



17 November 2010

Summary of the CRC/ERSA 'Employment and Employability support in rural areas' Roundtable

55 Whitehall, London

Introduction

Crispin Moor, Executive Director at the CRC welcomed everyone to the joint Commission for Rural Communities (CRC) and Employment Related Services Association (ERSA) roundtable meeting.

The purpose of the meeting was:

- to agree the issues, seek ideas and innovative solutions to providing effective employment and employability support in rural areas.
- to advise (Commissioners), DWP and partners in Scottish and Welsh governments, Prime providers, local consortiums and local enterprise partnerships to address the rural challenges of sparsity and cost through the Framework for the Provision of Employment Related Services.
- to discuss the need for an ongoing rural dialogue between Commissioners, Prime providers, local consortiums and local enterprise partnerships

Attendees included representatives of English, Welsh and Scottish policy and delivery organisations including local government in the field of employment and employability support.

The roundtable meeting follows on from recent CRC studies on job loss, unemployment and the journey back to work in rural areas which concluded that the provision of employment related support services to the rural workless is often inadequate. Major Life Events: losing a job, IPPR Report to CRC and Delivering National Employment and Skills Programmes to Vulnerable Groups in Rural England, SQW Ltd Report to CRC.

Kirsty McHugh, Chief Executive Officer, ERSA also welcomed everyone to the meeting and provided a brief roundup of ERSA members' views about DWP's employment related support services framework. ERSA members have been very busy during the last few months putting together bids to deliver the Government's new Work Programme. They have expressed varied views about certain aspects of the Work programme. Key concerns are around the differences in how the contract is viewed by DWP and ERSA members. DWP are looking at it as a service based contract where as ERSA members view it as an outcome based contract.

The group agreed for the points made during the discussions following presentations to be recorded using the Chatham House Rules.

Work and Recruitment: English rural experience

Roger Turner, Head of Rural Economies at the CRC, made a presentation (see attached email) providing the background and context as to why the CRC thinks that the Government's Work Programme needs some particular focus and adaptation to meet rural needs effectively.

A key question he posed was how will spatial issues feed into the design and rewards of the

DWPs framework for employment related services?

The following comments were made in response to the presentation:

- One attendee recalled the experience of difficulties arising after salary differentials were exposed between rural and urban employees working in call centres for the same employer. The call centre in the rural area had been set up as part of an inward investment package.
- The Work Programme is encouraging useful conversations between both large and small employment support providers.
- There are problems in some rural areas of low wage jobs being filled by migrant workers. In some instances the unemployed do not want these jobs due to the low wages.
- A query was raised as to whether the rural dimension had been addressed in the formation of Local Enterprise Partnerships.
- Job Centre Plus (JCP) also has to reduce its costs through reducing its estates. One route to achieving this is through co-location. We need to be cautious about the moves to further rationalise Jobcentreplus offices and the risks this poses for rural provision.
- There are larger public sector job dependencies in the cities than rural areas; but as a proportion of jobs the public to private sector dependency is higher in rural areas. In some rural areas 55% of the workforce is employed in public sector jobs.
- The Work Programme is doing the same thing as previous governments in the same way but expecting different results.
- In Powys there is 45% dependency on public sector jobs but also 45% are self-employed in so-called lifestyle businesses.

Roger Turner summed up this part of the discussion by confirming that many of the points raised had been evidenced in CRC research, and our recession reports to Defra Ministers.

Northumberland Rural Employability Project

Pat Beaumont's Project Manager, Northumberland Rural Employability project presentation (see handout in delegate pack) provided details of the background and purpose of the project). The project runs eight employability hubs in more remote areas of the country. It provides local access to support residents into work, training or self employment. Its partnership and joint working approach has proved a cost effective means of delivering employability services in remote rural areas, as well as overcoming the economies of scale that so often prevent reaching those areas. The hubs offer a virtual or actual presence for providers who are otherwise absent.

The following comments were raised in response to the presentation:

The role and importance of very local bodies to help employment service providers to deliver at this level was discussed. The Northumberland Rural Employability project provides services from within a local employment hub. Other such bodies might include Town (and parish) councils and perhaps Rural Community Councils. There was also some discussion on the value of using existing bodies (of these sorts) and including JCP rather than creating new ones.

Mike O'Donnell, Partnership Delivery Manager, Scottish Government (see www.employabilityinscotland.com for further details) then spoke about the Employability Partnership they are running in Scotland. One example he referred to was a health and employability delivery group which seeks to embed health into the employability agenda. They

also have a third sector employability forum which develops capacity in respect of policy development and delivery of services.

They have a National Delivery Group which seeks to achieve a more coherent framework within which to deliver locally – sharing information and identifying common challenges. They have an Employability Learning Network of which 32 Local Authorities across Scotland are members. They run events on demand in local areas and focus their efforts on supporting delivery.

Dawn Redpath, Employability and Skills Manager, Dumfries and Galloway Council described the work that the council and partners are involved with in increasing employment and employability opportunities in their local area.

Dawn described how the council are involved with in promoting solutions to some of the challenges of delivering this agenda in Dumfries and Galloway. Strategically, Dumfries and Galloway is developing a cross sectoral employability partnership designed to look at the sharing of resources and improved coordination of delivery. The second example is a Jobs Fund which is business centred and pays a wage subsidy of 50% for a 12 month placement with an expectation that the work placement will be sustained as a permanent job. The business needs to offer employment between 18-35 hours per week. Clients from marginalised situations will be offered the opportunity to apply and be interviewed through the scheme.

The following points were raised in response to the presentations :

- How do you make transport support for customers sustainable?
- There may be difficulties with getting some parents to use childcare.
- There may be less range of various types of employment support provision for rural customers
- There needs to be local community acceptance of a national employment services organisation.
- In some areas in Scotland the road and rail infrastructure is very poor. It is expensive to travel to work and any service is likely to be infrequent.
- Many jobs that do exist are filled by eastern Europeans.
- The Salvation Army has 800 locations. Employment support providers are starting to use these facilities one day a week.
- In the New Forest there is a lack of employment opportunities. There needs to be recognition that in some areas there is an absolute lack of jobs.
- A question was raised and not answered about the extent to which it is right to expect unemployed people to either commute perhaps considerable distances to move or else move homes to be closer to employment.
- In some areas there is a need for a stimulus to get local and statutory organisations to work together. A change of culture may be required and this takes time and effort. There may be a continuing need for some discretionary funding to help rural customers into sustainable work (e.g relating to transport).

George Curry, Chief Executive, Westward Pathfinder

From George Curry in Devon we heard the value of local 'learning centres' that have good video conferencing facilities to open wider access to training, for example to specialist tutors.

However it is still expensive to run these services in rural areas even though transport savings are being made.

George Curry shared his experience as a subcontractor of delivering employment and employability support in Devon and responding to the opportunities and challenges presented by the DWPs Framework for employment related support services.

George made the following points in his presentation:

- When delivering services across both urban and rural areas providers can use economies of scale achieved in delivering to urban areas to subsidise the costs of providing services in rural areas.
- In Devon the Prime providers are only operating in the urban areas.
- DWP's list of framework bidders for employment related services in the South West showed that there were 35 bidders, 4 were already existing subcontractors, 10 were known to Westward Partnership and 21 were unknown.
- In September Westward Partnership had spent much time talking to people they knew and completing expressions of interest forms. None of these forms are the same. In addition to this many prime providers required additional information. 95% of the form filling was felt to be a waste of time.
- It would be helpful if DWP developed a standard expression of interest form for subcontractors to complete .
- Other influences on the employment support provider were the seasonal nature of much of the employment in the local labour markets. Many of the businesses are very small.
- On the plus side there are many partnerships e.g. North Devon employment and skills board who have a good knowledge of the local employment and skills needs.

The following points were raised in response to the presentation:

- Examples/expectations that urban centres/infrastructure in practice provided some cross subsidy for the costlier rural services. And should DWP be more supportive in its recognition of the additional costs and risks of delivery in rural areas – ideally through some sort of differential payments or in other ways?
- the higher management costs involved in delivery across wider (rural) areas;
- management of the supply chain; need sometimes for some local capacity building;
- and issues about who takes the (financial) risk between the prime and secondary providers. Need to improve the risk: cost ratio to make sure this was not disadvantaging effective provision to rural areas/customers.
- Suggested improvements in Prime providers Expressions of Interest Forms – notably for the subcontracting process between prime providers and sub contractors/specialist providers. This was much discussed and feeling that there were improvements that DWP could make here. Would be particularly useful for smaller and more rural organisations.
- There is a technical challenge of making the payment by results regime work for customers moving in and out of short term seasonal employment.

Phil Silverthorne, Celtic Nations Development Director, A4e

Phil made the following points in his presentation:

- There are 22 bidders for DWP's framework for delivering employment related support services and 22 expressions of interest forms.
- It is about the cost of sale. A4e recognise that they are unable to deliver in rural areas themselves. They are aware that in some areas delivery is better by those organisations already working in the locality. Some local authorities can provide the solution but not all of these engage in the work programme.
- There is a supply chain management cost. It can take three hours to travel across some parts of Wales. Therefore it may be better to deliver through the nearest market town organisation.
- It may not just be a management cost but a capacity building cost.
- In rural areas you have low volumes per locations. If you go to small organisations they have a disproportionate risk of loss. The risk may be too great.
- DWPs IT security cost is an inhibitor to the smart use of technology.

Phil concluded with the following suggested solutions for improvements:

- Better use of IT
- A4e have to work with small organisations. In rural areas there are often only one or two small organisations we can work with. You may have to subsidise from where you can achieve economies of scale. If we work with small organisations and they fail it will be more expensive than getting it right in the first place.
- What will A4e bring? They will work with the Local authority to get an asset and take pressure away from local providers.

The following points were made in response to his presentation:

- **Philip Mind, Senior Regeneration Consultant, Local Government Association** referred to some work the LGA are doing on how to use resources/assets more effectively. JCP and Work Programme providers are part of that conversation.
- You often need a champion to help bring it all together.
- For some Local Authorities it will be a political decision not to bid for the Work Programme.
- There may be specialist providers either geographically or locally based who may not be providing services end to end.
- Co location may be the start of the dialogue.
- Welfare to work does not necessarily help the local economy. Those who are unemployed would sometimes be better off spending time training and on developing their skills.

Jackie Moody McNamara, Regional director, East of England, Remploy

Jackie shared her experience of Remploy's Jobsmobile (for further information about the Jobsmobile please see www.remploymobile.co.uk- press releases).

Jackie made the following points during her presentation:

- For Remploy winning the contract to deliver the Flexible new Deal in Derbyshire and Yorkshire areas through using a Jobsmobile was an important strategic contract.
- An initial analysis of the costs of delivery in rural areas indicates that it is between 25- 30% more expensive per customer to deliver in a rural area.
- The sustainability of rural candidates into work is higher and they are likely to remain in work for longer.
- There is a risk that higher costs may inhibit innovation.
- One key benefit of the bus is the flexibility in that if you have a low flow of clients you can go elsewhere.
- Remploy are developing virtual services with a view to increasing self-help for unemployed people and also doing some modelling around social enterprise.

The following points were made in response to the presentation:

- The value of Wheels to Work type schemes were quoted several times and worries about their continued financial viability.
- Some experience that there is stronger competition for each job within local rural economies.
- Rural employment being taken up through a lot of informal word of mouth and recommendation – and away from more formal (e.g. Work Programme) state interventions also noted by some.
- The introduction of and transition to the new Work Programme is likely to cause significant challenges for some employment service providers, particularly smaller, specialist, rural providers. Likely to be a gap in the contract of a few months.

Tess Lanning, Researcher, IPPR

Tess's presentation described the scope and findings of the IPPR's recently completed research project 'Now it's Personal? The new landscape of Welfare to Work'. (For further information see full copy of the report which was loaded onto the memory stick each attendee had in their packs).

The key points Tess raised during her presentation were:

- The need for a localised and decentralised system.
- Limitations of welfare to work, particularly the focus on the supply side and entry level jobs.
- Employer focused service. Black box approach.
- Contracting out leads to loss of innovation.

Findings from IPPRs Research:

- Sector focused training
- Replace and retrain scheme

- Co-financing with employers
- Untapped markets – better outcome more and better jobs.
- Job rotation scheme 1990s recession more expensive.
- Need a greater alignment between welfare and local enterprise.

Dave Stewart, Director, Highland Employers Coalition

Dave Stewart described the focus of work for the Highland Employer's Coalition. (For further details please see www.employercoalitions.co.uk)

He made the following points during his presentation:

- There are 10 employers' coalitions in the UK. The Highland Employers Coalition is the only rural one.
- They work with employers to identify gaps in the employment and employability service and focus on the demand side of the employability framework.
- Employers don't have to take anyone on from unemployment
- Businesses are risk averse.
- With the changes being introduced through the Work Programme those with employability issues may be further marginalised.
- The work programme is so supply side designed.
- Hospitality sector is such a huge industry in the Highlands. The concern with the retail sector is that they are offering zero hours contracts and how viable are such contracts for employees in the long term ?
- In March next year so many organisations will no longer be here. Some specialist providers will not be here
- Dave provided a good case example in Scotland on identifying the potential of homeworking/call centres as an approach to rural employment solutions and then realising the potential very effectively in one areas (working with the company Vertex). Is there a case for a more strategic approach to the value of homeworking/call centres to the Work Programme in rural areas?

In summary

Kirsty McHugh summed up the key points from each session and identified a list of seven agreed areas for further action.

These were:

- **Rural differential** The group would like DWP to recognise the rural challenges of sparsity and cost as some form of rural differential in the payments made to providers who are awarded contracts to deliver the Government's Work programme.
- **Standard form for expression of interest across providers.** The use of standard forms by providers invited onto DWP's framework for employment related support services would save valuable staff resources, particularly amongst the smaller more rural providers.

- **Merlin standard** DWP to acknowledge that the Merlin standard requires Prime providers to invest in capacity building amongst both sub and specialist contractors to meet the standard.
- **DWP IT security requirements** .The costs associated with DWP's IT security requirements acts as a barrier to entry into this market for small providers. The group would like DWP to address this.
- **Public sector procurement and assets**. Better use and coordination across both the public sector and employment support providers to achieve wider reach and economies of scale.
- **Seasonal employment and the Work Programme**. A large proportion of employment in rural areas is seasonal. The structure and requirements for both providers and job seekers of the Work Programme must be flexible enough to accommodate this.
- **Employer engagement**. All roundtable attendee agreed that there is a lack of employer engagement in the design and rollout of the Work Programme. This needs to be remedied through better involvement with businesses and organisations which represent business.

Roundtable participants felt that networking and practice sharing on these rural matters from the meeting had been valuable and that they would be supportive of this continuing in some way. In particular perhaps through a link to whatever formal evaluation process of the Work Programme is to be put in place and including a meeting in maybe 6/9/12 months on how it is going and is it delivering as intended by Government to rural clients as much as others.

If you have any further questions or additional material you would like to share with other participants please contact Anita Gambie, Senior Policy Advisor, Commission for Rural Communities on 01242 534048 or anita.gambie@ruralcommunities.gov.uk