

Unlocking
our wealth

A cooperative deal for community resilience, jobs and growth

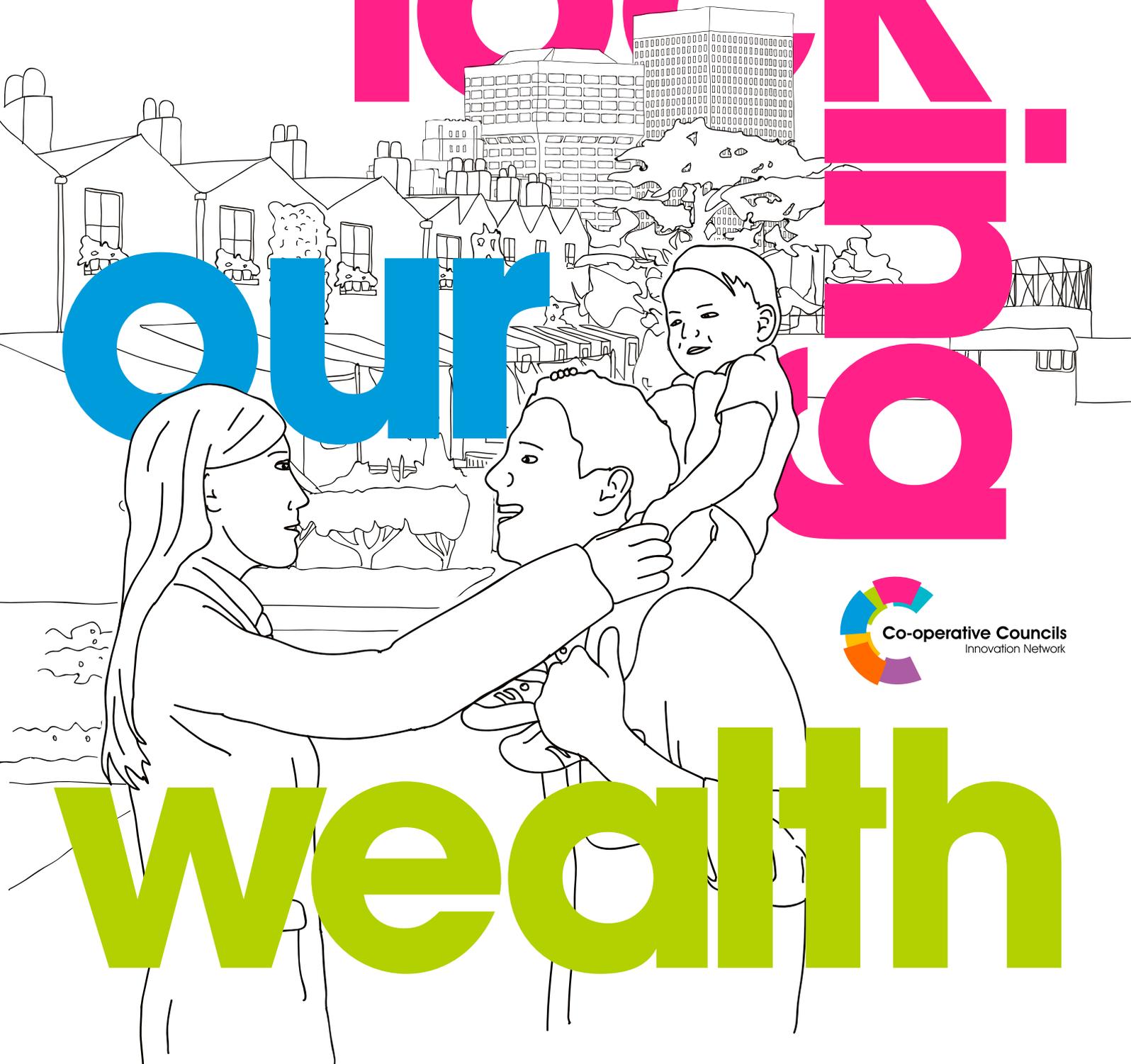
Report of the Cooperative
Councils Innovation Network
Policy Commission on Community
Resilience, Jobs and Growth

an
lock.

our

to

wealth



Wealth consists not in having great possessions, but in having few wants.

Epictetus

A proper community, we should remember also, is a commonwealth: a place, a resource, an economy. It answers the needs, practical as well as social and spiritual, of its members – among them the need to need one another.

Wendell Berry

About the Cooperative Councils Innovation Network

The Cooperative Councils Innovation Network is a collaboration between local authorities and registered as a Special Interest Group of the Local Government Association. Membership is open to any council which shares a commitment to our values. It is non-party political and provides a national voice for cooperative councils, informed by real experience and practice.

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About the Commission on Community Resilience, Jobs and Growth

The Cooperative Councils Innovation Network (CCIN) launched a policy commission on community resilience, jobs and growth in September 2014. The Commission, chaired by Councillor Lib Peck (Leader of Lambeth Council), comprised a group of leading policy advisers and members from CCIN councils.

The Commission's aim was to review recent and ongoing evidence of innovation and impact in local economies, and develop a creative policy approach based on this evidence to increase the effectiveness of state spending on employment support.

The RSA assumed a role as the Secretariat of the Commission and carried out the research underpinning this report. The RSA is an enlightenment organisation committed to finding innovative practical solutions to today's social challenges. Through its ideas, research and 27,000-strong Fellowship it seeks to understand and enhance human capability so we can close the gap between today's reality and people's hopes for a better world.

Acknowledgements

This report comes from the efforts of many people. Particular thanks are due to members of the Working Group, especially our Chair, Councillor Lib Peck, and those who organised evidence sessions, especially Councillor Chris Penberthy and Theresa Brooks at Plymouth City Council, Kelly Thomas and Nick Bubalo at Sandwell Council, Councillor Nick Small at Liverpool City Council and Claire Hogan at Knowsley Council. Thanks to all those who gave up their time and shared their insights at our evidence sessions and business roundtable. Thanks to Angela McKeever and Michael Warren at Lambeth Council, Councillor Andy Hull from Islington Council and Stephen Hughes from The Chartered Institute of Public Finance & Accountancy (CIPFA), and to the RSA team: Atif Shafique, Brhmie Balam, Jonathan Schifferes, Ben Lucas and Paul Buddery. Finally, thank you to all in the Cooperative Councils Innovation Network and beyond who have shared your evidence and examples with us. I hope this report does justice to all your effort and energy.

Abigail Melville, RSA, February 2015

Contact us at www.coopinnovation.co.uk

fore word

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In the run-up to the General Election all the main political parties are competing with each other to set out their own vision for devolution. There are several factors driving this. The Scottish Referendum and the subsequent Devo Max agreement have highlighted concerns about the lack of decentralisation within England. Support for and trust in traditional Westminster politics is in steep decline. And there is widespread agreement that the economy needs to be better balanced so that sustainable growth is not just confined to the south east of England.

The recent RSA City Growth Commission looked at the role that empowered Metro areas could play in promoting more balanced growth. Calls for more powers for cities have been matched by the Government's promotion of a northern powerhouse and the recent Manchester Devolution Deal. Meanwhile, the Deputy Prime Minister Nick Clegg has been encouraging northern cities to develop their own blueprints through "Northern Futures". And Labour have pledged through Lord Adonis's Growth Review to give combined authorities control of £6bn a year of central government expenditure for services such as skills, and employment support.

But one challenge for all parties is how this devolution can genuinely empower citizens as opposed to just transferring power from the national to the local state. The RSA is interested in developing the potential of new sources of citizen power, that don't just derive from the state. That is why we are promoting the power to create. In that context we were pleased to have been asked by a group of councils, called the Co-operative Council Innovation Network, to help them conduct a commission on community resilience, jobs and growth. The new interest in co-operation and mutualism as sources of creativity, and more productive relationships between citizens, services, public service workers and public service leaders, is something that we very much welcome.

This report sets out some powerful examples of new ways in which councils across the country are seeking to develop the latent wealth of their local communities. It also identifies a framework for a co-operative approach to local wealth creation that we very much hope will be supported across the political spectrum.

Ben Lucas

Chair of Public Services, RSA



5 **This report, from the Cooperative Council Innovation Network's Policy Commission on Community Resilience, Jobs and Growth, shows how a cooperative approach, based on firm partnership with business and individuals, could help more workless people into jobs, at lower cost, increase small business growth to create thousands of new jobs, and significantly increase private sector investment in employment and skills.**

It pledges the commitment of Cooperative Councils to implement significant new deals with citizens and business to unlock the wealth of our communities, and it calls on government to give us the power to make it happen.

What is the problem?

The councils involved in this Commission are diverse, representing different populations and different local economies. Despite these differences we all have something in common. For each of us, there remains amongst our populations a hard-to-reach group of individuals who are missing out on the opportunities of employment.

The current, nationally instituted, programmes designed to help them are not working. Many of the long term unemployed or most hard-to-help jobseekers are routinely failed by initiatives like the Work Programme that are designed to help them into work. The most recent evaluation statistics show that almost 90% of Employment and Support Allowance (ESA) claimants on the Work Programme fail to

find employment.¹

An impersonal, poorly designed system is systematically failing to recognise, and respond to, the needs of individuals. People who are long-term unemployed are often severely disadvantaged with unique needs. If these were met, many individuals would find, and stay, in work.

Despite their inherent failures these programmes remain time and resource intensive for central and local government. Driving so much money into a programme that fails to meet the aspirations of the people it tries to help is a poor use of money, failing both the individual jobseeker and the public purse.

As the CCIN Commission proceeded, we learned that many of the long-term challenges are caused by poor preparation. Young people too often leave education without skills or qualifications that marry with the demands of employers and the world of work.

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The nationally controlled skills system means that opportunities are missed to equip young people for the realities of their local job market. Publicly funded skills training for those embarking on employment is often poor, and funding is inflexible. Too often they are not gaining the skills that employers want.

This disconnected system simply isn't working.

What are the solutions?

The cooperative ethos espoused by this network means we recognise that local problems require local solutions, and solutions must be developed with and in response to the needs of the community at hand.²

Successful interventions are those that:

- » Recognise the individual as an individual and treat them as one; putting the person above the process.
- » Rely on co-production and collaboration, both in values and in practice. This is not only about drawing on the expertise of a range of partner organisations with a meaningful contribution to make, but also about collaborating with the individual jobseeker themselves – making them part of the solution.
- » Have an active role for the council as enabler; an agent to stimulate enterprise and to forge connections between citizens, employers, skills and training organisations and other support systems, such as health and social care.
- » Are developed in the context of strong relationships between different organisations, especially those involved in the supply and demand for skills and employment.

Aims of this report

The aim of this report and the accompanying evidence document is to demonstrate the business case for cooperative approaches to employment, skills and enterprise. We have reviewed examples of successful interventions from around the country built on local cooperative principles, and we show what more could be done to help people into work if we apply these principles.

1 House of Commons Committee of Public Accounts (2014) The Work Programme: Twenty-first Report of Session 2014-15. London: The Stationery Office Limited.

2 Locally-designed approaches are particularly effective for those who are most disadvantaged. For example, see Rolfe, H., Portes, J. and Hudson-Sharp, N. (2015) Local authority schemes supporting people towards work: An independent report for the Local Government Association. National Institute of Economic and Social Research. Also see Foster, R., Byles, H. and Rajkumar, R. (2015) London Employment Provision: Qualitative experiences of employment support. Centre for Economic and Social Inclusion.

The economic case for cooperative solutions

Through our evidence we found that in both employment support and business support, cooperative approaches can be significantly more cost effective.³

If successful cooperative models were applied more generally we could reduce the cost of employment support by 25 percent, saving £500m a year, increase small businesses growth to create 90,000 new jobs, and increase the contribution of private sector developers to employment and skills by a factor of 15.

Business in the Community's Ready to Work programme leverages public sector funding to attract private sector resources to support homeless people into employment. The effectiveness of this cooperative approach to employment support for disadvantaged groups is such that were it to be scaled up nationally we could secure job outcomes for participants at between 25 percent and 40 percent less cost per person.

Stevenage's Business Technology Centre is an enterprise hub for Innovation, business incubation and engagement providing integrated business support. If each of the 256 district authorities in England established a similar hub, the resulting small business growth would create 90,000 jobs. Because the Centre generates an income stream, the cost of business support per job is less than half that calculated for previous national programmes.

Southampton's unique employment and skills framework, developed with the Construction Industry Training Board, maximises local skills and employment opportunities in all major construction, retail and hospitality projects. If every local authority played the coordination and brokerage role played by Southampton Council, we could see the value of developer contributions and commitments to employment and skills, nationwide, grow from £15m to £225m annually.

The recommendations of the Commission

We want to make it clear that local cooperation works. And we want to make it clear that our approach should be put into action much more widely. This is not about new money. It is about spending money in better ways.

This inevitably means some big asks of Westminster, businesses and other partners. We set these out in the form of three deals which spell out what we as councils will do and what we expect from others.

Our recommendations are based on the pragmatic and innovative cooperative solutions which were submitted to us by over 30 organisations throughout the course of the Commission. Cooperative councils showed how much they are already achieving. Sensitive, tailored support is helping people with complex needs into work

3 See the accompanying Evidence Paper for details about the methodology we used.

in Knowsley, Newcastle and Edinburgh. Strong civic leadership is engaging employers in providing jobs for young people in Southampton, Oldham, Sandwell and Lambeth. Enterprise and new businesses is being nurtured in Sunderland, Plymouth and Stevenage.

Our recommendations operate primarily at the level of principle because a “one-size-fits-all” approach would not allow cooperative solutions to be developed locally. Specific local proposals are being developed by individual councils in the Network.

The RSA City Growth Commission has made a powerful case for localising control of skills and employment support polices so that decision making is aligned with local labour markets. This report addresses how that local control should be used and argues that co-operative, community based approaches to skills and employment can help generate greater local wealth.

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So much more could be achieved through a cooperative approach based on a firm partnership, with both business and individuals, freed from the constraints of central control.

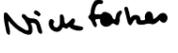
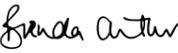
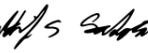
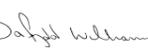
Our commitment

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Cooperative councils are committed to action.

Together with the 5m citizens that we represent, cooperative councils will strike new local deals with 1,000 businesses to help more people into better jobs. We urge government, in turn, to give us the power, money and responsibility to get people skilled-up and into work.

Signed by 22 Leaders of Cooperative Councils across the UK

 Lib Peck Leader of Lambeth Council and Chair of the Commission 	 Andrew Burns Leader of City of Edinburgh Council and Chair of the CCIN 	
 Simon Greaves Leader of Bassetlaw District Council 	 Nick Forbes Leader of Newcastle City Council 	 Darren Cooper Leader of Sandwell Metropolitan Borough Council 
 Tony Newman Leader of Croydon Council 	 Mike Stubbs Leader of Newcastle-Under-Lyme Borough Council 	 Simon Letts Leader of Southampton City Council 
 Archie Graham Depute Leader of Glasgow City Council 	 Brenda Arthur Leader of Norwich City Council 	 Sharon Taylor Leader of Stevenage Borough Council 
 Richard Watts Leader of Islington Council 	 Jim McMahon Leader of Oldham Council 	 Paul Watson Leader of Sunderland City Council 
 Ron Round Leader of Knowsley Metropolitan Borough Council 	 Tudor Evans Leader of Plymouth City Council 	 Kuldip Sahota Leader of Telford and Wrekin Council 
 Joe Anderson Mayor of Liverpool 	 Richard Farnell Leader of Rochdale Council 	 Dafydd Williams Leader of City of York Council 
 Peter Marland Leader of Milton Keynes Council 	 Ian Stewart Mayor of Salford 	



Our Vision

11 **Cooperative Councils have a shared vision to increase the power and capacity of citizens so people can live the lives they choose. True wealth is more than material possessions – it includes shared heritage, culture and social connections. But being able to pay the bills matters. Sharing the benefits of economic activity is the best way to ensure our communities are strong and resilient.**

Communities, business and government work hand-in-hand to create places where people and businesses thrive and put down roots. We need to recognise this interdependency. Genuine partnership based on shared responsibility and mutual benefit is the essential foundation of cooperation so our first priority is to strengthen the social partnership between citizens, communities, enterprises and councils.

Working in cooperation with our communities, we see the key role of the council as a leader, broker and connector.⁴ Councils have a democratic mandate to lead and cooperative councils make leadership visible by bringing people together around shared purpose. We frame conversations in communities that focus on opportunities and strengths rather than problems and needs.

Citizens should have control over the services they rely on and services must be designed with citizens at their heart. This is the only way we can ensure that public services are doing the right things. Cooperative approaches that are co-designed with citizens unlock potential, release creativity and achieve better outcomes.

Cooperative councils stimulate enterprise and the creation of new businesses by commissioning services through alternative models, such as cooperatives, social enterprises and community trusts.

Local leaders must innovate, not wait for permission from the centre. Cooperative councils are already co-producing solutions to create enterprising, productive places, engage people in employment and create better value for public money. We need to go further.

Business leadership is essential to ensure public and private

4 Our vision and theory of change can be found at <http://www.coopinnovation.co.uk/internal-resources/vision-for-cooperative-localism/>

investment contributes to economic prosperity. Councils and businesses need stronger relationships. We know relationships take time and require vision, leadership and trust on both sides. We need to go beyond contract compliance to create a broader cultural change where businesses have a broad commitment to their place and can see benefits of collaboration over the medium and long term.

Devolution of powers and resources is crucial, but shifting decision-making won't make a difference without cooperation.

Councils must work together, with their neighbours and with Local Enterprise Partnerships (LEPs), to ensure that the strategic framework for growth and skills makes sense.⁵

Within a city-region, local leaders need to engage businesses in distinctive growth strategies that reflect the character, skills and assets of their local area. This means pushing responsibility down to the lowest possible level so those closest to citizens have the freedom to innovate.

5 The RSA City Growth Commission sets out how metro level governance can be provided by combined authorities and city-region mayors on the same boundaries as Local Enterprise Partnerships. Skills and employment budgets should be devolved to these bodies.

A new deal with citizens that treats everyone as an individual

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Public services are failing many of our citizens. Young people can complete up to 16 years of full-time education without a clear idea of the opportunities available to them, the skills that employers want and need, or a future pathway into work.

Schools have been given responsibilities for careers advice that they are unable to fulfil while the world of work is changing faster than ever before. The CBI has described careers guidance as an “life support”.⁶

Payment-by-results drives different providers to compete over similar cohorts, (those that are easier to place) while those with greater barriers to work are neglected.

Jobcentre Plus provides a low-level standardised service to all job seekers, while the majority are likely to be able to find work on their own with minimal engagement from Jobcentre Plus.

Those with multiple barriers to work, for example single parents and people with ill health, face a bewildering regime of enforcement; often arbitrary rules are backed up by a sanctions regime that has been termed a “parallel secret penal system”.⁷

In our evidence sessions we heard personal stories from jobseekers in Plymouth and apprentices in Sandwell which illustrate the barriers and frustrations faced by individuals. The prescriptive, sanctions-based systems destroy confidence, further erode people’s wellbeing and ultimately increases demand on a wide range of public services.

The Commission also heard vivid illustration of market failure in some local labour markets with large numbers of young people being trained for work in sectors with low employment, while employers face enormous shortage of skilled labour in other sectors.⁸

We also heard about people trapped in a low-pay, no-pay cycle; trapped between Jobcentre Plus and poor quality jobs with few

6 Sellgren, K. (2013) CBI chief warns over poor careers advice. BBC News, Education and family section, 19 June. [Online] Available at: <http://www.bbc.co.uk/news/education-22966374>

7 Oral evidence to the Department for Work and Pensions Select Committee, given by Dr David Webster, University of Glasgow. For a review of the evidence see Watts, B., Fitzpatrick, S., Bramley, G. and Watkins, D. with contributions from the ESRC funded Welfare Conditionality: Sanctions, Support and Behaviour Change project research team (2014) Welfare Sanctions and Conditionality in the UK. JRF.

8 For example, London has over provision of health and safety, automotive industries, and hair and beauty, but under provision in marketing and sales, fashion, textiles, creative and cultural industries. The picture is very different in other areas. Gardiner, L. and Wilson, T. (2012) Hidden Talents: Skills mismatch analysis. Centre for Economic

opportunities for progression, often living in ‘in-work poverty’ and struggling to balance their household finances.

The current approach to helping the unemployed is too prescriptive. It denies people control over their lives. Our vision is very different. We want to ensure that workless people are part of the solution. We assume that our citizens want to work and make a contribution; that they have aspirations and want to progress in their lives and careers.⁹ Therefore, our focus is on removing the barriers that stop them achieving these goals, rather than forcing them to comply with arbitrary rules.

This is not a soft approach. We are strongly committed to an ethic of work and self-reliance. We do not believe it is good for individuals to rely on state support without making a contribution. We think most people would agree. But there isn’t one size fits all. We need to create different ways for people to “do their bit” which are also sensitive to their personal circumstances.

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Our cooperative deal with citizens

We see our citizens as creative individuals with strengths and capacities. We need to help citizens take control of their lives, and use public resources flexibly to find solutions that will help them.

We commit to working with our partners to develop:

- » **Help at each stage.** A coherent pathway that supports every citizen to make decisions about education, skills and work at key stages throughout their life,¹⁰ and a commitment to keep the sustainable economic outcomes of our citizens and local areas at the core of what we do.
- » **Impartial information and guidance.** A commitment to all secondary students to open up the world of work and provide real and relevant work experience and, if required, a tailored package of work-related tasters, work experience, mentoring and job-related training. A commitment to all jobseekers to improve information about local job opportunities and career progression routes; making it easier for all residents to access and take advantage of them.
- » **Personal support.** A tailored, dignified service for those who need extra help:¹¹ with face-to-face support from a personal advisor who will help to remove barriers, develop skills, find opportunities, and support aspirations; empowering citizens to make a positive contribution to society and realise their economic value, thus reducing their dependence on state support.

We expect citizens to:

- » **Take employment seriously.** Schools and colleges to invest in proactive engagement with employers, developing awareness and understanding of the world of work, placing pupils in work-place opportunities, and recognising and developing vocational skills.
- » **Share opportunities.** People who are in work to share opportunities, through schools and other local networks, so that more children and young people in their communities can learn about jobs, careers and enterprise, including offering mentoring and real work experience.¹²
- » **Do your bit.** Jobseekers to be pro-active in seeking information and opportunities, use the support that is available, be prepared to take opportunities that are offered and attend work placements and meetings on time.

9 In depth research by JRF found families experiencing long-term worklessness remained committed to the value of work and preferred to be in jobs rather than on benefits. Shildrick, T., MacDonald, R., Furlong, A., Roden, J. and Crow, R. (2012) Are ‘cultures of worklessness’ passed down the generations? JRF.

10 Many related ideas are being proposed, including incentives for schools through better use of destination data, and an Employability Passport for school-leavers.

11 This includes people with health needs, disabilities, caring responsibilities, low skills or lack of confidence, drug or alcohol dependency and long-term unemployed.

12 For example Real Ideas Organisation works in schools to develop youth-led social enterprise and engages parents who are also small business owners in identifying opportunities. In one school in Plymouth young people decided to create an export agency which has now operated for three years, boosting demand for French and grown export markets for three local businesses. See www.plymstockschool.org.uk/our-way/

Those most in need of support can be least likely to get it

Anton's story

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Anton, 29, left Brixton Prison in October 2013 determined to work. He had no qualifications but had experience of painting and decorating.

He was registered on the Work Programme, but his support worker had left and the new one did not contact him.

While in prison his family had not paid the rent on his flat, and nobody had made him aware of the letters from the council. Two days after Anton's release from prison he was in court for possession of his property due to rent arrears. The judge denied the council possession, but gave Anton strict deadlines to catch up on the arrears.

Anton applied for all the benefits he was entitled to, to ensure that he kept afloat with his rent.

He stayed at a girlfriend's house for a few weeks, because his flat was so cold and he could not afford to keep topping up the pre-paid gas central heating.

When he went home to change clothes he found two letters from Jobcentre Plus, one advising him of a change to his signing on date, and another saying that as he had not attended to sign on he was being sanctioned and denied benefits.

Anton's first worry was Housing Benefit, as he did not want to end up in court again and lose the flat. He felt like if it was not one thing it was another, and that he'd be better off coming off benefits and just doing his own thing to survive.

Anton had breached his probation by not being where the probation service could find him, so he was sent back to prison.

On release Anton started a labouring job which he enjoyed, but when he was ill one day the boss told him not to come back. Anton says they favoured foreign workers who were paid £17 a day for 10 hours work.

Anton is still not working.

The Work Programme, housing department and the probation service let Anton leave prison without support, sent Anton back to prison within weeks of release, and evicted him from his flat leaving him homeless.

Anton wants to work but he needs hand-holding, prompting and encouraging.

Anton needs to be treated as an individual.

Treating job-seekers as individuals

Business in the Community Ready for Work

Working with 150 businesses in 20 locations to provide training, work placements and post-placement support, Ready for Work equips some of the UK's most disadvantaged people with the skills and confidence they need to gain and sustain employment. Clients face a range of challenges - homelessness, being in care, long term unemployment, criminal convictions and a lack of qualifications. Participating companies offer placements in return for proven business benefits – staff development, increased staff satisfaction, and cost effective recruitment for new staff. The programme has supported over 3,200 people into work since 2001. In 2009-10, for an investment of £1.03 million (55 percent of which was from the public sector and 45 percent from private sector) the programme generated £3.12 social return for every £1 invested. This social value comprises benefits such as reductions in out of work benefits, reductions in costs of re-offending, and savings for the NHS.

Knowsley Coaching for Employment Programme for young people who need extra help

In 2013 Knowsley Council commissioned a partnership of four voluntary organisations to deliver a programme of employability, personal and social skills development to Knowsley Apprentice applicants and other unemployed young people. Over the duration of the programme, 165 participants were trained, 82 supported with application skills and 134 with interview skills. Good levels of learner satisfaction, achievement and, most importantly, positive progression were achieved and 67 percent progressed to a positive destination - further education and training, apprenticeships, jobs, volunteering or work placements.

Edinburgh A co-designed employment service for people with a disability

Five separate services for disabled people were transformed to focus on progression to employment, ensuring that in-work support was a key feature and that securing a job was the start of an on-going career which was sustainable. Co-production with service users was core to commissioning the new service and workshops and engagement techniques with service users and providers informed the re-design. The outcome was a one-stop Supported Employment service for all job-seeking clients with a disability, bringing together a core consortium of social enterprises and subcontractors. The early adoption of the Supported Employment model has already resulted in a 50 percent increase in employment outcomes.

Newcastle Futures Helping people into work after long periods of unemployment

The council, working with local partners including Jobcentre Plus, has created Newcastle Futures, a not-for-profit organisation which coordinates the work of all training and employment agencies which help Newcastle residents find employment. The Partnership works together to make sure people get the support they need, whatever their needs may be. Newcastle Futures Partnership helps build people's confidence, brush up their skills, help them gain qualifications, explore new career options, assists them into employment and supports them whilst in work. It works in the heart of communities to provide direct support to people most at risk of being excluded from employment. Since 2007, 12,881 unemployed people have registered with Newcastle Futures and 6,140 have been supported into work.

Cooperation

“We see our citizens as creative individuals with strengths and capacities”

Citizens should

Take employment seriously
bring understanding of work into schools and value vocational routes

Share opportunities
help all young people get chances to try out work and develop their confidence and social networks

Do your bit
have a good work ethic and be open to new opportunities

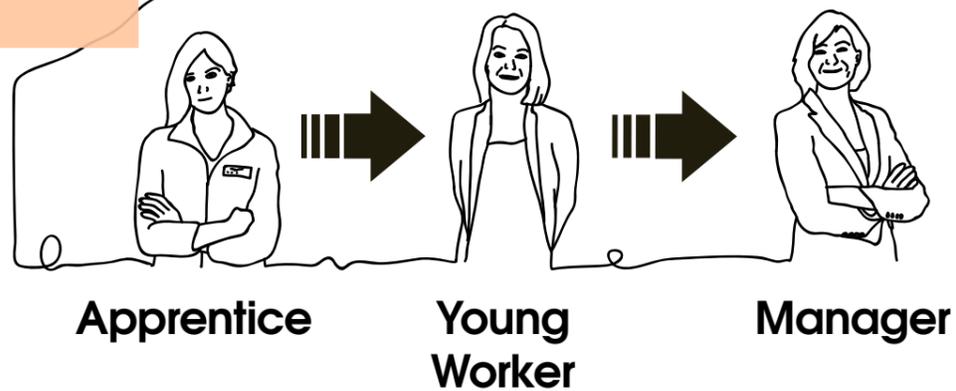
“Students, parents, school and businesses properly working together can find incredibly creative ways to bring benefits to all.”

Lindsey Hall, Chief Executive, Real Ideas Organisation

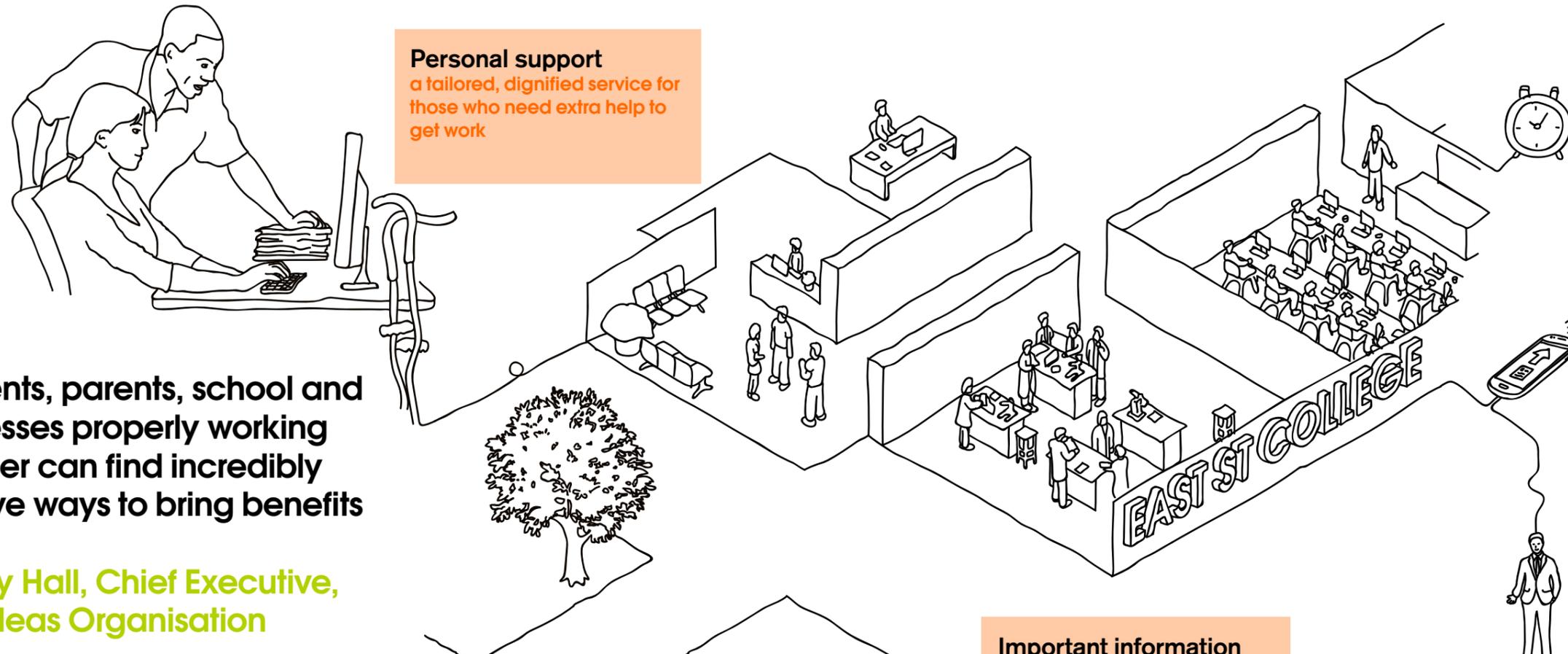
Personal support
a tailored, dignified service for those who need extra help to get work

Important information and guidance
relevant, meaningful knowledge about real jobs from people who know

Help at each stage
to make decisions about education, skills and work at key stages throughout life



is good for citizens



A new deal with **business based on genuine partnership**

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Long-term economic success is built on the productivity of our businesses and workers, yet business is not sufficiently engaged in the success of our towns and cities.

Membership of business representative groups is low and business leaders are not involved in civic leadership.¹³ The UK lacks long term trusting relationships between business and local civic leaders based on shared goals.

Business is largely disengaged from a skills system that is “fragmented” and “out of step” with economic needs.¹⁴

Relationships between schools and business employers are weak. Students find it hard to access work experience which disadvantages poorer students and those who lack family connections.

Intelligence about supply and demand in the labour market, including business starts, growth sectors and skills needs, is poor at the local scale, and poorly communicated.

Business support services are fragmented and confusing, especially for smaller businesses.¹⁵

Larger UK business works within a framework of quarterly reporting on shareholder value, which forces short-term thinking rather than long-term value.¹⁶

State welfare, in effect, subsidises employers in offering low pay; zero hours contracts have become more common during the recent phase of economic growth.¹⁷

Businesses in receipt of subsidies and tax benefits have no reciprocal commitment to collaborate, provide good quality jobs, invest in skills and work with schools.¹⁸

We need a new deal with business.

Such a deal requires a supportive national policy framework and

13 See The Rt Hon the Lord Heseltine of Thenford CH (2012) *No Stone Unturned: in pursuit of growth.* Department for Business, Innovation and Skills.

14 David Hughes, chief executive of adult education body Niace, said in December 2014 that a “flurry” of reports had revealed a “true consensus” that the skills system was no longer fit for purpose.

15 A recent review by Shared Intelligence for the LGA found that as of July 2014 there were 124 separate pots of government funding for local growth and regeneration, totalling over £22bn.

16 “Often, rather than being a reflection of the rapacious, mean-spirited and selfish nature of business, short-termism is simply a rational response to the institutional arrangements corporate leaders are presented with” Wallis, E. and Tinker, R. (2015) *In it together.* Fabian Society.

we welcome proposals to encourage a new relationship at national level.¹⁹ However, it is at local level that a new deal is made meaningful. Businesses work in the context of local labour markets and supply chains, local infrastructure, local education providers and a local community. Effective local leadership and place-shaping brings together the factors that enable business to thrive.

Our cooperative deal with business

Cooperative councils want to build a spirit of enterprise and entrepreneurship. By establishing a cooperative relationship, where the benefits to both sides are clear, we want to engage the commitment, energy and innovation of business to bring benefit to all our citizens.

We are committed to:

- » **Promote business leadership.** Get business involved in the leadership of the place, support the development of representative institutions and networks for small businesses, and use our buying power to promote innovation and collaboration among local businesses and social enterprises.
- » **Develop local employment commitments.** Work in collaboration with business and employers, and build on existing initiatives, to develop shared local commitments to provide good quality employment with fair pay and opportunities for progression.²⁰ For smaller employers, who need to get their business onto a firm financial footing, this could be backed up with business support to improve productivity and growth.²¹
- » **Broker relationships between schools and employers.** Develop mechanisms, including new cooperative organisations, to link young people with employment and businesses with schools to ensure young people develop work related skills.²² Over time this collaboration will ensure that schools and colleges supply more applicants able to meet business needs.

In return we expect business to:

- » **Take part.** Make a commitment to the development of place and people by actively participating in local initiatives, local leadership boards and business networks and helping to shape local strategies for growth, recognising the value this brings.
- » **Share assets and expertise with the community.** Look for opportunities to maximise the social value of activities, resources and assets; for example allow local colleges to use equipment, offer apprenticeships and mentoring, or collaborate with social enterprises and community organisations for community benefit.
- » **Adopt good employment practice.**²³ Support a local employment commitment to provide fair employment and opportunities for disadvantaged people. Participate in initiatives to work with schools and young people to inspire them about employment opportunities, provide workplace experiences and develop the employees of the future.

17 It has been estimated that 4.3m people are in work and on benefits (housing benefit, council tax benefit, working and child tax credits). See www.ampp3d.mirror.co.uk/2014/03/18/how-many-families-are-in-work-and-on-benefits-youll-probably-be-surprised/

18 See Farnsworth, K. (2013) *The British Corporate Welfare State*. Renewal 21 (4).

19 See Fabian Society (2015) op. cit.

20 Similar recommendations have emerged from Fairness Commissions and Living Wage Campaigns.

21 For example, Plymouth University partners with the Plymouth Manufacturers Group to offer SMEs 12 free hours support on their Electron Microscope, enabling small microelectronics and manufacturing companies to identify product failure and improve quality.

22 For example, Hackney have launched an initiative to give 100 pupils a real job for 12 months. See www.news.hackney.gov.uk/the-hackney-100---bringing-the-saturday-job-into-the-21st-century

23 For example, Unison's Ethical Care Charter sets out good employment practice in homecare and has recently been adopted by Islington Council. The Living Wage Foundation run an employer accreditation scheme.

Local leadership engaging business

Southampton Employment and Skills Plans

Southampton City Council has developed a programme of Employment and Skills Plans (ESPs) to maximise local skills and employment opportunities in major construction, retail and hospitality projects. The programme builds on the Council's partnership with the Construction Industry Training Board (CITB) and uses a 'Client Based Approach' for employment and skills initiatives, with a particular focus on achieving equality outcomes for priority groups, disadvantaged residents and those facing multiple barriers. The programme trailblazed its approach to agreeing social targets to support equality issues. Our economic analysis indicates that thanks to the brokering role played by the Council, the economic value of nine ESPs attached to £90 million of property investment in 2012 totalled approximately £400,000. This is 15 times the benchmark value that developers invest in employment and training, based on a national average rate of developer contributions.

The Edinburgh Guarantee

This council-led partnership has engaged 350 public, private and third sector employers to tackle rising youth unemployment. A cooperative ethos underpins the initiative: it is a cross-sector, non-political strategic partnership supported by strong and visible leadership and advocacy from council and business 'champions'. The Guarantee aims to increase recruitment, improve the preparation of young people for work, and remove barriers to employment for young people. Providing businesses with a single point of contact for engagement with schools and school leavers has

enabled much stronger relationships between employers and schools. From 2011-2014, the partnership has improved positive destinations from 82 percent to 91 percent and seen youth unemployment drop to below the Scottish average. The programme has increased economic value to Edinburgh of £17m and saved an estimated £4m in benefits payments.

Get Oldham Working

Get Oldham Working launched in 2013 to galvanise partners and increase commitments from employers, building on existing services provided via employability@oldham. It brings together a wide range of stakeholders, including Jobcentre Plus, Work Programme providers, work clubs, Positive Steps Oldham, Voluntary Action Oldham, Oldham Business Leaders Group, and private and public sector employers, to prepare young people and the unemployed for work, encourage businesses to invest in Oldham and create employment opportunities. The cooperative approach across all organisations has been promoted as part of the council's economic strategy. Coordination across schools and colleges through Oldham Learning Cooperative Partnership helps smooth the transition from education to employment. Since the launch of the campaign youth unemployment in Oldham has fallen sharply – making Oldham the best performing local authority across Greater Manchester. The initiative is well on target to reach its goal of 2,015 employment opportunities by 2015.

Plymouth '1000 Club'

The 1000 Club is a partnership between the council and Plymouth Chamber of Commerce to address the city-wide issue of youth unemployment. The Club aimed to recruit 1,000 local companies and work with them to encourage and support a young person into employment by creating a job, taking on an apprentice or graduate intern, or providing a work experience placement. It provides a much needed brokerage service between businesses in the city and young people – effectively a 'one-stop shop'. Since it launched in 2012, the 1000 Club has supported the creation of over 800 jobs in the city and more than 900 apprenticeships, equivalent to a cost per job of just £60 for the project. In addition to this, the Club has supported over 3,000 young people to secure some form of work experience opportunity. It continues to grow.

Sandwell Guarantee

The Sandwell Guarantee is a partnership of local businesses, the Council and local training providers to tackling worklessness in young people aged 16-24. Launched in September 2014, the initiative aims to support 4000 young people to enter an apprenticeship or job opportunity whilst supporting local businesses to recruit and providing wage subsidies for employers. The initiative has so far engaged with 103 local companies, generating 193 job opportunities and placed 78 young people into employment. Young people are at

the heart of the initiative as members of project meetings and involved in the design of pre-employment and training programmes. The Sandwell Guarantee encourages young people to take ownership of their job seeking and receive confidence and motivation training to sell themselves to employers.

Lambeth Working

Lambeth Working supports access to employment for Lambeth residents through a network of local employment and training providers including the council funded Lambeth Working Brokerage, Jobcentre Plus, Lambeth College and a wide range of voluntary and community organisations. The partnership creates tailored skills and employability support programmes which respond to the very specific needs of the individual and the employer. Through its wide range of partners Lambeth Working can meet pre-employment needs for the individual such as literacy, numeracy, as well as making people work ready through advice and interview preparation. Clients are also referred to local advice and support agencies for wider issues such as housing, benefits, and welfare. Lambeth Working placed 852 local residents into employment in 2013/14.

Nurturing enterprise

23

Sunderland Software City (SSC)

A partnership with the University of Sunderland, and North East Business & Innovation Centre, SSC launched in 2009, to drive growth of software, digital and technology enterprise in Sunderland and the wider North East region. The organisation has transformed the face of software in the city and provided support to some 340 software businesses and 100 start-ups – helping them realise their potential and enter national and international markets. Championing technology and software in the city, SSC's expert advice and understanding of technology has helped create more than 528 new jobs and contribute an estimated net increase of £21m in regional GVA. As the software community grows, it is the organisation's ambition to support a threefold increase in local businesses and revenues by 2020, with the creation of 2,000 new jobs.

Plymouth's Social Enterprise City

Plymouth is rapidly developing as a global 'social enterprise city'. While contributing significantly to economic growth in their own right, social enterprises also deliver benefits to the overall 'wealth' of an economy through a range of social and environmental objectives. Plymouth has one of the most active social enterprise business networks in the UK and the world's first social enterprise university. 150 social enterprises employ nearly 7,000 people and bring in an income of around £500m. A new £500,000 Social Enterprise Investment Fund has been created by the council to create jobs, leverage in match funding and bring back vacant buildings into use, made possible by the support from public and private sector partners who helped secure Plymouth's Social Enterprise City status.

Stevenage Business and Technology Centre (BTC)

Since May 2009 BTC has provided a high quality location for new and growing businesses and an Enterprise Hub for innovation, business incubation and engagement. The council partnered with Wenta, a social enterprise, using a shared funding arrangement for costs and profit which provides an incentive to work effectively in partnership and deliver quality outcomes. The Centre provides property management services to tenants, on-site business support, conference and meeting rooms, a bistro, networking opportunities and access to knowledge partnerships. Occupancy is now 83 percent. The Incubator, extended in 2012, provides 'grow-on' space to employ staff once businesses have grown. 96 percent of businesses start-ups are still trading after 12 months.

Using local leverage

24

Glasgow Commonwealth Employment Initiative (CEI) and Community Benefits

CEI aims to create a lasting legacy from the games through long-term employment opportunities for young people in the city. Since 2009 CEI has helped 5,422 young people secure employment with training. Funded by Glasgow City Council, the programme involves other organisations in commissioning, designing, managing and delivery include Jobcentre Plus and a range of training providers, local private sector businesses and trade associations. Since 2008, the Community Benefit Programme has been included in the procurement of all major infrastructure and focuses on three main areas: targeted recruitment and training for the long term unemployed and those leaving education or training; advertising business opportunities; and the development of SMEs and Social Enterprises. Partners include Skills Development Scotland, Glasgow Chamber of Commerce, Federation of Small Business, Clyde Gateway (urban regeneration company), Community Enterprise in Scotland and Greater Glasgow and Clyde NHS. The project delivers business benefits well beyond Glasgow, to surrounding areas and across Scotland.

Sandwell Council The Black Country Skills Factory

This employer-led education and training collaboration aims to address the current shortfall in high-value manufacturing skills in the Black Country, increase the pipeline of suitably skilled staff and become a self-financing first point of contact for skills development. The Skills Factory has worked closely with small and large companies to develop a suite of employer-led bite-size training courses in key skill shortage areas. Courses are delivered in conjunction with specialist training providers and subsidised by up to 30 percent. The organisation is also working with training providers and colleges to promote subsidies of up to £1,500 for SME companies who have not taken on an engineering apprentice in the past 12 months. The Skills Factory engages with schools, further/higher education, teachers, parents and pupils to develop awareness of careers in the manufacturing sector.

Cooperation

“Strong business leadership is absolutely vital. It is part of the responsibility of business leaders to make sure that we engage.”

Steve Cardew, Managing Director, Kawasaki Precision Machinery (UK) Ltd

Business should

Take part in the community
offer ideas, support local initiatives and help develop skills

Share assets and expertise
allow trainees or entrepreneurs to access space, equipment and knowledge

Support local commitments to good employment
support fair pay and invest in skills

Get business involved
develop networks to engage small businesses and involve business leaders in driving local growth

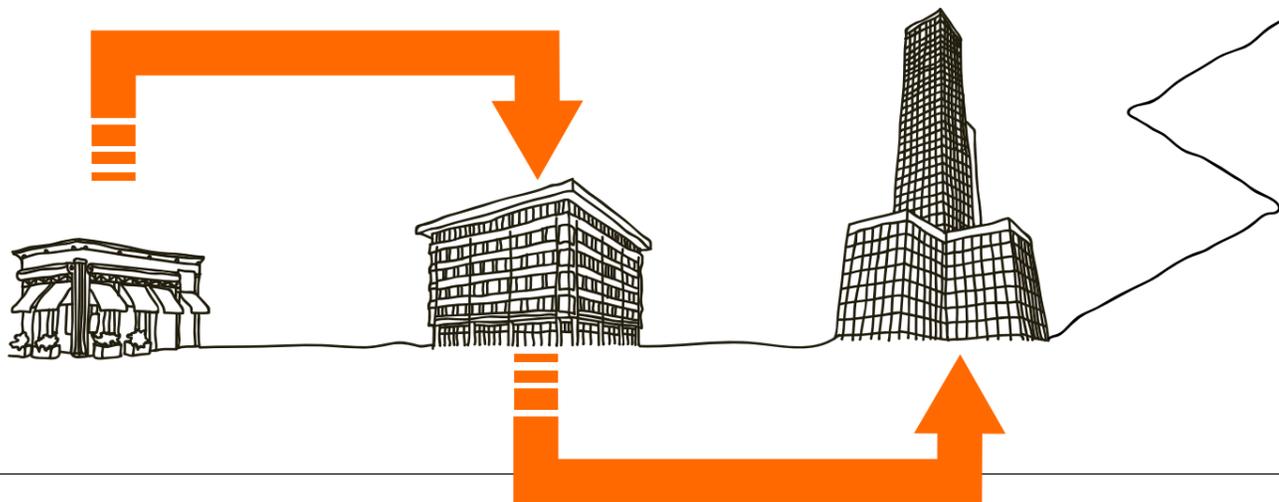
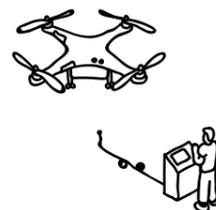
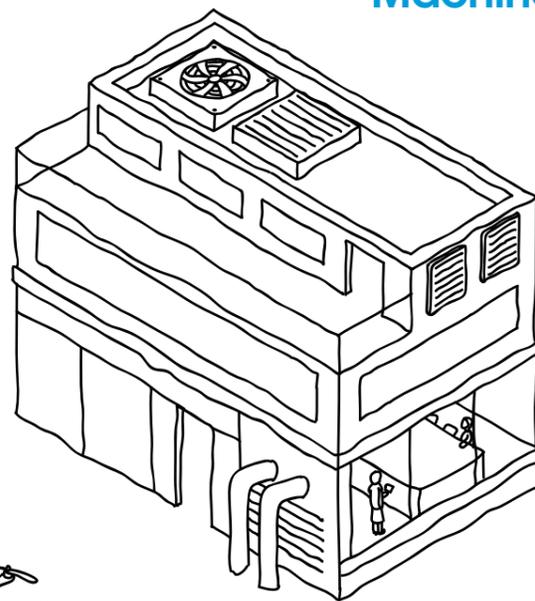
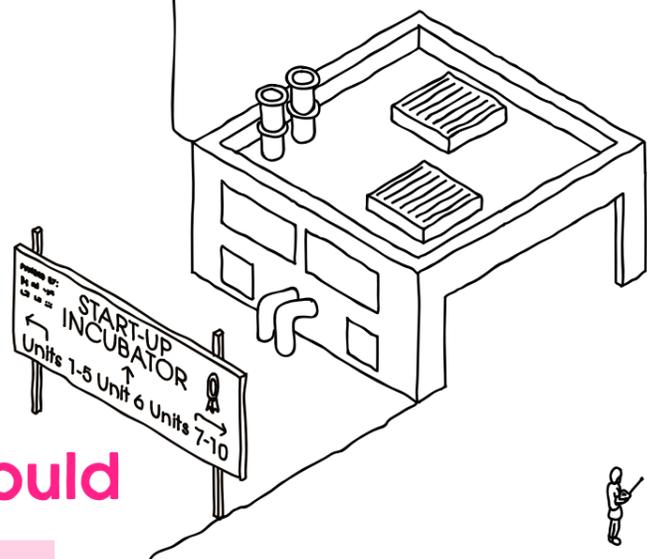
Develop local employment commitments
to back a living wage, fair contracts and access to training

Councils should

Broker school-employer collaboration
help all students gain experience of real work and understand future jobs

“Cooperative councils want to build a spirit of enterprise and entrepreneurship”

is good for business



A new deal with government based on freedom to innovate

27

Government is locked into a failing system of centralisation and control.

The fragmentation of services drives increased demand and additional cost while failing to meet the needs it was designed for.

National accountability, often expressed through output targets and data, distracts from the real purpose of the service and leads to gaming by providers, and frustrates committed public servants.²⁴

As attention focuses on reducing costs through prevention, the need for locally joined up solutions becomes more apparent.

National politicians make decisions for the whole country in the interests of equity, yet regional and local inequalities have got worse.

Citizens feel increasingly powerless to influence decisions and become ever more disengaged from political processes which seem to have no relation to their lives.

Providers become agents of the central state, locked into tight contractual relationships and inspection regimes which make innovation high risk.

High stakes accountability brings a lack of trust, which hides real performance and makes it harder to improve.

Our centralised political system is holding back the UK's economic prosperity. By giving greater power to cities the UK could unleash billions of pounds worth of additional growth.

We have a cooperative vision of devolution, to push power into the hands of citizens rather than holding it in the town hall.

Our economic and political geography varies hugely – the skills of our people, the capacities of our institutions, the potential of our economies – all affect what is needed and what will work. So solutions

²⁴ For example, work programme providers output targets can lead to perverse consequences.

must be local. But they must be developed and designed cooperatively, with the people that will benefit, working with the grain of their lives, building on their skills and capacities, and with costs and benefits shared more fairly.

Our deal with government

We want to work in partnership with government to design solutions that will work for our areas. We are committed to learning, innovating and sharing data on our costs and outcomes. We need government, at all levels, to support this innovation by giving local providers freedom and investing in cooperative solutions, so locally, public, private and community sectors can work together to achieve real benefits for citizens.

28

We commit to:

- » **Provide leadership.** Collaborate locally to determine jointly agreed outcomes for business growth, employment and skills development, and be held to account for the achievement of these outcomes in the context of an overall place-based strategy. Work to create a local culture of enterprise and innovation, engaging all sectors in efforts to create wealth, and meet social needs by building on local resources, assets and skills.²⁵
- » **Deliver effective services.** Improve the use and impact of public resources by improving the flow of information, designing joined-up systems around the citizen, reducing duplication and maximising opportunities for collaboration and added value.²⁶
- » **Be accountable.** Publish information about plans and our performance, create opportunities for public questioning and ensure effective local systems of scrutiny.
- » **Win trust of citizens.** Communicate with and involve our citizens, seeking their energy, ideas and commitment at every stage.

In return we expect government to:

- » **Trust us.** We know our places. We know what works, what matters and how to get things done. We are collaborative and innovative. We need the power to implement locally designed solutions, and providers to be freed up from national targets so they can focus on local impact.
- » **Share information with us.** National government provides resources in the form of loans, grants, tax relief and other incentives to many organisations in the private and voluntary sector, as well as the public sector. This is all public investment in our places. Cooperation is a relationship of mutual responsibility and mutual benefit. To make local cooperation meaningful we all need to see what the deal is – what do you get and what do you give?
- » **Let us design the systems that work for us.** The local economy and labour market is different in every area. The strengths and capabilities of local institutions vary hugely, as do the attitudes of citizens. In each local area we need to look at skills and employment together and co-design systems that will really benefit our citizens.
- » **Give us the resources to do the job.** At the moment budgets are locked up in different agencies and institutions each working to national priorities. Services must be commissioned locally by people who know what is needed. This will help us drive more relevant, innovative services that meet the needs of citizens and business.

25 For an example of collaboration in action see Lambeth Food Partnership www.lambethfood.org.uk/

26 Local councils should have the power to redesign local systems to improve outcomes for citizens, including nationally controlled services such as Jobcentre Plus. Criticism of poor job matching by Jobcentre Plus has led many councils to establish their own brokering services. There is huge potential to increase value for money through innovation, for example locating job brokering in GPs' surgeries, combining supported brokering with mainstream local recruitment or making better use of social media. To be effective services need the buy-in and support of employers and jobseekers. Local partners should collaborate to develop the approach that works best for their citizens.

Devolved powers and resources

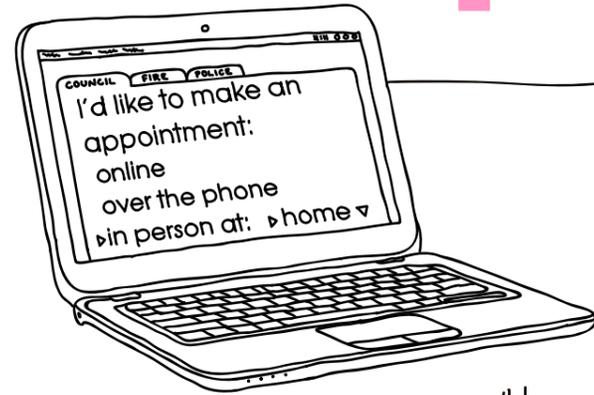
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To support our deal for citizens, local councils should be given responsibility for getting people with complex long-term needs into work. A package of funding should be devolved to councils to enable them to provide tailored packages of support, including funding that currently sits in the adult skills, employment support and health budgets.²⁷

To support our business deal, the adult skills budgets should be devolved from the Skills Funding Agency to local areas, preferably to groups of councils or combined authorities working with the LEP, colleges, skills providers and business to commission a range of provision in line with local growth strategies and labour market needs.

²⁷ The top priority should be those in receipt of Employment Support Allowance (ESA). Once established the service should be extended to longer term Jobseeker's Allowance (JSA) claimants. The main funding streams would be the budgets for Work Programme and Work Choice – the two Department for Work and Pensions commissioned employment programmes which support both ESA and JSA claimants. Local control of the adult skills budget will enable it to be used more effectively to help those with complex needs. Local authorities already control public health funding which can support this group, and in addition councils and Clinical Commissioning Groups should co-operate to commission effective employment support for those with health conditions, including mental health services.

Cooperation



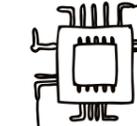
Deliver effective services
make employment and skills services work better for citizens and improve value for public money

Provide leadership
develop plans that engage all sectors in efforts to create wealth and meet social needs

Government should



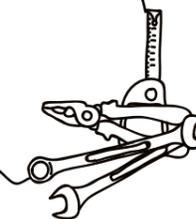
Trust us
we know our places, what works and how to get things done



Share information with us
about public resources going to the businesses and organisations we work with



Let us design systems that work for us
co-designed to benefit businesses and citizens



Give us the resources to do the job
local control of employment and skills budgets

Councils should

Win trust of citizens
involve local people, seeking their energy, ideas and commitment at every stage



Be accountable
be open and transparent and ensure effective local scrutiny of decisions



“Central government should show leadership and encourage all businesses to get involved in local networks and take an active role in supporting future growth.”

Peter Hartland, Chief Executive,
Plymouth Chamber of Commerce

is good for government



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