

## **Report to CYC ‘Creating Jobs and Growing the Economy’ Project Board**

### **City of York Council Economic Inclusion Policy**

#### **Connecting People to Jobs and Opportunities**

##### **1. Summary**

This paper is set within the context of the Council Plan Priority 1, Creating Jobs and Growing the Economy and also the opportunity to access revenue funding from the Economic Infrastructure Fund. This paper sets out the following:

1. What is Economic Inclusion (including its links with Financial Inclusion)
2. Why we need to respond in York
3. Current Economic Inclusion landscape
  - Employment, enterprise and support services available
  - Those residents finding it hard to connect with jobs and opportunities
4. City Response, Strategic Priorities and Funding Sought
5. Proposed Governance arrangements for bringing forward proposals to EIF
6. Approval requested from the Project Board

##### **Section 1: What is Economic Inclusion?**

Economic Inclusion is the term used to describe policies, programmes and interventions targeted at groups of people or places who /which are not fully able to participate in economic life either as a consumer, producer or both.

Economic Inclusion is important to:

- supporting a healthy, dynamic and diverse business base,
- improving a place in which all types of business and people can thrive and
- developing opportunities for people to create wealth and employment.

From a ‘people’ perspective, economic inclusion is not just about being in employment or self-employment. York’s resident base can be excluded from other elements of the economy such as access to financial services. For the purpose of this paper, however, the focus is on how we collectively support the theme of Connecting People to Jobs and Opportunities that sits within Economic Inclusion.

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Connecting People to Jobs and Opportunities is intrinsically linked to individuals' qualifications, skills, knowledge, aptitude and experience to compete for and sustain jobs or run a business, as well as transitional barriers that make it difficult for people to connect with opportunities, such as finance, childcare and transport.

The Economic Inclusion (Connecting People to Jobs and Opportunities) policy and resulting action plan is an integral part of the new Learning City multi-agency **York Employment and Skills Strategy** (to be published end January 2013), which helps to underpin **York's Economic Strategy** and the **Council's Plan Ambition 1** - with its focus on economic growth and job creation, as well as the **City of York Council Fairness Commission Report** – with its focus on ensuring that the city's economic growth and prosperity can benefit **all** residents.

The ambitions of business growth and job creation is in many ways the key driver of Economic Inclusion, while the specific Economic Inclusion policy acts as an enabler to bring partners together from across the public, private and voluntary sector to find new and innovative ways to better connect **all** local people to these jobs and opportunities. It seeks to reduce the devastating personal impact and economic costs of unemployment, under-employment and worklessness, whilst at the same time supporting the city's drive towards growth and greater social equality for all.

### **Section 2: Why do we need to respond in York?**

York's economy has been described as 'resilient' during the recession, with some of the highest levels of employment in the country and lowest levels of benefit claimants, youth unemployment (18-24) and young people (16-18) not in education, employment or training (NEET).

In common with other 'resilient' cities and towns, however, whilst we still have job vacancies there are large numbers of local people who continue to find it difficult to connect with jobs or become self-employed and progress through the labour market. These people tend to have low qualification levels, more often live in areas of deprivation, where inter-generational worklessness and single parent families is more common and for those who have found jobs during the recession, many have suffered employment 'churn' (in and out of jobs). Many also have significant health problems and need long-term, personalised support before they are in a position to enter or re-enter the labour market.

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In addition, despite the high level education and knowledge assets of the universities and colleges, the city has a lower than average proportion of employment in private sector knowledge businesses and many of our most skilled graduates who do decide to stay in the city, frequently find it difficult to find jobs that fully use their high skills. This can result in graduates being under-employed, taking lower level jobs that would otherwise be suitable entry level jobs for local, indigenous residents.

Experience suggests that increasing the supply of jobs is not enough if local people are either unable or unwilling to access them. Unless local people are equipped to compete for these jobs and jobs are generated at different levels, with employers who embrace a 'diverse workforce', there is unlikely to be a reduction in worklessness, many graduates will remain under-employed, and good quality jobs will be filled by mobile residents from elsewhere.

Furthermore, increasing the number of residents in work is not the same as increasing the number of jobs in the city. We know, from the recent Ekosgen LEP research (July 2012) that significant numbers of York residents commute out of the city and large numbers of workers commute in. The 'travel to work' area is increasing and even for lower skilled jobs travel distances, though generally less, can still be significant. Both young people moving into the labour market and older adult residents, seeking to return to work, will need to consider opportunities over a much wider geographic area than just York.

Not only can economic exclusion have devastating effects on individual's lives and children's life chances, but it also inflicts huge costs on the city's economy and society, including:

- **Higher risks of unemployment** - Adults with poor basic literacy and numeracy skills are up to five times more likely to be unemployed or out of the labour market than those with adequate skills
- **A lack of appropriately skilled workers that impedes productivity** – Educational underachievement and shortages in relevant skills and competencies have a direct impact on the supply of talented individuals in the workforce. This in turn contributes to the productivity gap between York and other UK and international competitors, that we are seeking to address in order to increase the competitiveness and growth of our city's businesses.
- **Lack of customers** – low income or benefit dependency can reduce the City's spending power

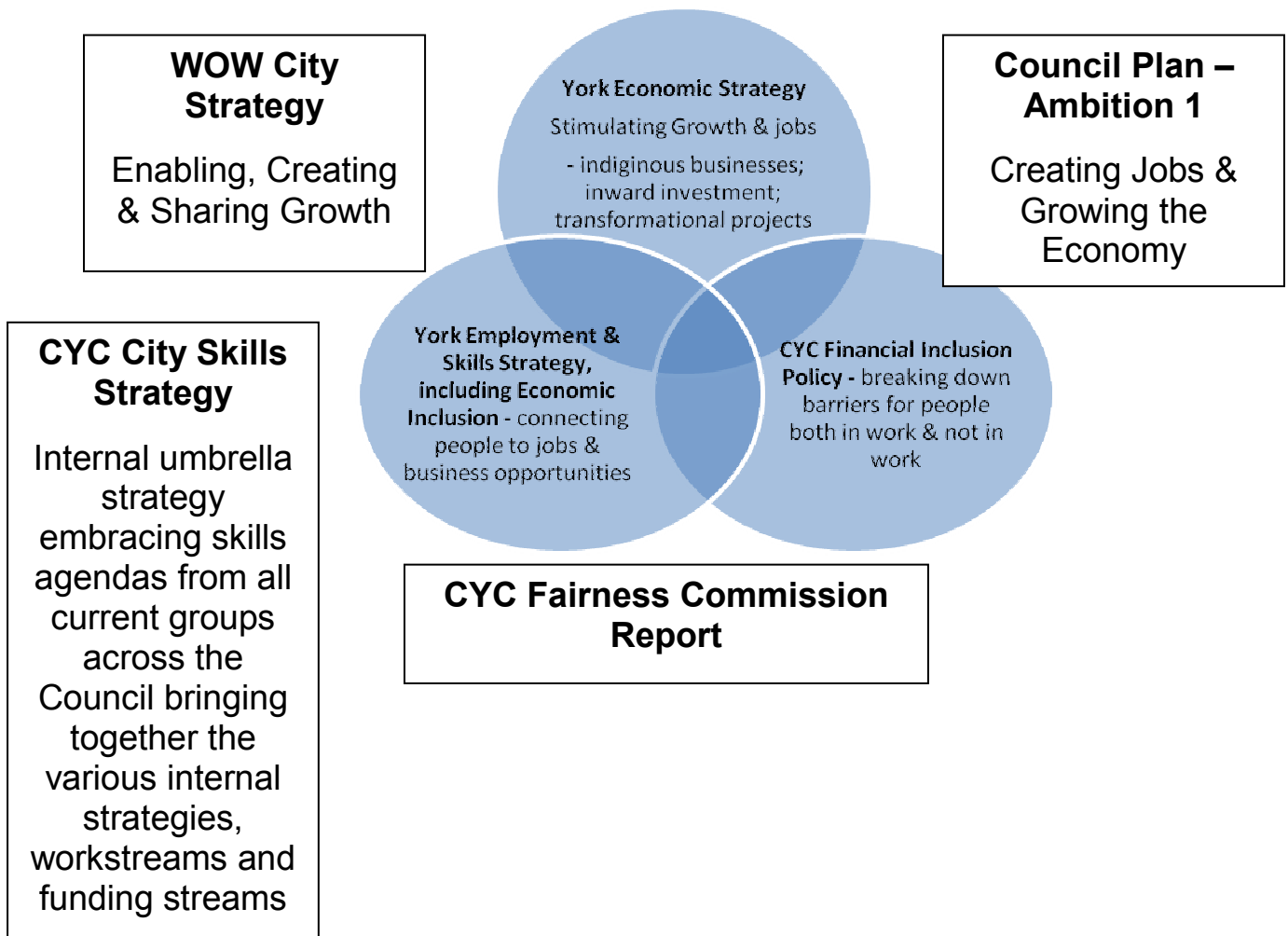
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- **Inefficient use of human resources** - with employers not making best use of the talent available, particularly in terms of under-employed Graduates

Whilst local people have no absolute right to fill jobs that are created in the city, it is arguably the responsibility of local agencies to assist them to do so and to access appropriate opportunities in the wider travel to work area beyond the city.

In partnership, we need to:

- Ensure that there is the right range of jobs in the city, so that people with different skill levels and personal circumstances can enter and progress through the labour market and that employers are supportive of a diverse workforce to enable opportunities for all; (***Economic Strategy, York Economic Partnership lead***)
- Address 'supply side' barriers to work and self-employment, including equipping people with the right skills, knowledge, attitudes and experience to enable them to compete effectively; (***York's Employment and Skills Strategy, Learning City York lead***) and
- Remove transitional barriers that make it difficult for people to compete for jobs or start up a business, addressing transport, benefit and childcare barriers, ensuring that there is a good supply of high quality information, advice and guidance (IAG) about the job opportunities and business start-up support that are available (***overlap between York's Employment and Skills Strategy and CYC Financial Inclusion Strategy, Financial Inclusion Network lead***)



## Economic Inclusion Landscape

### 3.1 Support Services Available to Residents and Employers

In the preparation of this policy document a comprehensive mapping exercise was undertaken by Learning City York in partnership with Job Centre Plus, as part of the *York Employment and Skills Strategy*. This exercise has captured the current landscape of employment, enterprise and transitional support services available to residents across the city delivered by City of York Council, in its own right, and wider City partners.

Despite the plethora of programmes available to support people connect with jobs and opportunities, there are still areas of York and particularly groups of adults that find it difficult to engage and progress through the labour and

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enterprise market, at the level that best fits their individual circumstances and aspirations (see section 3.2).

Whilst Job Centre Plus (JCP) hold the statutory responsibility to provide support for all ages of Benefit claimants to get back into work, employability, training and advice programmes operate within a fragmented funding landscape which currently creates gaps for particular residents not only in their understanding of the offer and how and where to access the support, but also the lack of coherent provision that meets their specific needs.

The market place also creates challenges for employers, particularly SMEs, in terms of navigating the different recruitment options and services available, as well as accessing public funded training and wage incentive opportunities.

### **3.2 Where Additional Support is Needed**

This section focuses on which residents are finding it hard to access employment and / or self-employment through the support that is already available in York and where it seems that additional support is most likely to be needed to improve the prospects of **all** local people.

#### **3.2.1 York's Profile for Residents on Out-of-Work Benefits**

Whilst there are out-of-work claimants across all ages and living in all parts of York, through the Assessment of Need within the *York Employment and Skills Strategy* we know that there are particular disparities in different neighbourhoods, as well as disparities and inequalities in employment and economic activity rates among certain groups. By tracking these trends and characteristics of benefit claimants, we are able to adopt a more consistent and evidence-based approach to policy development on tackling worklessness, under-employment and economic exclusion.

	<b>Feb 2007 (pre-recession)</b>	<b>Feb 2012</b>	<b>Share of Workless Claimants 2012</b>
Job Seeker Number and % of working age population	1,853 : 1.5%	3,682 : 2.7%	36% (^)
ESA & Incapacity Benefits	5,530 : 4.2%	5,020 : 3.6%	50%
Lone Parent Income Support	1,530 : 1.2%	1,100 : 0.8%	11%
Other on income related benefits	367	328	3%
<b>Total Key Out-of- work benefits</b>	<b>9,280 : 7.1%</b>	<b>10,130 : 7.3%</b>	<b>100%</b>

**Source: DWP Out of Work Benefit Claimants via NOMISWEB**

### **3.2.2 Key facts and stats about Worklessness / Unemployment / Under-employment:**

#### **By Neighbourhood**

- Worklessness is concentrated and has risen in particular neighbourhoods with 50% of Job Seeker claimants living in the city's 5 most deprived wards of Westfield, Clifton, Tang Hall, Acomb and Hull Road.
- There is an unemployment rate of 30% within the 8 most deprived 'lower super output areas' in York which are home to around 13,000 people, just under 7% of the York's population

#### **Youth Unemployment (18-24, including Graduates)**

- Overall figures for youth unemployment (18-24) could be perceived as being relatively positive. The 4<sup>th</sup> lowest of 64 UK comparator cities, with claimant figures remaining fairly constant since 2010 (~850-1000 per month).
- However, whilst short term unemployment within this age group ie: unemployed for less than 6 months has been reducing, there has been a significant increase in those claiming benefits for 6 or 12 months+ in the last year. Of the 920 unemployed 18-24 year olds (as at April 2012) there

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were 205 that had been out of employment for more than six months, with 100 of these being without employment for over 12 months (compared to only 30 in April 2011).

- In September 2012, Graduates accounted for 19% (164) of total youth unemployment (860); in November 2012 this figure, whilst reduced to 100, still accounted for 11% of total youth unemployment

### **Top 5 increases in Jobs Seekers Allowance April 2011 – 12 (by age, gender, duration)**

- 18-24 year olds claiming 6-12 months + = 65% from 185 to 305
- 25-49 year olds claiming 2 years+ = 56.7% from 150 to 235
- 50+ year olds claiming 6 months+ = 43.6% from 195 to 280
- Longer-term claimants 12 months+ = 43.6% from xxx to 725
- Female claimants – whilst male claimants still account for the majority (~70%) of all claimants, there have been higher % increases seen from female claimants at every age and duration of unemployment. The highest female proportion of long term JSA is in the Aged 24 and under, claiming for over 6 months category.

### **Lone Parents (claiming Income Support)**

- 44% of all lone parents in York are not working
- Through the needs assessment for *York's Child Poverty Strategy*, we know that 12.8% of children and young people in York (4450) live in poverty and in terms of family characteristics, we know that for every 100 children in poverty 73 belong to a Lone Parent household (9 higher than the region)

### **Adults with Disabilities**

- The number of adults with learning disabilities with employment in York fell in 2009/10 to 4.3% from 5.8% which is a higher fall in % terms than the regional rate.



### **General Characteristics and Barriers for Residents**

Local intelligence gathered through Job Centre Plus, City of York Council Family Learning and Future Prospects identifies the following characteristics and barriers to work for many residents:

- Literacy, including digital literacy (36% of those on JSA have below L2 qualifications)
- Lack of recent work experience
- Health problems (less prevalent in lone parent families)
- Lack of self-confidence and self-esteem
- Recognising the length of the journey to work varies considerably
- Addressing financial and 'better-off' concerns
- Raising motivation and linking it to the positive impact and benefits that 'work' can have on children within the family

### **3.2.3 Key facts and stats about Jobs and Opportunities**

- In the last year, there have been an average of 1800 job vacancies advertised by JCP every month
- There is often a mis-match between jobs sought and jobs available, particularly in terms of unfilled vacancies for care assistant and home care, telesales, cheffing and over demand for general office work
- Most jobs, through JCP, are entry level and lower paid
- Some low paid, entry level are being taken by Graduates, who are unable to access Graduate level jobs

## **Section 4: City Response, Strategic Priorities and Funding Sought**

### **4.1 City Response**

Whilst the statutory responsibility for supporting all ages of benefit claimants lies with Job Centre Plus, Learning City York (City of York Council) has set up two multi-agency groups to bring stakeholders together to better plan and cohere activities to support residents in York:

- **the strategic 'Economic Inclusion Group'** which brings together the LA (Economic Development, Education and Skills, Employment and Skills delivery services) with JCP, Skills Funding Agency, National Careers

Service, Higher York, Your Consortium (voluntary / community sector), York College and Citizens Advice Bureau to review local evidence, set strategic priorities against city ambitions and agree a development plan to target activity and maximise the alignment of funding streams to tackle local priorities

- **the operational ‘Connecting People to Jobs and Opportunities Network’** – a wider operational and implementation network that currently brings together core employment support providers and agencies, including Future Prospects, JCP, Work Programme Providers, York CVS, National Careers Service, CAB, Youth Support Services and other training providers. The group meets to share good practice and keep up-to-date with local, regional and national developments in terms of all aspects of employment, training and support services for **working age adults seeking work, self-employment or facing redundancy**. The network enables partners to share information about their respective offers for residents and employers and to continue to build effective working relationships with other providers and intermediary agencies in developing a quality offer to support ‘Connecting People to Jobs and Opportunities’ and the key strategic priorities and outcomes identified within the wider Learning City *‘York Employment and Skills Strategy’*.

In addition, Learning City is currently supporting a Scrutiny Committee that is focusing on Youth Unemployment, ensuring that both the research and consultation of the Committee and resulting recommendations are aligned with the work of the two groups above.

#### **4.2 Strategic Priorities for the City & Funding Support**

In the current economic environment, it is difficult to know whether the overall number of people on out of-work benefits or those that are under-employed in York can realistically be reduced by 2015. Much will depend on the ability of the private sector to grow and create new jobs, as well as the stimulus brought about by realizing inward investment opportunities and transformational capital projects in the city. It will also depend, in part, on the impact of the Government’s welfare reform programme.

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In the meantime, however, based on gap analysis in provision and employment services identified in Learning City's Employment and Skills Assessment of Need, the **Economic Inclusion Group** has identified 3 themed priorities against which it is seeking to work with partners to generate a range of activity, programmes and initiatives to add value to the market place and better connect **all** residents with existing and future jobs and opportunities over the next 3 years:

1. Transitional support
2. Routes to Employment
3. Creating Employment Opportunities

New skills and labour market interventions will wrap around the mainstream provision offered by the Department for Work and Pensions, Job Centre Plus, the Skills Funding Agency, National Careers Service and Higher Education for Funding Council.

It is intended that where programmes, activities and initiatives require additional resources, project proposals will be submitted to access funding from the:

- Economic Inclusion strand of City of York's Council Economic Infrastructure Fund,
- Regional Flexible Support Fund available through Job Centre Plus or
- Financial Inclusion strand of CYC's Economic Infrastructure Fund

Funding is sought across the following range of strategic priorities:

### **1. Transitional Support**

For residents who are seeking work and / or facing redundancy, with a focus on:

- **Jobs Fairs** - building on the success of the October 2012 York Jobs Fair<sup>1</sup>, EIF funding is sought to support two high profile York Jobs Fairs annually to 2015, enabling job seekers and those facing redundancy to meet face to face with recruiting employers, as well as employment support agencies and training providers, moving to a sustainable co-financed model with partners if practicable. (An indicative allocation of £24k is being sought to

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<sup>1</sup> funded by Learning City York and CYC Economic Development Unit and co-ordinated by Future Prospects in partnership with Job Centre Plus

support 6 York Jobs Fairs to be co-ordinated by Future Prospects, in partnership with JCP)

- **Work Experience opportunities** – we need to develop and extend work placements and volunteering opportunities for people outside the labour market, to enable them to gain recent experience, build personal confidence and an employer reference. From the experience of York’s local JCP team, 50% of clients who benefit from a 25-30 hour placement opportunity of between 2 and 8 weeks, whilst still on benefits, move into sustainable employment. Some of the larger voluntary and community sector organizations are well placed to support the requirements for JCP, but would need additional volunteer co-ordinator capacity to support this development. (An indicative estimate of a pilot project through CAB to support 10 placements annually, would require the appointment of a part-time volunteer co-ordinator at the cost of £14.5k annually)
- **Simplifying access to Information, Advice and Guidance** – for jobs, training, careers and self-employment / business start-up; which could include the co-location of multi-agency services available to residents (funding for an initial feasibility study could be sought from DIF)
- **Removing financial barriers** – debt advice and better-offer measures can be supported via the Financial Inclusion Policy and action plan
- **Transport barriers** – a recommendation from the Scrutiny Committee to support young unemployed 18-24 year olds is currently being scoped and clarification is being sought regarding recent national announcements about travel support to be made available through JCP for 1<sup>st</sup> jobbers.

## 2. Routes to Employment and Self-employment

Targeted programmes to equip residents with the right skills, knowledge, attitudes and experience to support their route to sustainable employment / self-employment and match them to current and future vacancies. With a focus on:

- Young People (18-24), including Graduates and those requiring pre-employment / pre-Apprenticeship training
- Lone Parents & workless parents receiving the new free childcare entitlement for 2 year olds

- Older People (over 50)
- Adults with Disabilities (including mental health)
- Those who are socially excluded
- Addressing the basic skills deficit of adults on out-of-work benefits (literacy, numeracy and IT/ digital literacy)

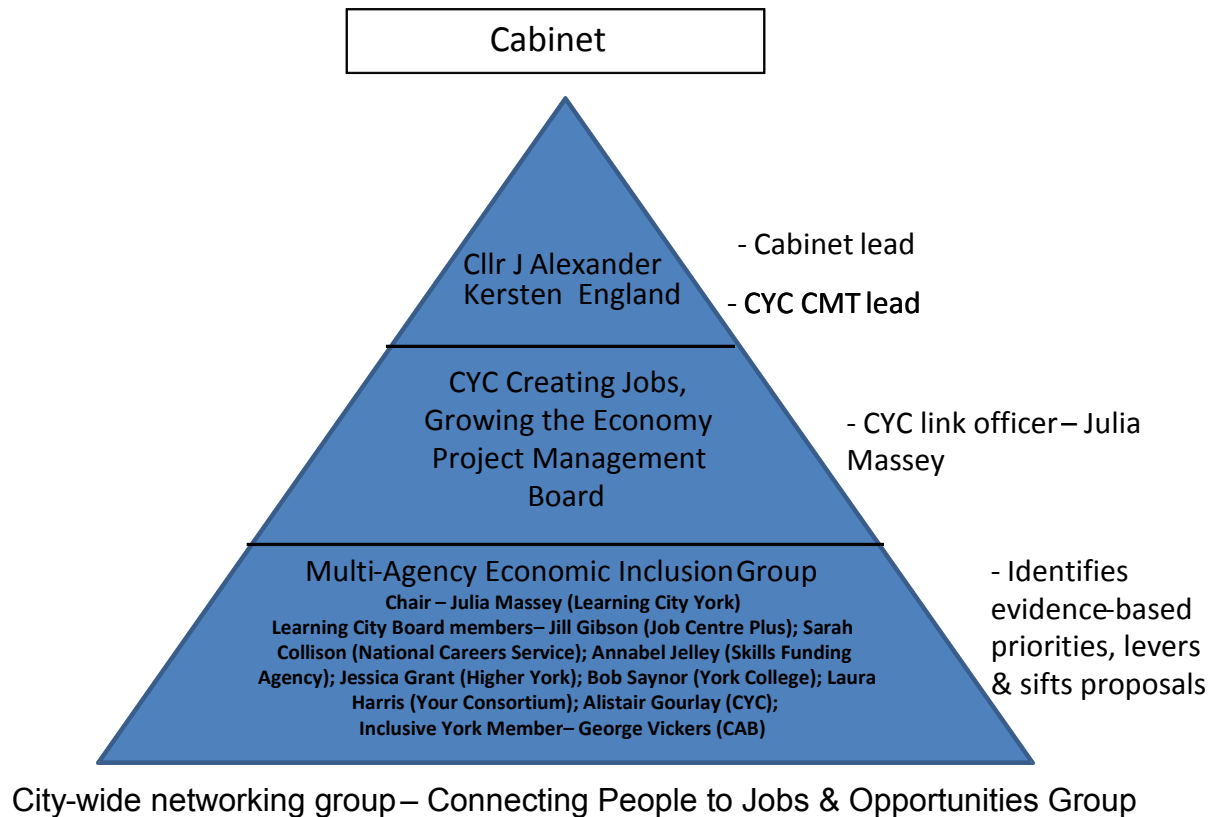
### **3. Creating Employment Opportunities**

Targeted activities that promote the business case for diversity and increases the number of employers offering training and workforce development opportunities to support people into employment, including work experience, Apprenticeships, Graduate jobs (commonly known as Graduate Interns) and other opportunities for local residents and marginalized groups, with a focus on:

- City of York Council, in its own right (linking to actions identified within *CYCs Single Equalities Scheme*)
- CYC's Procurement and Commissioning Framework to influence the employment and recruitment practices of suppliers and commissioned services
- Working alongside transformational capital projects such as those supported by City of York Council's Economic Infrastructure Fund, the regional growth fund, as well as other major capital projects approved across the city and inward investment developments
- The wider business community

## Section 5: Governance Arrangements for EIF

# Economic Inclusion Governance



## Section 6 Approval requested from the Project Board

- i. Approve the City of York Council **Economic Inclusion Policy (Connecting People to Jobs and Opportunities)** and recommend adoption to Cabinet
- ii. Approve the principle of draw-down of Economic Infrastructure Funding of at least £200k over 3 financial years to deliver against the 3 key strategic priorities identified in the Economic Inclusion Policy (Connecting People to Jobs and Opportunities),
- iii. Approve the principal of bringing forward larger programmes or initiatives that might exceed the £200k Economic Inclusion draw-down that meet key

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priorities, the funding criteria and demonstrate a significant economic / social return on investment for the city

- iv. Approve the proposed governance process and structure for the city's overarching approach to accessing EIF funding to address Economic Inclusion - Connecting People to Jobs and Opportunities (see Section 5)
- v. Consider the opportunity for the part-time Financial Inclusion Project Manager role (already funded through the EIF Financial Inclusion Policy) to also support the co-ordination of the city-wide Economic Inclusion work, to enable an alignment of activities and the sharing of good practice where appropriate
- vi. Consider whether the existing EIF project proposal form is sufficient for the purpose of Economic Inclusion bids being brought forward from partners for consideration and approval by the CJGE Project Board to then go forward to Cabinet, or whether further criteria and parameters need to be set.

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11.12.12