



Natural Economy Northwest Investment Forum

Tackling Worklessness

Briefing note

Author
Andrew Darron
Date
09/01/09

1 The Background

With support from the *Environment Agency* and *Natural Economy Northwest (NENW)*, the *NENW Investment Forum* has been challenged with investigating the potential of establishing a regional employment initiative that will seek to use the region's *Natural Environment Offer* to help contribute to the challenge of tackling worklessness within the North West.

Groundwork NW has been tasked by the NENW Investment Forum to lead on this process, and this paper seeks to serve as an initial discussion point upon which to build.

1.1 The regional worklessness problem

The regional targets relating to worklessness are ambitious. The RES sets a goal of increasing the workforce by 83,000 by 2009. This is part of the drive to lift the employment rate towards the Government's target of 80% by the year 2020. The Department of Work and Pensions (DWP) Report "Moving towards full employment in the North West" (DWP, 2007) states that if the region were to achieve an employment rate of 80% it would involve an additional 320,000 people moving into work. Many of these would be from disadvantaged groups. That is to say they are people that are often characterised as being 'not work ready'. The task is daunting - the region has 9% of its working age population on Incapacity Benefit (IB). This is the highest percentage of any region and it undoubtedly provides the stimulus for a string of actions aimed at dealing with the problem.

At the end of 2007 the pool of economically inactive persons in the region stood at 585,000. This was made up of 372,000 IB claimants and 213,000 unemployed. Realising the regional target of an 80% employment rate would mean reducing this population of the economically inactive by as much as 54%.

This is no mean task given that a recent report of the Commons Public Accounts Committee has observed that job entry rates from existing New Deal programmes are levelling off or declining, reflecting the need to tackle worklessness amongst some of the groups of benefit claimants that are hardest to help. The size of the problem is further amplified by the fact that the regional employment rate has been shown to be remarkably obdurate to change. In 2000 the rate stood at 72.3%. Eight years on the rate is barely changed at 72.5%. Admittedly, the rate has fluctuated over the intervening period reaching 74.4% in 2004 but the inevitable conclusion has to be that the region's aspirations for reaching an 80% employment rate is highly unlikely unless radical steps are taken.

The regional target for labour productivity is very laudable. Few would disagree that helping the economically inactive back to work would provide many associated social benefits that would do much to increase the quality of life of many of the region's disadvantaged residents. However, reducing the region's population of workless people has the effect of feeding numbers into the supply side of the labour market. The question that does not appear to be often coupled to the discussion is the matter of whether the demand side of the market would respond.

Regional statistics for job vacancies are not readily available and those that are suffer from a change in the basis of counting that has led to a discontinuity in these data. However the figures that are available indicate that total regional vacancies at job centres between 2003 and early 2008 ranged from 15,000 to 24,000. While this is a net amount – that is it does not indicate movements in and out, it is again another remarkably static figure that does not seem to indicate a demand side to the labour market with the capacity to absorb the required inflow from the worklessness side of the equation.

The proposed increase in regional labour supply by targeting incapacity benefit claimants will mean that people who have not had an occupation, in some cases for many years, will need to be supported through to full time employment. For these people, walking into highly skilled activity provided by the market is likely to remain a dream. The provision of transitional employment will therefore be a critical component of any successful regional programme.

1.2 Regional GVA

Closely linked to the worklessness issue is the regional requirement to build GVA (Gross Value Added) so as to meet the Government targets for closing the gap between the North and South of England.

Following the Sub National Review, the region is moving to a target based on GVA per person. The calculation is based on the gross regional GVA divided by the total regional population. This simple arithmetic ratio should mean that every person moved from worklessness into a job automatically improves the regional target.

However, anecdotal evidence seems to indicate that the NWDA appears to be concerned about the 'right kind' of job. This is to an extent understandable given that low skills equates to low income and that employment in this part of the spectrum does not therefore add significantly to the numerator part of the above equation. An analysis of the productivity of various sectors of the regional economy confirms that high performance in terms of GVA/employee is synonymous with high technology and high skills. While such skills will remain critical to improving the target of GVA/head of population it is also the case that focussing only on high-skill, high added value employment will not deal with the sheer number of potential entrants with poor skills and education. It is just not realistic to

think that significant inroads into the worklessness problem can be achieved without creating a significant number of lower skilled jobs.

1.3 The role of the environment

The unique value that the environment has to offer in dealing with worklessness is increasingly understood through the work of environmental psychologists and evolutionary biologists who have, for example, been able to study the improved recovery rates of hospital patients and the way in which stress is reduced and performance enhanced when people are exposed to natural environments. Humans, it seems are 'hard-wired' to respond positively to green infrastructure.

Through success in delivering earlier environmental projects under New Deal and the Environmental Task Force, many organisations have confirmed that people respond to working on environmental projects in an almost visceral way. This explains the high rates of volunteering enjoyed by regional environmental delivery bodies, as well as the success of Intermediate Labour Market (ILM) programmes based in the environment and the achievements of re-engagement programmes aimed at disaffected and truanting school children – officially described as Not in Education, Employment or Training (NEETS).

We have an evidence base that shows that projects with an environmental focus are successful reaching out to people. GI can, for example, provide the stage and backdrop upon which and against which transitional employment programmes can be developed. Environmental work is a ready attractor for participants and successful programmes can have further economic spin-offs in the form of the creation of social enterprises and by stimulating an enterprise culture in under-represented groups.

The recent regional studies relating to green infrastructure amply demonstrate that it is a large resource. It has long been recognised that it is an asset that does need some degree of stewardship and care if it is to deliver all of the many social, economic and environmental benefits of which it is capable.

A growing concern for sustainable development and climate change will undoubtedly increase the focus on the need to effectively maintain our regional GI to prevent flooding, ameliorate the increasing temperatures of urban centres and so on. All this means that the environment could play a major role in delivering an increase in the region's employment rate because it has the capacity to absorb a significant number of jobs.

1.4 Resolving the problems – identifying solutions

Sections 1.1 and 1.2 identified a number of related problems and tensions that act as serious impediments to the realisation of the region's aspirations for tackling worklessness. These are:

- The region's target for increasing the employment rate is not being achieved

- If it were to improve it is not clear whether there would be jobs available in the demand side of the labour market.
- The cohort targeted is likely to be one of the most difficult to deal with given their employment and incapacity problems.
- There is the likely possibility of a focus on high skills employment but this will not deliver an 80% employment rate and it would disenfranchise many of the regions most disadvantaged citizens.

Section 1.3 demonstrates that the region's green infrastructure could play a significant part in solving these problems and resolving the tensions through all or some of the following options:

- The development of transitional employment schemes that steer those on incapacity benefit towards full time employment
- The provision of jobs centred on creation and maintenance of green infrastructure.
- Providing supported employment to groups with special needs.
- Developing the skills of environmental professionals
- Working with NEETS groups.

1.5 The role of the Natural Economy Northwest Investment Forum

In simple terms, the organisations that form the NENW Investment Forum can broadly be viewed as having two key functions – the management and protection of Natural Environment assets, and the use of those assets to deliver maximum public benefit. The membership can be split further into those that manage assets and those that use the environment to engage individuals and communities in positive action. Although clearly simplified, and with partners undertaking an element of both functions, this is a useful way of viewing the partnership when considering the 'worklessness' agenda.

The obvious place to start is with the process of managing the assets. A large amount of the Natural Environment within the region is actively managed, with significant resources expended in the management of assets such as the Forestry Commission Estate, the waterways within the region, the National Trust Estate, SSIs and other designated sites, and other forms of green infrastructure including land belonging to Social Landlords, Utility Companies and Local Authorities.

This process of 'asset management' provides the key building blocks required by a skills and employment programme – genuine work that needs to be done (the current management programme), and the resources required to undertake this work (the current management spend).

However, in the context of using these assets to provide worklessness support, perhaps the most important consideration is the fact that all of the Natural Environment asset holders have considerable social objectives as part of their overall corporate values, and as such are committed to maximising the public benefit that can be derived from their assets. The success therefore in whether a *Natural Environment* focused worklessness programme can be created relies on a need to tap into these broader social

objectives, in-order to exploit ways in which their operational practices can be influenced so as to contribute to the Region's worklessness strategy.

Finally, the NENW Investment Forum also consists of several partners that are experienced at developing and delivering skills and employment programmes, using the natural environment to engage some of those people furthest from the labour market.

2 The proposal

The following section attempts to present an outline framework for the operation of a worklessness programme built on the need to manage the region's Natural Environment Assets, and the ability of the Natural Environment to act as a vehicle to engage 'hard to reach' people.

2.1 Asset Holders

For the purpose of this paper, *asset holders* are defined as those organisations that own and/or are responsible for the management of Natural Environment and/or Green Infrastructure assets. These include the NENW Investment Forum partners, but also partners currently outside this group including social landlords, local authorities, utility companies and other private landowners.

The way in which the asset holders manage their natural environment assets is varied, ranging from low value, small scale, difficult to fund, volunteer led activity at one end of the scale, through to large scale, higher value, commercially delivered, often outsourced activity at the other. However, it is precisely this diversity that is so valuable in a worklessness context, providing different options for different people who are experiencing different challenges or employment barriers.

There is already a considerable wealth of projects that utilise the management of Natural Environment Assets to deliver worklessness support. However, most of the activity is small scale and localised, with little match up between the potential demand for asset management support and the provision of competent, high quality employment focused support services.

In-order to improve on this situation, and therefore raise the scale of the contribution the Natural Environment is making, there are several 'Asset Management' challenges:

- How can asset holders ensure a steady, reliable, consistent service from worklessness support programmes?
- How can asset managers gain access to a broader range of geographic coverage from projects? *i.e. we like the supported employment project at Dutton Park, but can we expand it to cover 6 other properties across the region.*
- How can we do this effectively/cost effectively without straying from core-business? *i.e. we are running a soft end-use land restoration programme with 10 sites across the region. We want to exploit the employment potential of the scheme. However, the project must be*

delivered on time and to budget, and we can't afford to invest resources in developing localised employment initiatives from scratch.

- How can we secure support for a fixed period of time? *i.e. we need help now, but cannot be responsible for sustaining employment projects long term.*
- How can we invest in this kind of activity without compromising existing Asset Management budgets?

2.2 Service Providers

For the purposes of this paper, *service providers* are defined as those organisations that are capable of developing and delivering projects that utilise the Natural Environment, and specifically its management, in-order to engage and support workless individuals, and in particular those furthest from the labour market.

The term *'furthest from the labour market'* is used to define specific individuals that for a variety of reasons – social circumstances, training and skills, health conditions etc – are unlikely to be quickly helped back into the labour market through the support of the existing mainstream interventions. They are people that face numerous complex barriers to work, that are unlikely to be overcome simply through the provision of a job. Issues including a lack of permanent accommodation, a lack of basic numeracy, literacy and personal management skills (time-keeping, self confidence, self esteem, sense of control, long-term health problems etc). It is these people that the existing mainstream employment provision is currently failing.

Examples of interventions that are targeted at this element of the workless population, and that are currently offered by members of the NENW Investment Forum include:

- Re-engaging prisoners and ex-offenders;
- Providing supported learning and skills development opportunities for people, with long term learning and mental health conditions;
- Providing diversionary activities for young people at risk of exclusion or not in full time education, employment or training (NEET);
- Support for economic migrants, refugees and asylum seekers, and;
- Helping people with long-term health issues take the first steps back to work.

At present these interventions tend to be geographic in nature, and confined to a particular location and associated asset. They are typically small in nature, and usually built around the specific needs of beneficiaries, partner organisations and local circumstances. As such they can be hugely innovative. They are normally funded through a cocktail of short-term income streams, which means they are very vulnerable to funding changes. As a result they can be subject to certain quality or control issues that often dog such unstable activities. Furthermore, the nature of the disparate delivery system undertaking this kind of work can make it difficult to undertake meaningful evaluation and replicate successful interventions.

The key challenges that Service Providers face include;

- How do we find *real work* that needs doing? The genuine nature of the task is key to motivating perspective clients.
- How do we secure the volume of work and the length of contracts that are required in-order to allow projects to retain skilled staff, invest in quality systems and procedures, and ensure the necessary support infrastructure is in place?
- How to sustain successful activity and rollout pilots to other areas?

2.3 Matching Supply and Demand

Clearly, the answers to the challenges faced by the Asset Managers can be provided by the Service Providers and *vica versa*. For example, the development of a worklessness initiative should be the responsibility of a Service Provider and not the Asset Manager. This clarity of roles should help ensure that Asset Managers do not get diverted away from their core business in-order to develop spin off services. Put another way, the social benefits delivered by an asset must be in addition to its core function, and not instead of it.

However, in-order to be able to undertake this role, Service Providers will need to be confident in the nature and value of work that will be available to support the delivery of secondary added value services – in this case worklessness projects. Similarly, through the provision and aggregation of several asset management service contracts, Service Providers will be able to more easily respond to coverage issues.

A positive relationship between Asset Managers and Service providers is therefore clearly critical, and the NENW Investment Forum provides a unique forum through which to bring together a critical number of key Asset Managers and Service Providers in-order to develop this *supply and demand* match.

2.4 The Business model

In-order to make all of this work there needs to be a way of facilitating the Asset Manager/Service Provider relationships i.e. connecting the supply with demand in a more systematic way.

It is therefore proposed that a regional project be created that will act as a broker, connecting Asset Managers with Worklessness Service Providers. However, rather than simply acting like a dating agency, the project will operate more proactively, seeking to negotiate asset management contracts directly with Asset Managers and then commissioning their delivery through a series of delivery contracts with Service Providers.

The project will work with key Asset Holders in-order to scope an annual/3 year Asset Management Programme across the region. This programme will be analysed, and then packaged up into to a series of contracts that will be let through a Framework Agreement(s). The Framework process will be used to connect individual Service Providers together so as to build a delivery partnership that is capable of meeting the needs of the Asset Managers in terms of both the type of work and the location, whilst targeting

specific worklessness demographics and local level geographic priority areas.

The model relies on securing a small percentage of the work currently commissioned by the Asset Holders. It is not proposing to be a Natural Environment Asset Management organisation that competes within the current market, but more it is looking to acquire a modest percentage of the market in order to deepen the social value that is currently acquired through the management of the Natural Environment.

2.5 Joint Venture/Community Interest Company

In-order to undertake this facilitation it is proposed that a joint venture is formed, perhaps in the form of a Community Interest Company (CIC), to provide a vehicle through which the NENW Investment Forum partners can formally come together to deliver the project proposed in 2.4.

The CIC would be owned and governed by all interested members of the broader NENW Investment Forum, including both Asset Holders and Service Providers.

The primary rationale behind using a CIC is the need to provide a stable platform around which the *Natural Environment - Worklessness* partnership could be formed, providing a mechanism through which to build trust and share the risk. The CIC would help to achieve this by providing a model through which investments could be pooled, and by which any asset value generated would be locked to the objects of the company (in this case using the natural environment to tackle worklessness). Any profits that are generated would also be locked to the CIC and its objects.

If successful, the CIC could become a social enterprise, expanding its work beyond the NENW Investment Forum, with the objective of 'using the natural environment as a vehicle to help tackle worklessness.' Its offer would focus on the provision of worklessness projects to those wishing to add social value to the way in which they deliver asset management services. The service would be particularly relevant to Local Authorities, RSLs and other public bodies that are trying to maximise the social value from the delivery of these services, as well as private companies intending to bid for public service contracts.

2.6 The Regional Scale

At present many of the NENW Investment Forum partners have some form of connection with worklessness projects, some of which are significant in scale. However, none of the partners would be characterised as *worklessness* organisations in their own right. i.e. the core business or mission of partners concerns asset preservation, environmental protection, nature conservation, conservation volunteering, community development, environmental engagement etc.

However, at the heart of this proposal is a commitment to use this core business, in-order to support the region's worklessness problems, through

recognition that the natural environment can and should support this agenda.

Unfortunately, the fact that the NENW Investment Forum members are not considered *worklessness* organisations means that we are often viewed as fringe players to the main issue, with the contribution that we can make generally not considered at strategic planning levels.

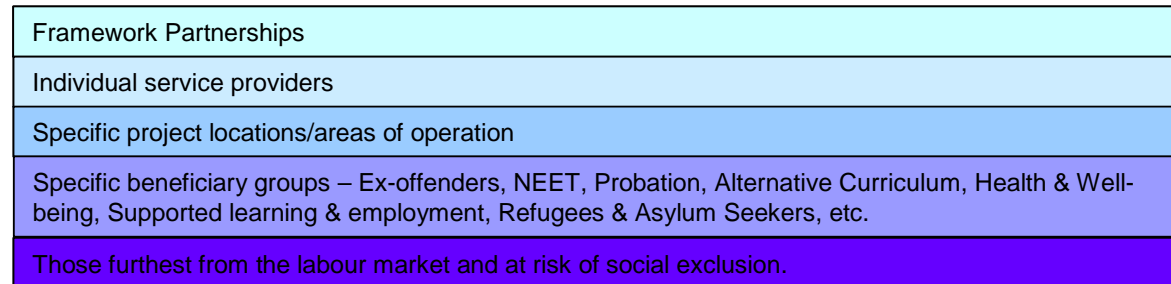
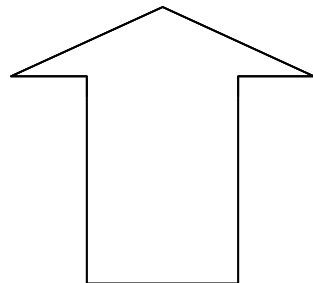
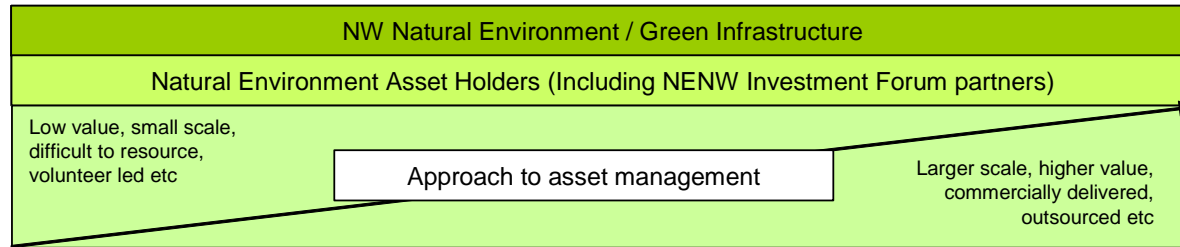
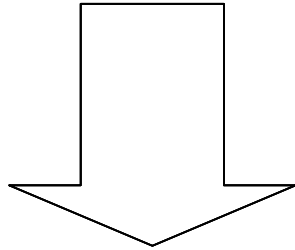
However, by structuring ourselves through a specific worklessness delivery vehicle, underpinned by our asset management procurement strategies, we can present a very significant resource, both financially and geographically, enabling us to engage at a more strategic level.

This will be particularly pertinent in trying to negotiate a position with DWP, JCP and the emerging successors to the LSC.

3 Next steps

- Specific discussions with asset managers in-order to explore this concept further, and to agree in principle whether they are willing to participate. Also to explore potential budgets to help build the business model;
- Specific discussions with service providers – conceptual and exploratory ideas of projects and costs;
- Discussions with DWP/JCP/LSP/NWDA with regards potential of pump-priming of central costs. Also, clarification with regards the importance placed on interventions that move people towards the labour market;
- Further work confirming the evidence base with regards the link between the environment and tackling worklessness;
- Further investigate CIC model, and legal issues around ownership/membership/asset locks/organisational structure;
- Investigate capacity building support that may be available to help establish the CIC;

ASSET HOLDERS



SERVICE PROVIDERS

Figure 1 - Regional Natural Environment Worklessness Model