

# Better Ways to Work

Tackling labour market disadvantage in London



January 2019

**LONDON  
COUNCILS**

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London's employment rate stands at 75 per cent, with unemployment at just 5 per cent<sup>1</sup>. This is a record that national and local government should be proud of. However, these figures disguise ongoing structural weaknesses in the capital's labour market.

Many people experience significant barriers to sustainable work, and are either trapped in long term worklessness or move frequently between unemployment and low paid work. These groups are poorly supported by current back to work provision, but are often heavy users of local government services.

They are also the groups most likely to be adversely affected by changes to the labour and skills market – including the polarisation of skill needs in jobs, technological changes and the implications of Brexit. That changes to the jobs market will be negative isn't a given though – with the right tools we can work to capitalise on them and build an employment support system and a labour market that works for everyone.



Uniquely, boroughs sit at the intersection of services supporting the most vulnerable people in society, and play a vital role in supporting businesses and developing local economies. Restructuring employment services to operate at a local level builds on this.

This means taking a 'local first' approach when developing new services and funding streams. It means refocusing employment services on the hardest to help by co-locating Jobcentres with local authority services, and aligning Jobcentre delivery areas with London's sub-regions. It also means working with local government to build services for people in low paid work– aligning newly devolved adult education budgets with Jobcentre provision for people on Universal Credit, and enabling boroughs to tackle and prosecute organisations which pay below the National Minimum or National Living Wage.

## Employment rates are good – but they disguise ongoing labour market weakness in London

While overall employment rates are high, too many people in London and the UK are still struggling to find jobs that enable them to get on in life. Challenges remain for many even in employment, with in-work poverty, precarious work, underemployment and stagnating wages all growing forms of labour market disadvantage.

In London today there are over half a million people who want to work but are not currently in employment<sup>2</sup>. 58 per cent of Londoners living in poverty live in a working household<sup>3</sup>.

This is a devastating waste of potential. We need to capitalise on the skills and talents of all Londoners, ensuring that everyone has the opportunity to contribute to and benefit from London's success. The country is experiencing a period of significant change in the way our labour market and economy is structured, linked to factors such as to increased globalisation, technological innovation and Brexit. These risk further entrenching labour market disadvantage through increased precariousness and skills polarisation. But these changes can be impetus to open up the labour market to previously excluded groups.

Employment services must work in new ways. They need to:

- Make sure that people experiencing multiple barriers to work receive coordinated support from a range of specialist services, including voluntary and council led provision.
- Reflect geographical variation in labour market disadvantage, working with local communities.

## Local authorities already tackle these problems – support them to go further

Local authorities have a vested interest and demonstrable successes in supporting the employment needs of their communities and their local economies. They provide many services targeted at the most vulnerable members of society, often with employment as a secondary outcome. London government has demonstrated an ability to design and deliver large programmes aimed at the hardest to help, and to handle significant and complex funding streams. This needs to be built upon, taking advantage of the devolution of the Adult Education Budget to the Mayor's office, and the Work and Health Programme to sub-regional groups of boroughs.

## Implement a local, holistic approach

This report sets out recommendations which could be implemented at-speed and act as the start for wider and more fundamental reform.

### 1. Introduce devolved decision making over new and innovative funding streams.

Funding pressures have made it harder for the employment and local authority sectors to pilot new and innovative approaches to help people to enter survive and thrive at work. This has left a significant gap in provision for people with complex back to work support needs. The national government must:

#### Take a 'local first' approach to all new employment support programmes.

When considering successor or new employment and back to work schemes government should take a 'local first' approach and consider whether the service could be more effectively delivered at a local level. This should build on and go further than the model of devolution created through the Work and Health Programme.

#### Develop a new Healthy Working Innovation Fund and 'what works' centre.

A funding stream should be set up to pilot and test new ways of preventing unemployment as a result of ill-health at a local authority level, using the funds available as a result of the cancelled 'Fit for Work' service. This would be underpinned by a 'what

works' centre delivered in partnership with the Work and Health Unit, collating this evidence with a view to scaling successful programmes.

#### Preserve an employment focus in the UK Shared Prosperity Fund at a local level.

The replacement for European Structural and Investment Funds, the UK Shared Prosperity Fund, must continue to be delivered with a focus on employment and skills. Local powers over delivery should be strengthened, with full devolution to London government.

### 2. Re-focus employment support on the hardest to help and bring services together through co-location.

Jobcentres are well placed to provide targeted support for people who are recently out of work. However, they struggle to identify and support the significant proportion of people who face multiple barriers to employment.

This group is usually comprised of heavy users of local authority services. Greater coordination between local and national provision would allow them to act collectively. This has proved difficult to achieve in the past, but co-location of services will help address these barriers.

Boroughs should act as trailblazers and co-locate employment and local authority services and align skills and resources.

### 3. Align Jobcentre delivery areas with sub-regional geographies, underpinned by joint governance

The London sub-regional partnerships of boroughs represent organic economic, social and political geographies. They enable boroughs to act strategically within a larger geographic level. They have undertaken a number of joint projects, including the delivery of the Work and Health Programme. Jobcentre Plus districts should be aligned with these partnerships, working together to coordinate activity, deliver the trailblazer hubs and build future devolved programmes through sub-regional governance boards.

### 4. Create a shared data infrastructure to underpin coordinated service provision

Underpinning the new trailblazers and sub-regional geographies must be a shared data infrastructure. This would provide strategic and practical support to enable closer ways of working and efficient and targeted delivery.

### 5. Support in-work progression through an enhanced skills support offer

The devolution of the Adult Education Budget to London is an opportunity to enhance in-work provision and support more people to enter and stay in work. Alignment between skills and employment provision would significantly enhance the

offer available to people in low-paid roles and would help us to tackle the looming skills challenges that London faces.

### 6. Local enforcement of the national minimum and living wages

Any attempt to improve levels of in-work poverty must explore greater enforcement of existing minimum wage legislation. Local authorities need the full suite of powers to enforce the national minimum and living wages to London boroughs. HMRC should continue their programme of targeted enforcement and the national helpline, and could play a role coordinating and supporting local enforcement efforts. This devolved model would be made sustainable without additional funding from national government by allowing local authorities to retain all civil penalty income generated.

#### Conclusion: Work with London local government to create a Memorandum of Understanding to implement these recommendations

To begin delivery of this reform national and local government will undertake collaborative negotiations leading to a Memorandum of Understanding between London local government.

# Chapter One: Identifying those left behind in a changing labour market

Following the recession of 2008 many feared a surge in the number of people out of work - that the UK would experience the similar rapid rises in levels of unemployment and a slow recovery seen in previous recessions and elsewhere internationally.

The recession did have an immediate impact on the country's labour market and long term effects for some groups, but a decade on the UK has the highest employment rate since records began in 1971.

This is in part due to the quick action taken by government. Large, national employment programmes and the use of active labour market policies helped to prevent cyclical unemployment caused by economic crisis becoming entrenched long term worklessness for the majority.

This is a legacy that the government should rightly be proud of. But it disguises a pernicious and ongoing set of labour market problems which all government partners must address as a matter of urgency.

## Who has been left behind?

There are 542,200 people in London today who want to work but are not currently in employment<sup>4</sup>. 58 per cent of Londoners living in poverty live in a working household<sup>5</sup>.

There are many groups which have failed to benefit from London's high overall employment rate and our relative economic success. These groups are more likely to experience multiple barriers to employment, and are more likely to enter low paid or poor

quality work than other sections of the population. Causes of worklessness are often closely linked to wider drivers of inequality.

There are currently 251,800 unemployed people living in London<sup>6</sup>. This is 5.1 per cent of all working aged people and higher than the national average (4.2 per cent). There are a further 1.3m working age people who are economically inactive – who are not currently looking for work due to factors such as being in education, caring responsibilities or ill-health<sup>7</sup>, a figure larger than the population of Birmingham. Some people who are economically inactive may not be able to work at this time. But for many, employment is something they want – 290,4000 of this group say they want to work<sup>8</sup>.

There is an important geographic element to the way in which labour market disadvantage is experienced – London is not homogenous, and hosts a multitude of local jobs market conditions. There is a 17.7 percentage point gap between the borough with the highest rate of employment, (Lewisham at 81.3 per cent), and Kensington and Chelsea which has an employment rate of just 63.6 percent<sup>10</sup>. Loose groupings of unemployment rates exist in London, with higher rates seen in the centre, south and east of the city. For example, Kensington and Chelsea and Tower Hamlets have unemployment rates of 9.1 and 8.9 per cent respectively – nine times that of Merton (1.2 per cent)<sup>11</sup>.

**Long term unemployment remains a concern** – a quarter of all unemployed people have been out of work for more than year, a figure which remains above pre-recession levels<sup>12</sup>.

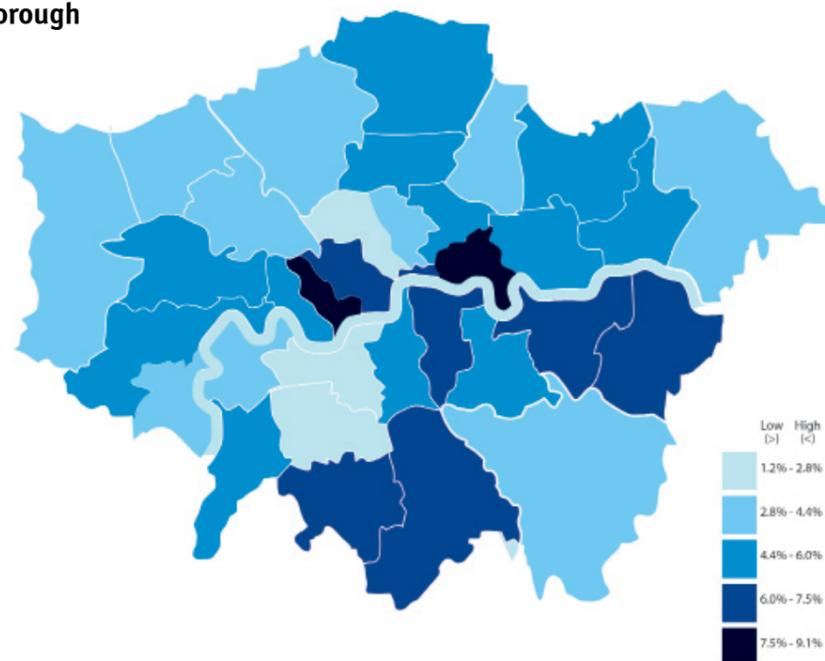
**Many people experience multiple barriers to employment** – There are a number of groups in London which have particularly entrenched barriers to work. These include:

- Ex-offenders
- Single parents
- Individuals with a history of substance misuse
- Care leavers (for whom local authorities now have a statutory duty to support until they are 25)
- Refugees.

Many may struggle to engage with traditional employment services. Timely and accurate data on employment rates among these groups is scarce, but anecdotal evidence suggests that they are more likely than other jobseekers to be heavy users of local authority services, and to have significantly higher rates of unemployment and in-work poverty than other groups. 37 per cent of Looked After Children aged 18 in 2013/14 were not in education, employment or training (NEET) for a year<sup>13</sup>.

**Youth unemployment remains high** – London has the highest rate of youth unemployment in the country at 15.5 per cent. Like other forms of unemployment in the capital, there is significant variation in levels of youth unemployment, emphasising the need for a local approach.

## Unemployment rates by borough



**The disability employment gap is failing to close** - The disability employment gap is the gap between the employment rate among disabled people and non-disabled people, and has remained stubbornly wide for over a decade. In London it currently stands at 27.7 per cent<sup>16</sup>. The current government has rightly identified the disability employment gap as a clear injustice and a waste of the skills and talents of disabled people and committed to tackling it in both its 2015 and 2017 manifestos.

**The shape of the labour market in London is changing**

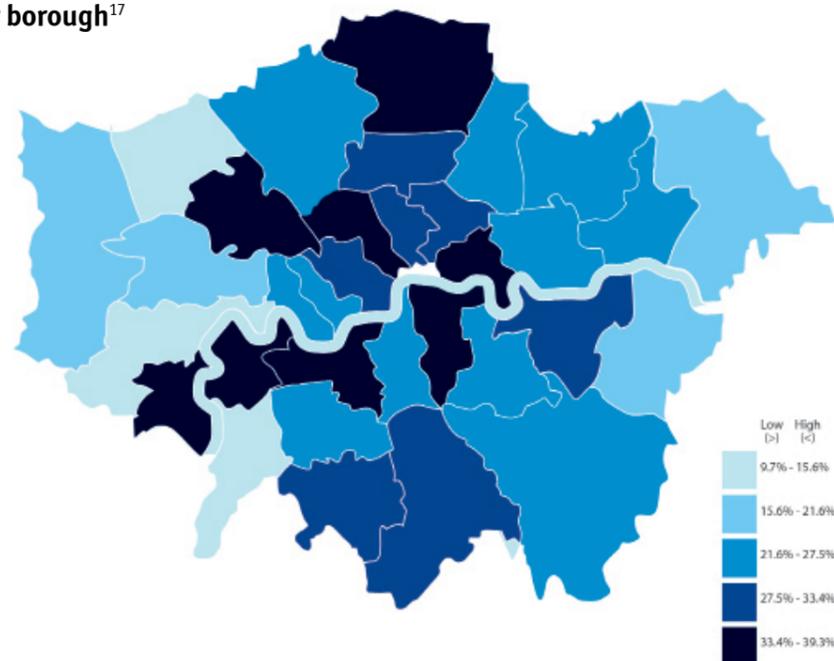
The capital – and the country – is entering a period of change, with social, economic and technological challenges on the horizon. This means changes to the way in which we work, the kind of jobs that are

available, and the skills we'll need to do them.

For people who have already been excluded from London's success these changes brings risk of further entrenching labour market disadvantage. This is not a given however, and all government partners need to consider how to shape change to our advantage.

**There are increasing rates of in-work poverty** - Unemployment is only one symptom of a dysfunctional labour market. Others are incidence of low pay, in-work poverty, precariousness and low levels of in-work progression. For many, getting a job is only the start of the walk out of poverty, evidenced by the 58 per cent of Londoners in poverty live in a working household. This is a 50 per cent increase over the last decade<sup>18</sup>.

Disability employment gap by borough<sup>17</sup>



Non-compliance with minimum wage legislation is also an issue, with over 20 per cent of people in low-paid work in London being underpaid<sup>19</sup>.

**New ways of working are developing-**

While still only a relatively small proportion of the total labour force, there are strong indicators that jobs are becoming more flexible and more precarious, with newer models of working such as zero hour contracts and 'gig' roles emerging. These risk trapping people in a 'low-pay, no-pay cycle' but are also potentially useful ways of working for people who might struggle to maintain a full time 'traditional' 9-5 role, such as people with caring responsibilities and disabled people. National and local government will need to work together to prevent a rise in precarious employment, but capitalise on the potentially inclusive nature of more flexible jobs.

**The capital's skills needs are different**

- A changing skills landscape in London risks entrenching labour market disadvantage further, but also opens up possibilities and incentives to take radical action. However, London currently has few tools at its disposal to cope with London-specific skills issues such as the higher demand for ESOL or historically low levels of apprenticeship numbers in the capital.

London has seen a dramatic 'hollowing out' of the labour market, with middle-income positions declining and a significant fall in administrative and secretarial work. This is driven by the increasing automation of many roles that would have previously acted

as 'stepping stones' to higher paid positions.

Over the longer term, just over one third of all the employment increase expected in London in the period to 2041 is in the professional, real estate, scientific and technical activities sector. This is expected to be reflected in a rise in the number of roles requiring an ordinary or higher level degree, with a decrease in the proportion of roles requiring no qualifications to less than 3 per cent<sup>20</sup>.

Focusing on up-skilling could also have an important impact on in-work poverty, with a clear link between earnings and level of qualification<sup>21</sup>.

**Preparing for Brexit** - These skills challenges will be complicated by the UK's decision to leave the European Union. EEA employees represent one in eight of all employees in London. In summer 2016, 90 per cent of London businesses reported recruiting EU citizens<sup>22</sup>. Specific sectors in the capital are especially reliant on EEA workers: they make up a third of employees in London's accommodation and food services (33 per cent), and represent a high proportion within manufacturing and construction and social care.<sup>23</sup>

# Chapter Two: Building effective services

If employment services are to address the challenges identified in this report they must:

- Make sure that people experiencing multiple barriers to work receive coordinated support from a range of specialist services
- Reflect geographical variation in labour market disadvantage, working with local communities.

This report sets out recommendations which could be implemented at speed and act as the start for wider and more fundamental reform over a longer time frame.

London has a proven track record of delivering services which reflect the interests and needs of its population. Our governance structure – the GLA, the sub-regional partnerships and the boroughs – provides expertise and capacity to tackle the forms of entrenched worklessness and low-quality employment. The GLA's role as the Intermediary Body for European Structural and Investment Funds (ESIF) demonstrates London readiness to deliver large and carefully audited funding streams. The sub-regional groups of boroughs procured and manage the Work and Health Programme as well as other significant employment projects, and individual boroughs deliver many innovative programmes with employment either as a primary or secondary outcome.

With clear responsibilities towards local business and their economies, the wider remit of local authorities allows them to look beyond a move

off benefits as the primary measure of success. The relationship between boroughs and businesses would be strengthened further were control of business rates to be fully devolved.

The current business rates retention system already acknowledges this by allowing local authorities to retain a proportion of the increased revenues generated by local economic growth. This incentive will be strengthened by the increase in local retention from 50 per cent to 75 per cent due to be implemented in April 2020. The London business rates retention pilot in 2018/19 has shown that London government is capable of working together to take collective decisions about the distribution and investment of business rates income. It should provide government with the confidence to devolve further business rates to London government in the future.

Only London local government is positioned to be able to bring together all the parts of a wraparound service that will get people back into work.

We can do this, but we need to have national government on our side. Despite the pressing need for action to support those furthest from the labour market and those experiencing in-work poverty, in a time of limited resource it can be difficult to affect change beyond the boundaries of statutory services. To unlock the expertise and resource of London boroughs, national government needs to give them the tools and resources and the 'skin in the game' to create a system that works for everyone.

This section outlines actions that need to be implemented to create a more localised, specialist service to support the half a million Londoners who want to work but don't have a job, and the many more who are trapped in low paid and low skilled work.

## 1. Introduce devolved decision making and control on new and innovative funding streams.

London boroughs are already delivering a range of small scale programmes alongside the Work and Health Programmes to support people with significant barriers in to work. But a decade of reduced funding has reduced local authorities' ability to pilot new and different approaches to tackling labour market disadvantage. When national programmes struggle to support harder to help groups in to work, it's time to introduce a principal of subsidiarity to new programmes and funding streams to support innovation, build our evidence base and bring new actors into the game. A 'local first approach' is needed.

This section sets out three examples where this could happen:

### **Commit to a 'local first' approach to support for those furthest from the labour market**

There is a clear gap in employment provision in the UK for disabled people who experience significant barriers

to work. Schemes such as the Work and Health Programme are targeted at people who are relatively close to the labour market. When considering successor or new employment and back to work schemes government should take a 'local first' approach and consider whether the service could be more effectively delivered at a local level.

Expanding and delivering employment support at a local level will enable us to target those who are furthest away from the labour market but want to work, and allow local authorities to align the scheme with wider authority provision such as social care. This should build on and go further than the model of devolution created through the Work and Health Programme – giving boroughs genuine control over the way in which this programme is designed and delivered.

### **Create a new Work and Health Innovation fund and 'what works' centre**

Everyone sometimes needs to take time off work to recover from illness or injury. But in some cases sickness absence could be prevented or shortened with the right interventions. In 2016 137.3 million days were lost to sickness absence across the UK – a huge loss to business and the economy in terms of productivity and revenue<sup>24</sup>. Once in long-term sickness absence it can become hard for many people to return to work<sup>25</sup>.

Action at significant scale is needed to understand 'what works' to prevent people falling out of work unnecessarily due to sickness or injury.

The Fit for Work service was launched in 2014 to tackle this but experienced poor referrals and low employer awareness and was recently closed.

A Healthy Working Innovation Fund (HWIF) should be set up to replace the Fit for Work service, aimed at preventing unemployment through ill health. This could be funded through the UK Shared Prosperity Fund (UKSPF), and have sub-regional or pan-London geography. It would support innovative interventions and ways of working, including schemes such as workplace interventions, advice helplines, and integrated employment and occupational health support, with the view of scaling up successful models to include all London boroughs in future. Led by the boroughs it would include collaboration with DWP, the Work and Health Unit, London Councils, the GLA and the NHS.

A requirement of this fund would be evaluating programmes in a consistent and comparable manner. This would be underpinned by a London-led 'What Works Centre' in partnership with the Work and Health Unit, gathering the data collected through these and other pilots to create an evidence pool for future programmes to draw upon and scale up quickly and efficiently.

#### **Preserve an employment focus in the UK Shared Prosperity Fund at a local level.**

The European Social Fund (ESF), a part of the European Structural and Investment Fund (ESIF), is a vital component of employment and skills provision in London. ESF is

worth around £420m for the current 2014-2020 programme, and adds value to mainstream provision and provides specific interventions for disadvantaged groups. London welcomes the government's commitment to replacing the ESIF with a UKSPF. It is vital that this fund can be used to address employment and skills challenges for vulnerable groups, and that local areas strengthen their role in its delivery. In London the GLA is as the Intermediary Body for ESIF, and the new UKSPF must strengthen this localised approach.

The UKSPF should:

- Be of equivalent or greater value than current ESF provision.
- Be devolved to London government so that decisions sit much closer to the communities it is supporting.
- Allow devolved areas to determine how best to target this funding on communities and place.
- Focus on impact and outcomes that are relevant and determined locally.
- Include funding to test out new and innovative approaches, with evaluation built-in from the start.

## **2. Re-focus employment support on the hardest to help and bring services together through co-location.**

Jobcentres are well placed to provide targeted support for people who are recently out of work. However, they are increasingly struggling to identify and support those who are furthest from the labour market. This is hindered by their rapidly expanded focus to include low earnings as a result of Universal Credit at the same time as reducing premises and staff numbers<sup>26</sup>. This will make reaching out to harder to help and vulnerable groups even more difficult<sup>27</sup>.

The current employment system has struggled to support these harder to help groups. The now-concluded Work Programme and Work Choice have been the most visible employment support services in London over the last six years. The larger of these – the Work Programme – demonstrated success in supporting jobseekers that are closer to the labour market back into work. It has proven less able to address structural unemployment levels among traditionally harder to help groups – with a job outcome rate of only 15.5 per cent for new ESA claimants and 8.4 per cent for other ESA claimants<sup>28</sup>. The new Work and Health Programme is an important step in the right direction, but it remains relatively small.

Despite the rise in the proportion of all jobseekers who are experiencing structural forms of labour market

disadvantage, with a particularly significant rise in the number of people describing poor mental health as their main barrier to work, there has not been a similar shift in government focus to providing support targeted at these groups.

Many people with complex needs will be already using a range of public services. For example, if an individual is homeless, an ex-offender and experiencing substance misuse they could be using any or all of the following services:

- Housing support (local authority and/or charity)
- Probation or rehabilitation services
- Social services or debt support (local authorities)
- Substance abuse support (NHS)
- Mental health support (NHS / local authority)
- Employment support and out-of-work benefits (Jobcentre Plus / ESF funded services)

It is possible that someone in this situation may also be known to the police and they could also be accessing support from the voluntary and charity sector. All of these organisations are helping to address issues which may be barriers to sustainable work. But it can be too easy for services to focus on these barriers separately. Where cooperation or integration occurs it is more often through sign-posting or ad hoc arrangements than a systematic commitment to joint-working.

## Case study: Westminster EaSI HELP

EaSI HELP provides integrated housing and employment support to Westminster residents who have experienced homelessness or are at risk of homelessness. The overall aim of EaSI HELP is to help residents to move from insecure housing and unemployment towards greater self-sufficiency.

Integrated “Round Tables” have been set up so that representatives from employment, housing, DWP, financial capability and social services can discuss individual cases and agree a joint plan of action. The round table has provided an effective forum for shared decisions for clients and initial results indicate that it has significantly improved housing outcomes for HELP clients.

The initial results show that EaSI HELP is effective at moving clients towards employment and sustainable housing, and that this is in part due to the integrated nature of the support available from personal advisors and other front-line staff.

Clients stated that one of the main reasons why EaSI HELP has been effective at supporting them into employment is because of the person-centred, holistic and voluntary support model and because clients trust the advice that they receive from their advisors.

These housing and employment outcomes for EaSI HELP clients translate into significant financial benefits for both delivery organisations and Westminster residents. Despite the schemes relatively small size, cost benefit analysis shows that EaSI HELP is providing public bodies with a net saving of roughly £450,000 over the initial year, primarily through reduced spend on welfare benefits and temporary accommodation.

For further information about the HELP project, please contact: [help@westminster.gov.uk](mailto:help@westminster.gov.uk)



Cooperation and collaboration has the potential to make services more effective, efficient and reduce costs. It also builds on the experience of local authorities’ work with marginalised populations that jobcentres struggle to support– ‘unlocking’ a group of people who have previously been outside their scope. Both JCPs and local authorities experience increasing demand on services, as well as greater pressure to use space and land effectively – this is a solution for both sides.

The benefits of working together were recognised in the Universal Support Delivered Locally pilots, which brought together Jobcentre and local authority services in eleven sites across the country from 2014/15. The evaluation found benefits to both the integration of services and co-location, and recommended that the ambition should be to co-locate support services within a single ‘hub’ wherever it is feasible to do so<sup>29</sup>.

Other schemes such as the Troubled Families programme and the Health and Social Care pilots have led to genuine transformation in the way services are run, bringing together different parts of the public sector to work collaboratively<sup>30</sup>. We are beginning to see this with the newly devolved Work and Health Programme, where collaboration is fostered through joint governance structures.

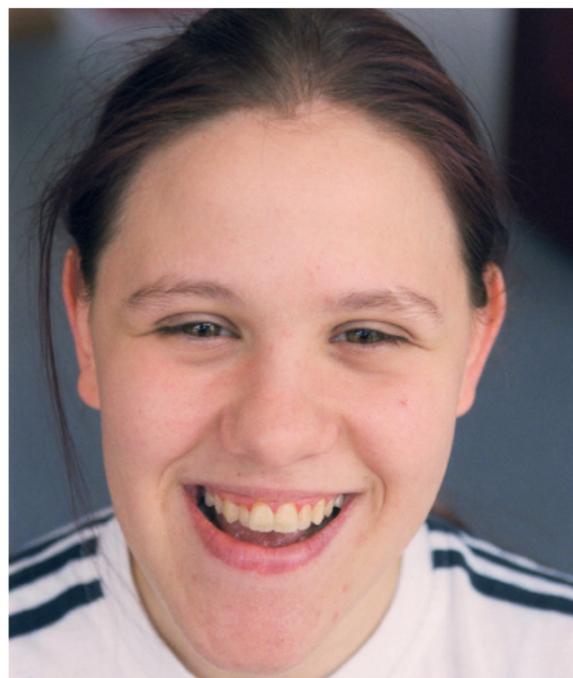
All boroughs should have the opportunity to act as trailblazers and co-locate employment and local

authority services and align the skills and resources of JCPs and local authorities. Joint working would expand and deepen local partnership arrangements that are built around the individual customer. Co-location brings important benefits just through the sharing space and the development informal cooperative and knowledge sharing networks between staff.

The way in which this is implemented will by design vary between sub-regions to reflect local priorities and ways of working. Some areas may wish to implement this as a form of ‘one stop shop’ or employment hubs in which Jobcentre and borough services are delivered in a single location with most staff on-site and branded as a single entity. Others may wish to adopt a looser hub and spoke model, allowing for specialist centres and a wider geographical coverage, but retaining a coherent and connected structure.



As this way of working becomes embedded, employment hubs could do more than just develop shared learning and culture. It could formalise links between local authority and employment services. In a more connected system service users will be able to maintain a single point of contact and relationship with a single branded organisation, and will be supported to access wider aspects of local authority and national government services. There should be no wrong entrance to support, and services should be ongoing and wrap around rather than sequential. Referrals between services should happen behind the scenes with minimal requirements of the services user. Where possible, re-assessment should be kept to a minimum.



### Case Study: BOOST- multi-agency jobs team

Barnet first saw the benefits of co-locating services when it brought together housing, benefits and Job Centre teams to support people affected by the benefit cap. The experience of Barnet showed that people's needs do not fit neatly within organisational boundaries (such as health and employability), and no single agency is able to respond to complex needs on its own. Residents are often unaware of or confused by the breadth of support available to them, and they grow weary of providing the same information to multiple agencies.

The next step was to take this approach into the community, and locate in a library in one of the borough's most deprived wards. The Burnt Oak BOOST team is a multi-agency jobs team and includes staff from JobCentre Plus, Barnet Homes, the council's youth and benefits services and local organisations Future Path Solutions and LoveBurntOak. They also work with a variety of partners such as the college, mental health and advice services.

The team is different to existing job support as it aims to engage all residents (rather than just those who claim certain benefits), it offers holistic support (including housing, wellbeing and benefits) and it involves the community to build community ownership of the agenda.

Together these multi agency approaches have supported over 1,400 people into work. BOOST is part of the West London Alliance Working People Working Places programme, a model that is also being trialled in LB Brent and Hounslow and the boroughs are working with the Learning and Work Institute to measure the value and evaluate its successes

### 3. Align Jobcentre delivery areas with sub-regional geographies underpinned by joint governance

Thinking and acting locally allows us to work with the grain of sub-regional economic and social differences, and design to address local problems. Types of barriers to work can be clustered, but this means that solutions can be as well. A local approach can take into account relationships with anchor institutions such as Higher Education centres and major businesses.

Attempts to more effectively align services can be hampered by the often conflicting geographies of local services. This can make it hard to coordinate existing services or to develop partnership programmes as areas try to juggle stakeholders.

Over the last decade London has developed sub-regional groups of boroughs who have worked together to provide greater coordination and delivery of services. These sub-regions are:

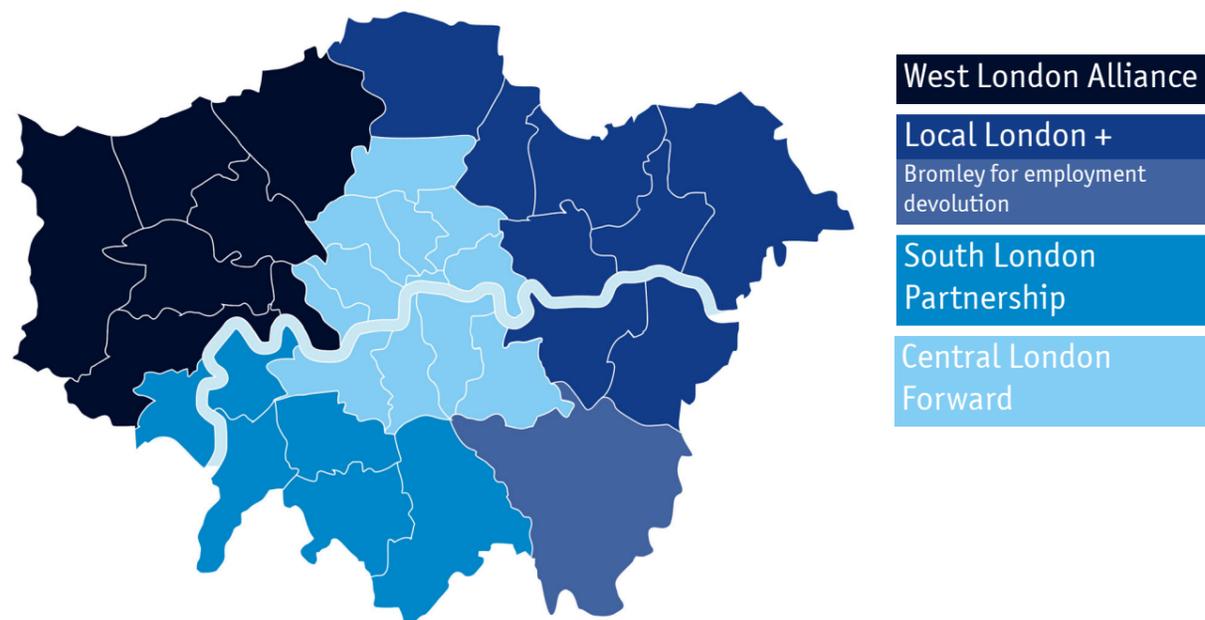
- West London Alliance
- Local London
- South London Partnership
- Central London Forward

All sub-regions have experience of delivering services and coordinating activity between boroughs, and have

clear governance structures to enable effective joint working<sup>31</sup>. They have proven a successful model for the delivery and governance of major employment programmes such as the Work and Health Programme, and in the future sub-regional partnerships will play an important role in the delivery of the devolved Adult Education Budget in London.

In order to deliver the co-location trailblazers Jobcentre Plus delivery areas should be aligned to match the sub-regional partnerships. The voluntary and organic way in which these sub-regions have developed means that they closely reflect the cultural, economic and political geographies of their areas. The new Jobcentre areas should build on the governance model already developed for the devolution of the Work and Health Programme. These would act as strategic and bridge-building tools to strengthen service coordination and support those with multiple barriers in to work.

Sub regional partnerships in London



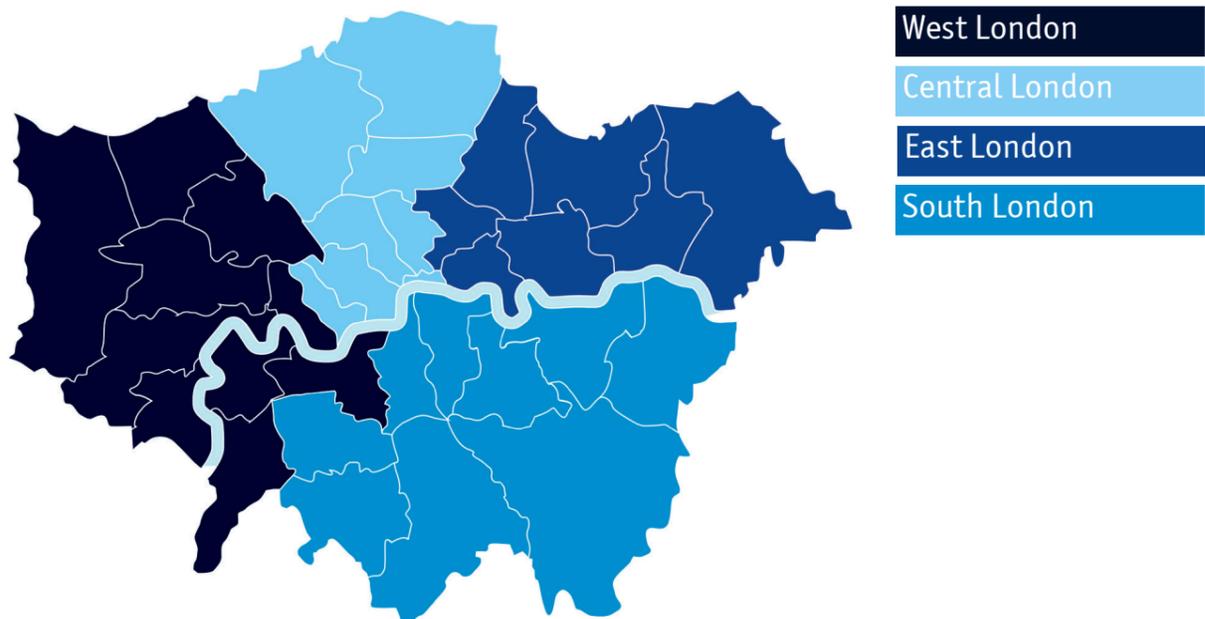
West London Alliance

Local London +  
Bromley for employment  
devolution

South London  
Partnership

Central London  
Forward

Jobcentre Plus districts in London



West London

Central London

East London

South London

**The West London Alliance (WLA) Mental Health Trailblazer**

The WLA Mental Health Trailblazer spans all seven member boroughs of the WLA, providing support to around a thousand people to help them find work.

The programme rolled out in April 2017 and will run until December 2019. The programme aims to test the effectiveness of the employment intervention Individual Placement and Support (IPS) in helping people with common mental health conditions who are claiming benefit to find work. The IPS model is typified by intensive individualised support integrated with mental health services, a rapid job-search, paid employment and in-work support. It is based on the idea that ‘job-readiness’ is an unhelpful concept – the only thing that is required is that someone wants to work. IPS has proven an effective intervention for people with severe and enduring mental health conditions, but has been relatively underexplored when it comes to supporting people with common mental health conditions.

Funded in part through the Growth Deal, the WLA is one of three areas in the country delivering these trailblazers which focus on providing integrated support for unemployed individuals experiencing common mental health problems. The programme as a result has a strong focus on bringing together services to improve referrals and align support. The WLA and Twining Enterprise, the service provider, have focused on engaging IAPT, JCP and GP services, and reflected this in the Programme’s governance structure. The Programme has a Programme Board which includes senior representation from the NHS and London Councils, the Jobcentre Plus District Manager, and a lead CEO representing the boroughs. It is part of a robust national evaluation programme which includes a randomised control trail (RCT).

Individuals can self-refer, but Jobcentre Plus and IAPTs are the main sources of referrals. For further information contact [info@twiningenterprise.org.uk](mailto:info@twiningenterprise.org.uk)



## 4. Create a shared data infrastructure to underpin coordinated service provision

Huge cost and waste is built into current approaches by their failure to share data between public services charged with helping the same person. Our recommendations require a greater degree of data sharing between services, and a willingness from central government to create robust, flexible data sharing systems with local partners. The importance of maintaining secure and appropriate data security is well understood by local authorities, and should not be used as an excuse to prevent joined up and coordinated service provision.

Effective data sharing will be needed to design and deliver a system which reflects and supports its citizens. London is a large and diverse city, and detailed data analysis will be needed to create a responsive and tailored employment support system with effective links with wider stakeholders. This work would underpin the joint governance boards at sub-regional level.

A shared data infrastructure has both strategic and practical, everyday benefits. This could include supporting London to:

- **Create a richer understanding of London's labour market:**
  - Identify at-risk populations and enable appropriate preventative or early interventions
  - Identify areas of duplicated efforts, as well as gaps in provisions.



- Develop an evidence base for 'what works' in supporting people to enter and sustain work.
- Map existing provision.
- **Develop shared governance:**
  - Provide strategic support for joint governance boards.
  - Explore future ideas for reform and improvement on London's employment services.
- **Support front-line services:**
  - Speed up and simplify referrals between aspects of the proposed aligned service, enabling a quicker return to work.
  - Make it easier to identify an individual's barriers to work and refer appropriately.
  - Reduce the chance of people becoming 'lost' in the system when they are referred between services.



This should include local authority, Department for Work and Pensions, NHS data and HMRC pay level data. Over the course of this parliament we ask the government to commit to work with us to explore how we can ensure that all front-line staff has access to real-time data on the people that they are supporting to enter and stay in work.

## 5. Support in-work progression through an enhanced skills support offer

Developing the right skills and qualifications are an important part of entering and progressing in work<sup>32</sup>.

The devolution of the Adult Education Budget to London is an opportunity to enhance in-work provision and support more people to enter and stay in work. Alignment between skills and employment provision would significantly enhance the offer available to people in low-paid roles and would help us to tackle the looming skills challenges that London faces.

This would be building on the work already undertaken at both a national and local level, including the one year Universal Credit In Work Progression Randomised Control Trial and the recently announced National Retraining Scheme, as well as a range of smaller local programmes such as the 'Women Like Us' case study (p23).

Options should be explored alongside wider AEB devolution discussions on how this will work in practice. Merging strategies is an obvious first step, with national government and London government working together to create shared strategy and planning documents at a sub-regional level for AEB provision for those claiming

UC and who are in-work. These plans would identify areas where skills and in-work provisions could usefully be aligned and set up structures to do so. These would be developed through the sub-regional partnerships and the joint governance boards.

In the trailblazer employment hubs sharing staff and ensuring that there's no 'wrong door' for in-work progression support should also be a part of this. These hubs would act as testbeds for a more connected service between skills and in-work support.

This work could be further improved through a commitment from government that skills devolution goes further. London government should have tangible strategic influence over planning for 16-19 provision in the capital to ensure that, alongside the devolved Adult Education Budget, London is working towards a more strategic, whole-system approach to post-16 skills. Funding and responsibility for adult careers services should also be devolved to London government, so that we can develop an all-age careers offer within the capital.

The government should also introduce some short term flexibilities to the apprenticeship levy, such as devolving the capital's unspent apprenticeship levy funds to London government. This could be used to increase access by disadvantaged groups, build capacity within SMEs and address gaps in apprenticeship standards. In the longer term, London government should have

full responsibility for apprenticeships policy in the same way that Scotland and Wales do now.

These changes would enable us to shape skills provision in London to support those who need it most - both in and out of work.

### Case Study: Women Like Us (WLU) - In Work Progression

This project is a pilot to help low paid families living in Camden to increase their earnings or progress into better jobs.

In Camden, there are concentrations of relatively high unemployment within certain wards in the borough, including Kilburn, St Pancras & Somers Town, Kentish Town and Regent's Park, and around 8.5% of households (9,000 households) in the borough are in low paid work and in receipt of means-tested benefits, suggesting a prevalence of in work-poverty.

Women Like Us (WLU) In-Work Progression project is funded by Camden council and Job Centre Plus. The project commenced in August 2016 and will run until December 2018.

Since the project began in June 2016, they have engaged 104 participants, all of whom have received 1-1 support. 31 of these have found better jobs with support from the project. All jobs are in line with clients' career goals with roles in administration, care and marketing. One participant has been placed into two jobs through her work with WLU. The average salary of participants is an FTE of £ 20,525 and the average hours worked are 23.35. Participants who have been placed into better jobs have seen an average increase of £5726.44 per annum

The next steps and plans for future delivery is that Camden is looking to fit this into promoting growth and good jobs for residents which will fit into the Camden 2025 plans. They also hope to upskill local providers through training in readiness for Universal Credit.



# Conclusion

## 6. Local enforcement of the national minimum and living wages

Too many people – particularly those working in the informal economy – are paid below the national minimum wage. In 2017 278,000 workers were found to have been underpaid. This is a significant increase from previous years and expected to be far below the actual number, as it does not include people working in the informal economy. One in five of all people who are in low paid work are paid below the NMW<sup>33</sup>.

Any attempt to improve levels of in-work poverty must explore enforcement of existing legislation. National government has taken positive steps to raise this issue in the public conscious through the 'naming' policy to increase levels of compliance, but has struggled to engage workers operating in the informal economy. The introduction of the National Living Wage also significantly increases the number of people who are affected by minimum wage legislation, potentially leading to an increase in the number of people who are paid below NLW. This suggests the need for a multi-level approach, with both local and national enforcement.

Local authorities have strong ties with local employers through their role in the Planning and Development policy spheres, the collection of Business

Rates, and as curators of high streets and town centres.

To tackle this endemic issue government must devolve the full suite of powers to enforce the national minimum and living wages to London boroughs. HMRC should continue their programme of targeted enforcement and the national helpline, coordinating and supporting local enforcement efforts.

This devolved model would be made sustainable without additional funding from national government by allowing local authorities to retain all civil penalty income generated in this manner.

London government is ambitious. We must capitalise on the historically low levels of unemployment and work to alleviate long term and entrenched forms of labour market disadvantage. But we can only make this vision a reality with greater powers and control over how employment support works in the capital.

This paper has set out a pragmatic yet ambitious approach to creating an employment system that is aimed at delivering specialist, coordinated support for those experiencing the most entrenched forms of labour market disadvantage, and plays a role in shaping local economies to make them more inclusive for everyone. The powers and controls we described here should be available to all regions and cities in the country, not just London. Local government across the country needs

to be able to reflect the needs of its communities.

Given the potential this area should be a priority for national government and discussions should begin immediately between national and London local government. This should lead to the development of a Memorandum of Understanding between London local government, the Mayor and national government.

We would hope to act as a trailblazer for devolution across the country in the same way that other areas such as Manchester have done with the devolution of the NHS. We do not see this MoU or the recommendations here as an end point, but the start of a larger conversation.



# Endnotes

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1. Labour Force Survey- headline indicators July 2018 – September 2018
2. This figure is achieved by combining the total number of people who are unemployed with the total number of people who are economically inactive and say that they want to work. NOMIS: Annual Population Survey- Unemployment rate 16+ combined with % of economically inactive who want a job, Jul 2017 – Jun 2018.
3. <https://www.trustforlondon.org.uk/publications/londons-poverty-profile-2017/>
4. This figure is achieved by combining the total number of people who are unemployed with the total number of people who are economically inactive and say that they want to work. NOMIS: Annual Population Survey- Unemployment rate 16+ combined with % of economically inactive who want a job, Jul 2017 – Jun 2018.
5. <https://www.trustforlondon.org.uk/publications/londons-poverty-profile-2017/>
6. Being unemployed is defined as being out of work, having actively looked for work in the last four weeks and being able to start work in the next two weeks. NOMIS: Annual Population Survey – July 2017 – June 2018.
7. Being economically inactive means that you have not looked for work in the last four weeks and/or are not able to start work in the next two weeks. NOMIS: Annual Population Survey – July 2017 – June 2018
8. NOMIS: Annual Population Survey – July 2017 – June 2018.
9. NOMIS: Annual population survey - regional - Unemployment rate aged 16+- July 2017 – June 2018.
10. NOMIS: Annual population survey – Employment rate aged 16-64. July 2017 – June 2018.
11. NOMIS: Annual population survey – regional - Unemployment rate aged 16+.- July 2017 – June 2018.
12. UNEM01 NSA: Unemployment by age and duration (not seasonally adjusted). Accessed 14th November 2018.
13. Department for Education, ‘Characteristics of young people who are long-term NEET’, February 218. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/679535/Characteristics\\_of\\_young\\_people\\_who\\_are\\_long\\_term\\_NEET.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/679535/Characteristics_of_young_people_who_are_long_term_NEET.pdf)
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15. Ibid
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17. Ibid.
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19. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/645462/Non-compliance\\_and\\_enforcement\\_with\\_the\\_National\\_Minimum\\_Wage.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/645462/Non-compliance_and_enforcement_with_the_National_Minimum_Wage.pdf)
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29. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/537089/ad-hoc-report-33-evaluation-of-the-universal-support-delivered-locally-trials.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/537089/ad-hoc-report-33-evaluation-of-the-universal-support-delivered-locally-trials.pdf)
30. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/611991/Supporting\\_disadvantaged\\_families.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/611991/Supporting_disadvantaged_families.pdf)
31. Each sub-regional partnership has an established a Joint Committee.
32. <http://www.learningandwork.org.uk/2017/07/16/in-work-progression-understanding-what-works/>
33. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/645462/Non-compliance\\_and\\_enforcement\\_with\\_the\\_National\\_Minimum\\_Wage.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/645462/Non-compliance_and_enforcement_with_the_National_Minimum_Wage.pdf)

London Councils  
59½ Southwark Street  
London SE1 0AL  
[www.londoncouncils.gov.uk](http://www.londoncouncils.gov.uk)

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