitan Borough Council.
2. The conclusions of this review have not yet been accepted by the relevant Government department (the Department for Communities and Local Government, or CLG). As such, they do not form Government policy, but remain proposals.

Background

3. Unemployment has been a concern of governments for decades. However, as Cllr Houghton notes in his foreword, 'worklessness' is a 'relatively new concept': 'the notion of large numbers of people excluded from the economy and work over long periods has only recently developed' (Houghton, p. 2).
4. The Freud Report, published in 2007, discusses ways to reform welfare to target segments of the population which had proved resistant to previous employment programmes. The report also examines the workings of local partnerships, which have been a feature of Government policy for several years. The 2007 Government White Paper *Strong and Prosperous Communities* placed Local Strategic Partnerships (LSPs) at the heart of a new localism agenda, in which local councils and their partners would set local priorities, specifically by choosing a subset of indicators from the central government's National Indicator Set which the partnership would then agree to meet jointly. Originally, other government agencies in the locality (such as the LSC, NHS trusts and police authorities) were required to participate in these partnerships, while other bodies, such as businesses and colleges, were to be encouraged to participate. Recent reforms now require FE colleges to participate in these bodies, foreshadowing the imminent closure of the LSC².
5. Cllr Houghton was commissioned to lead a review into local action around worklessness in May 2008 (prior to the recession, as he notes in the report). Specifically, he was asked to examine:
 - *how local authorities and their partners are using the Working Neighbourhoods Fund*

¹ <http://www.communities.gov.uk/documents/communities/pdf/1161160.pdf>

² The LSC's successor agencies will be smaller, and have fewer regional offices – thus, they won't be expected to play as large a role in local government. Thus, for FE to continue to have a voice on local partnerships, it was necessary to transfer the duty to participate onto FE colleges.

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- *what more central Government departments can do to support local partners to deliver better employment and skills services*
 - *how the private sector, social enterprises and third sector, and Regional Development Agencies (RDAs) can do more to help local partners, and;*
 - *how agencies like the Learning and Skills Council and Jobcentre Plus can better tailor their services to meet needs of the most disadvantaged areas* (Houghton, p. 8).
6. An interim report was published in November 2008.

Progress

7. Cllr Houghton's substantive findings begin by emphasising the centrality of local government to the worklessness agenda: *'Local authorities and Local Strategic Partnerships should be central to government's ambitions to tackle worklessness. If we are to maintain a focus on the needs of the most disadvantaged people and communities then there must be a concerted and sustained partnership across the national, regional, and local levels'* (Houghton, p. 4).
8. He also notes that local authorities and partnerships have made significant progress in reducing worklessness and other social problems in recent years. The review notes that *'the gap between local authorities with the highest and lowest unemployment rates has narrowed significantly over the last sixteen years'* (Houghton, p. 4).
9. The review also notes the positive role of the Working Neighbourhoods Fund (WNF). This fund *'was established to boost enterprise and skills levels and to tackle the local barriers to employment that people living in the most disadvantaged areas across the country face'* (p. 4). The fund was first announced in November 2007 by the Department for Communities and Local Government (CLG), with funding of £1.5 billion over the following three years³. The funding is delivered through the Area Based Grant given to implement Local Area Agreements (LAAs), so that *'local authorities are free to spend Working Neighbourhoods Fund resources in any way that enables them to deliver the local strategic priorities identified in their Local Area Agreement'* (p. 29).
10. Cllr Houghton notes that 71 percent of the reduction in the number of people claiming Incapacity Benefit since 2004 has come in areas that receive WNF money. He adds that *'the lone parent claimant rate has fallen faster in Working Neighbourhoods Fund areas – from 4.1 percent to 3 percent compared to 2.7 percent to 2 percent elsewhere'*, and that *'nine claimants chase every notified vacancy in Working Neighbourhoods Fund areas compared to five claimants elsewhere'* (Houghton, p. 8).

³ For more information on this fund, see:
<http://www.communities.gov.uk/documents/communities/pdf/566881.pdf>

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11. However, he also noted that *'in 2008 the claimant count increased at a faster rate in Working Neighbourhoods Fund areas than the rest of England'* (Houghton, p. 8). Furthermore, as the recession causes unemployment rates to spiral, the authors fear that the gains that the WNF programme has made will be wiped out, and that the gap in unemployment rates between wealthy and disadvantaged communities will reopen (Houghton, p. 9-10).

Recommendations

12. The Houghton Report makes a series of recommendations to government, building on proposals made earlier in the interim report. These are summarised below.

Leadership

13. Cllr Houghton believes that worklessness should be a central issue for local leaders, and for national government officials involved with superintending local government. *'Tackling worklessness should be a mainstream objective for local authorities and Local Strategic Partnerships'*, he says, and adds that *'Government should examine their Public Service Agreements targets and Local Area Agreement indicators they presently have on worklessness and consider whether addition and/or more appropriate targets could be used to drive the response to rising worklessness'* (p. 65).
14. The review also suggests that delivery may have to be reformed, stating that *'We believe that how services are delivered and planned can have a substantial impact in helping workless people find and sustain employment'* (p. 65).
15. *'Local authorities, with their Local Strategic Partnership, should be responsible for planning the right mix of provision to ensure that disadvantaged people and neighbourhoods are not losing out disproportionately in the recession. Appropriate local measures should be adopted to show how partners are succeeding in preventing disadvantage'* (p. 65).

National Worklessness Forum

16. Cllr Houghton advises the Government to establish a National Worklessness Forum, parallel to the National Economic Council set up early in the financial crisis. The forum *'would be charged with identifying best practice and driving forward responses to unemployment in priority areas and for priority groups'*. It would also *'co-ordinate action at all levels bringing ... the voice of disadvantaged areas into the National Economic Council'* (Houghton, p. 65). It would comprise *'local, regional and national partners'* (p. 14). The forum should also *'make sure our most disadvantaged people and places do not suffer disproportionately in this recession'* (p. 4).

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The Working Neighbourhoods Fund

17. The report recommends that WNF monies remain part of the Area Based Grant, so that local partnerships can have maximum *'flexibility'* in distributing the funds as needed. The report also calls for WNF to be moved to a five-year cycle of funding, rather than the current three-year cycle, *'bringing it in line with the flexible New Deal'*, and that the Government quickly announce if the fund will continue past 2011, the end of the current funding round (p. 31).
18. The review contends that WNF monies can have a profound effect on joblessness if properly allocated, noting that *'if WNF were just targeted on jobseekers then this would rise to about £1,200 for every JSA [Jobseeker's Allowance] claimant. This compares to around £1,600 per person on the flexible New Deal'* (p. 30). However, the authors worry that there is a lack of evidence to demonstrate to Government that the fund is effective in combating worklessness, and that *'a lack of reporting requirements and transparency has left the fund open to undue and unspecific challenge'* (p. 30).
19. The report recommends that *more should be done to improve the understanding of how local resources, including the Working Neighbourhoods Fund, are improving support for workless people*, and further urges *'that every Working Neighbourhoods Fund authority is required to have a Work and Skills Plan that sets out the resources from local and national partners that are spent on direct provision to workless people'* (p. 31).
20. As part of the Work and Skills Plan, *'local authorities ... should identify those people and neighbourhoods with already high levels of worklessness and at most risk of disproportionately suffering from rising unemployment'* (p. 65). The plans should also take into account the overrepresentation of minority groups in these deprived areas (p. 66).
21. *'We expect that existing City Strategy areas and authorities covered by a Multi-Area Agreement with a worklessness objective will automatically be recognised as having a Work and Skills Plan'* (p. 67).

Simplifying the system

22. The Work and Skills Plans also form part of a broader plan to simplify the local delivery of anti-worklessness programmes. *'The present framework for devolving and planning local support to workless people is too complicated and should be simplified'*, says Cllr Houghton. He calls for a system based around three frameworks:
 - the Work and Skills Plans, described above (paragraph 19);
 - a 'worklessness assessment', *'conducted by every local authority as part of their proposed economic assessment duty'*, and;
 - Work and Skills Integrated Budgets, *'for those areas with robust partnerships, such as Multi-Area Agreements, where it is feasible for central and local government to pool and align budgets and co-commission a substantial portion of relevant funds'* (p. 41). These should be the *'preferred'* conduit for central government funds devoted to tackling worklessness, and the review recommends that trials be begun on such budgets from autumn 2009 (p. 67).

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23. The review also calls for a greater pooling of information between various constituents of the employment system, such as *'local partners, Jobcentre Plus, the Learning and Skills Council and DWP providers'*. Therefore, *'Relevant management information should be shared between partners in a standardised format and on a regular basis'*. This should at least cover *'the profile of local claimants; mainstream and local provider performance; the impact on equality, especially for minority groups; and progress towards local targets'* (p. 42). The paper also suggests that *'the DWP data sharing protocol should be reviewed and local authorities provided with the same level of access to data as DWP providers'* (p. 42).
24. *'Areas pursuing Work and Skills Plans and Integrated Budgets should establish employer-led Employment and Skills Boards, where these do not currently exist, to provide more robust governance arrangements for Local Strategic Partnerships or sub-regional partnerships'*. (p. 67). The report also recommends that inspectorates use these employment plans as evidence towards the Comprehensive Area Assessment evaluation of local partnership working (Ibid.)

Challenge Fund

25. In addition to the continuation of the WNF, the Houghton Report also proposes a new Challenge Fund, *'to help improve the labour market prospects of **disadvantaged people** living in those areas that have the **worst prospects** during the recession and which have suffered **disproportionately in the last recessions**, recognising that this will involve different solutions in different labour market'* (p. 56)⁴. The fund would *'focus on disadvantaged areas and long-term claimants'*, possess *'the maximum flexibility at the local level within a national framework'* and have the lightest possible administrative burden (p. 56).
26. In the interim report, the Houghton Review suggested that a Challenge Fund would involve creating short-term employment, *'linked to skills training and job search'* and which would *'help the community, the environment and disadvantaged people'* (p. 56). They repeat this recommendation in the final report, adding that temporary jobs would help prepare the long-term unemployed for permanent jobs, which may be more available when the economy improves (p. 57).

⁴ Bold text is from the report, and not mine.

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Apprenticeships and job creation

27. The Houghton review calls on local authorities to be more ‘ambitious’ in expanding apprenticeship provision. *‘We would like to see local authorities providing 50,000 Apprenticeship opportunities in the three years to 2011/12’*, which will require a ‘national programme of support’, including new funding (p. 53). Local authorities should also encourage those from whom they procure to offer more apprenticeships (and present evidence of this on their Comprehensive Area Assessments), and ‘consider providing to suppliers (or through an appointed organisation, including private sector consortia) an apprenticeship placement service which reduces administration for private and voluntary sector suppliers’ (p. 54). They also propose that local authorities, especially those in receipt of WNF funding, provide 75,000 work experience placements (p. 68).
28. *Tackling Worklessness* also encourages all local authorities that have not signed a Local Employment Partnership agreement with Jobcentre Plus to do so. The Local Government Association (LGA), the umbrella body for British local government, ‘should consider facilitating the wider use of Local Employment Partnerships by agreeing with Jobcentre Plus what best practice would be for a Local Authority Local Employment Partnership, including the use of recruitment subsidies for those unemployed for 6 months or more’ (p. 56). Local authorities should be ‘exemplar employers in offering apprenticeships, work experience, the use of Train to Gain and signing Local Employment Partnerships’ (p. 57).

Social enterprises and the third sector

29. Cllr Houghton calls for new measures to support social enterprises and charities. He wants local authority leaders and RDAs to ‘develop proposals to help SMEs [small- and medium-sized enterprises] and social enterprises in their deprived areas gain access to credit’. He also calls for DWP and local authorities to align support programmes for the third sector (p. 57).

Regional-level initiatives

30. The Houghton Review also contains measures focused on the regional level of government. In the ‘medium and long term’, Cllr Houghton suggests that ‘Regional Development Agencies should develop a comprehensive support programme, targeted on the most vulnerable economies, that includes: renewing existing economic development plans; support for infrastructure; building skills for the future; enhanced enterprise support; and help for local employers to maintain jobs’ (p. 60).
31. The Houghton Report sees Regional Improvement and Efficiency Partnerships (RIEPs) as an important support mechanism for local partnerships and their worklessness policies. The report advises that RIEPs ‘be tasked to include specific proposals to build the capacity of local partnerships in their areas to tackle worklessness, deliver high quality Work and Skills Plans, and consider how local authorities in their areas can be supported to do more in line with the recommendations made in Chapter 5’ (p. 64).

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Implications

32. It is not yet clear whether CLG will accept the recommendations of the Houghton Review – until we know how the department will act, and which recommendations it accepts (if it accepts any at all), it is difficult to say what the impact of the report will be.
33. Otherwise, the report's recommendations tend to echo other trends in Government policy. Cllr Houghton's calls for more developed partnership working certainly follow the Government's localism agenda, which has been in train for the last few years. His calls for the simplifying of the administration of worklessness funds and systems also reflects a trend in Government thinking, as do his calls for expanded apprenticeships and work experience provision. The review also adopts some of the approach suggested by the Freud report, which targeted support on communities that suffered long-term joblessness.
34. The report also locates itself within the Government's broader response to the recession, both in its calls for more apprenticeships and work experience placements and, more broadly, in its repeated concerns that poorer areas, which already suffer from chronic joblessness, will be disproportionately affected by the recession.

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