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Liverpool City Region Multi Area Agreement



Employment & Skills Platform

 **WIRRAL**

Sefton Council 

**The Mersey
Partnership**
DEVELOPING THE ECONOMY
OF THE LIVERPOOL CITY REGION


HALTON
BOROUGH COUNCIL


St. Helens
Council


Knowsley Council


The City of Liverpool

EMPLOYMENT & SKILLS CONTENTS

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1. SUMMARY

- 1.1 Introduction** This document sets out the context for a new partnership between the Liverpool City Region partners, Northwest Development Agency and Government and its agencies to deliver skills for employability and growth: a Multi Area Agreement - a long term joint commitment to working together to achieve more.
- 1.2 Our Vision for Employment and Skills** The Liverpool City Region vision is that by 2025, Liverpool will be a premier European city region. Supporting this vision are two mutually reinforcing goals of:
- Ensuring the supply of appropriately skilled labour to meet current and future employer demand, and increasing productivity. Both of these mean higher level skills and qualifications; and
 - Bringing a greater number of people into the labour market as the pre-requisite to securing economically sustainable communities and eliminating the severe deprivation which is a major constraint on the prospects of a better future for many thousands of people in the city region.
- 1.3 Significant Challenges Remain** The Story of Place describes an impressive recent renaissance that has seen the Liverpool City Region (LCR) become a significant driver of economic growth within the North West economy. However, despite this recent economic growth, substantial European investment, Liverpool's status as this year's European Capital of Culture and major physical developments such as the 'Liverpool One' project; it is clear that not all of the city region's population are benefiting from its economic progress. The cycle of worklessness, benefits, poor educational attainment and poor health remains a reality for many people. Over 240,000 people in the LCR are economically inactive and 24.5% of super output areas in the city region appear in the top 5 percent of the 2007 Index of Multiple Deprivation's most deprived areas.
- 1.4 Accelerating Change through a Multi Area Agreement** To achieve our long term vision for employment and skills, partners are clear that it is essential to improve the integration of employment and skills services within the city region, and to deploy resources more effectively in response to what individual residents and employers require. Adopting this new approach is vital if partners' are to address the scale of need and accelerate the pace of change.
- Currently there is considerable investment in employment and skills provision across the city region but this is fragmented and uncoordinated; valuable lessons are not always shared. Links between existing services are weak and residents and employers are faced with a complex range of options. As a result, individuals can fall or be lost between services and may not continue to progress towards work or retain employment.
- We want to create an integrated package of services based on a clear vision for employment and skills development that local partners, Government and its agencies all endorse. This would be the basis for coordinating mainstream and non-mainstream funding, and helping to accelerate performance, reduce worklessness and raise skill levels for our most disadvantaged groups and within our most deprived communities.
- Achieving this vision is at the core of the MAA and will require:
- Setting a strategic approach for the Liverpool City Region;
 - Appropriate resource allocation between policy priorities to lever the maximum

impact at the local area;

- Delivery of bespoke solutions at the right spatial level designed to meet the needs of individuals and employers;
- Working collectively to align and co-commission resources; and
- Changing the behaviour of key implementation agencies and solving some critical design issues.

1.5 New Governance Arrangements

The City Region Leaders have committed to developing a robust governance structure comprising a City Region Cabinet underpinned by six policy boards. This includes the establishment of an Employment and Skills Board by April 2009 to give employers a prominent role in local decision making. The Board will be the catalyst for change. It will set the strategic framework for public spending on adult employment and skills provision, ensuring that it matches employers' needs and will oversee the implementation of the proposals in this document.

1.6 Our Asks of Government

We are not asking Government for more funding; there is already considerable investment in employment and skills in the city region. What we want from Government and its agencies is an agreement to work with the LCR partners to implement a number of policy asks and associated enabling measures which, when in place, will mean that the city region achieves more rapid progress in meeting its vision for employment and skills.

We are asking for:

ASK 1

Government Departments and its agencies agree to work with LCR to develop and agree an Employment and Skills Strategy and Commissioning Plan, together with a set of actions, which facilitate all parties jointly implementing and performance managing the strategy and plan by June 2009.

ASK 2

DWP and LCR will work to agree a Flexible New Deal tailored to local needs by aligning core provision with non-mainstream resources provided by local partners. Agreement will be subject to further detailed discussion about finance and time scales and will take into account wherever possible:

- Using local resources to develop a universal offer of self-employment provision that includes an enhanced model of test trading;
- Providing additional support where required to all 18 year olds who were previously Not in Education, Employment or Training;
- Delivering a personalised information, advice and guidance service supported by the seamless transition for young adults from Connexions to the Adult Advancement and Careers Service;
- Integrating Skills Accounts with the package of support available;
- Integrating Halton with the five Merseyside local authority districts so that a single city region contract can be tendered for Flexible New Deal;
- Agreeing clearly defined and agreed roles and responsibilities of individual partners in the commissioning and performance management of the Flexible New Deal contract.

ASK 3

With a view to agreeing formal pilot status by end of March 2009, DWP will work with the LCR to refine their proposals for a 'Fit for Work' service pilot to deliver an early intervention service for people in work who are in danger of falling out of work because of a health condition or impairment. DWP and LCR will also work together to develop a jointly owned evaluation strategy for the pilot. The benefits of any pilot status conferred through the MAA will not include funding which will be distributed by DWP and the Department of Health through a fair and open competition, though LCR may submit a business case for funding along with other potential pilot areas as part of that process.

ASK 4

DIUS to support LCR partners to build on the award of a prototype bid for the Adult and Advancement Careers Service (AACS) by trialling other aspects of the new AACS framework.

ASK 5

Government and its agencies agree to the following enabling measures to support delivery of 'asks' 1 to 4:

- 5.1 DWP and DIUS agree in principle to a city region commissioning geography that integrates Halton with the five Merseyside local authority districts and will confirm, subject to feasibility, agreement to this by March 2009 (supporting ASK 1, ASK 2, ASK 3)
- 5.2 By March 2009 map key funding and commissioning cycles and agree where synergy between cycles can be achieved or existing arrangements improved (ASK 1)
- 5.3 DWP and CLG will involve LCR in a joint department project starting in January 2009, which will result in the identification and agreement of data that will be shared by March 2009, to inform the development of the Employment and Skills Strategy and Commissioning Plan, improve the targeting of activities and ultimately improve employment and skills outcomes. (ASK 1, ASK 2, ASK 3, ASK 4)
- 5.4 By March 2009 agree how the roll out of Skills Account trials and their further development can be tailored to support the LCR priorities (ASK 1, ASK 2)
- 5.5 By March 2010 DWP, DIUS and LCR partners will have aligned resources and interventions to best achieve the priorities and targets within the Employment and Skills Strategy and Commissioning Plan for the LCR (ASK 1)
- 5.6 DWP agrees that the relevant parts of the LCR Employment and Skills Strategy will form the Merseyside element of the ESF Regional Framework and as a result will direct ESF investment in the Merseyside area - enabling individual co-financing plans in Merseyside to be consistent with LCR's Employment and Skills Strategy and Commissioning Plan (ASK 1)
- 5.7 DIUS will provide support, advice and periodic reviews to the partnership to support the introduction and continued development of an Employment and Skills Board which, subject to sufficient evidence of its effectiveness and robustness, can assume powers to set the binding strategy for adult skills in the LCR through granting Section 4 status of the Further Education and Training Act by April 2010 (ASK 1)

The rationale for selecting these asks and the associated enabling measures are presented later in the document.

1.7 Delivering Change

The MAA is the first step in developing and implementing a range of transformational outcomes and enabling measures to achieve the city region's wider economic aspirations and improve the quality of life for residents. It is about improving the way in which partners work together, as well as the nature and priorities for action.

The focus of this document is on the immediate priorities of addressing employability and low skills that must be addressed in the short to medium term. Subject to approval of this agreement, the document will be reviewed on an annual basis to ensure its continued alignment with new national, regional or city region priorities. In addition, it is proposed to bring forward a further iteration, if required, when the wider MAA is submitted in April 2009. This will allow any outcomes linked to the city region proposals for the economy, housing and transport to be progressed.

By then local partners will also have more clarity about the Government's Machinery of Government reforms and specifically the structure, roles and responsibilities of the Young People's Learning Agency and Skills Funding Agency. There may be enabling measures linked to these proposals that would require further development and discussion with Government and its agencies.

The indicators and targets we must deliver within the first three years are suitably ambitious and stretching but are provisional in nature because they have developed prior to the completion of the wider MAA. For this reason they will be reviewed as part of the submission of the full MAA in April 2009.

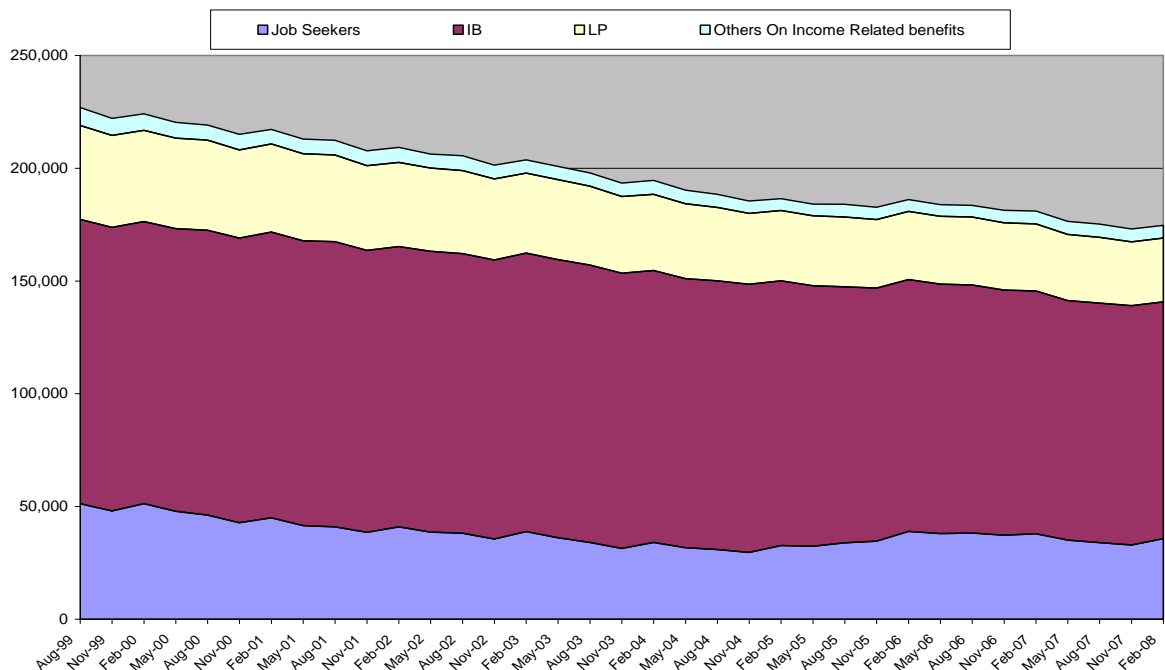
2. THE NEED FOR CHANGE

2.1 Economic Context

The LCR economy has an unacceptably low employment rate of 68.1%, persistently high levels of worklessness, concentrations of deprivation and low skills attainment. This low employment rate poses a significant cost for the North West region in terms of the loss of potential output and wealth creation. The costs to the national Exchequer of maintaining significant numbers of people on out of work benefits often for prolonged periods has a negative impact on the national and regional economy.

Figure 1 illustrates the take up of out of work benefits in the LCR ie Job Seekers Allowance (JSA), Incapacity Benefit (IB) and Income Support (IS). A total of 35,680 working-age people are JSA claimants; 105,070 are claiming IB and 33,930 people claim IS. This gives the LCR an out of work benefit total of 174,680 and a rate of 19.3%. This is over 4.5 percentage points above the North West average of 14.8% and 7.4 percentage points above the National rate of 11.9%.

Figure 1: LCR Workless Benefit Categories, August 1999-February 2008



More than one in three (37.0%) around 303,489 working age adults are without an NVQ2 qualification, compared to 33% in the North West and 31.9% in England. This is a considerable barrier to driving forward the LCR economy and our ambitions to boost productivity through a higher value added business base.

Within the LCR disadvantaged groups have not all benefited to the same extent from the recent growth in jobs:

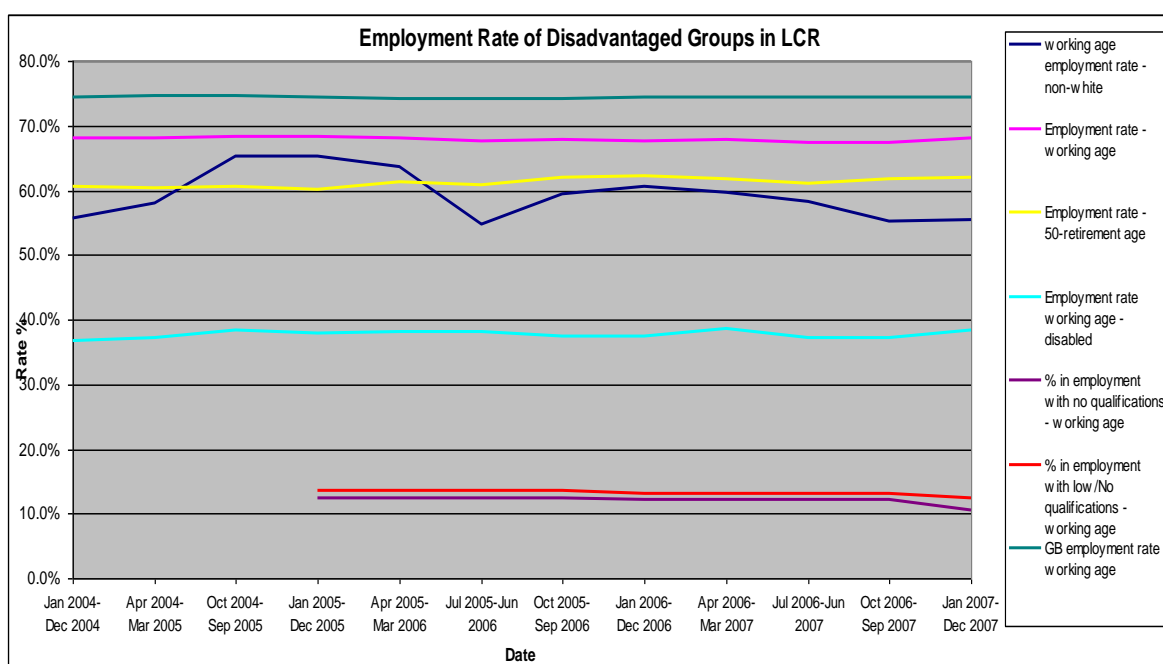
- Black and minority ethnic groups had closed the employment rate gap with the Merseyside average but this has recently opened up;
- The over 50s employment gap has narrowed but at 62.0% is still behind the North West (67.3%) and GB level (71.4%);
- The lone parent rate has been improving but is still below the GB level;

- Disabled people have been closing the gap but the rate has still not reached 40%.

The gap has also widened for people with low or no qualifications. The new jobs have been accessed by those with intermediate and high qualifications, leaving those with low qualifications at an increasing disadvantage. For example:

- Employment rates for 16-19 year olds are low; unemployment rates are higher and they are also the group at a higher risk of becoming unemployed during periods of economic or business downturn;
- The over-50s and those without qualifications are considerably over-represented amongst the workless (40% of all workless);
- The number of children in households claiming benefits is higher than in comparable areas. One in four children live in a household claiming a workless benefit - partly explained by lone parent households;
- Almost 50% of all workless claimants have been claiming a benefit for 5 years or more.

Figure 2: Employment Rate for Disadvantaged Groups in LCR



Worklessness is identified as one of the most serious aspects of market failure in the LCR, concentrated in several major areas of multiple deprivation and with wide variations between and within the six local authorities. The deeply entrenched nature of worklessness in many areas and persistent problems of low skills means that communities are increasingly disconnected from the economy. These factors have combined to diminish the aspirations of families and create areas where low income levels undermine the vitality of neighbourhoods and potentially constrain economic growth. Residents are less able to compete for jobs with higher skilled commuters travelling into the city region. In addition, transport to jobs is a key issue in some parts of the city region and limited travel horizons are a further barrier.

The high number of IB claimants among LCR working age residents is a key concern. The IB/Severe Disablement Allowance claimant rate of 11.7% in the LCR is 22.7% higher than the North West average (9.53%) and 73.6% higher than the England average (6.74%).

Among the LCR districts, Knowsley (13.6%) has the highest proportion of IB/SDA claimants, twice the England rate, and Sefton (9.6%) the lowest. Compared to the English core cities, LCR districts also have poor claimant rates; Knowsley and Liverpool have worse rates than all core cities.

Nationally, a third of new claimants currently cite mental health conditions as the primary cause of their incapacity compared with one fifth in the mid-1990s. Individuals with mental health problems are, however, known to have the highest “want to work” rate of any disabled group. More individuals across the LCR (42.5%) claim IB/SDA for mental or behavioural disorders than any other condition. This is in line with the North West average (42.3%) and slightly higher than the England average (41.1%).

With regard to young people, the LCR has been successful through its 14 – 19 partnerships in tackling young people not in education, employment or training (NEET) but it is now becoming more difficult to maintain the rate of progress seen in previous years. We still have far too many young people who are NEET at an average of 11.2% compared to an average of 9.5% across the North West. (Source: Adjusted 16-18 NEET CCIS Connexions version Quarter 4 2007). We have particular problems with drop out from learning at 17 and 18, this is having an impact on the number of 18 year olds registering for Job Seekers Allowance (JSA) and we know from experience that those with a history of being NEET are more likely to become long term unemployed in the future.

2.2 The Scale of the Challenge

The scale of the challenge facing the LCR is illustrated very clearly by considering the city region’s current performance against national Public Service Agreement (PSA) targets:

- To increase the proportion of residents with functional literacy and numeracy skills to 90% by 2020, it will be necessary for 164,301 more residents to gain a level 1 qualification. An increase of 25.5%.
- To achieve the aim of 79% of working age residents qualified to a Level 2 or above by 2010-11, a further 131,376 (16.03%) of LCR working age residents would need to obtain a Level 2 qualification or above. This equates to an increase on the present figure of 516,098 by 25.46%. (Source: Annual Population Survey 2006 – DIUS)
- To achieve the aim of 56% of working age residents qualified to a Level 3 or above by 2010-11, a further 114,717 (14%) of LCR working age residents would need to obtain a Level 3 qualification or above. This equates to an increase on the present figure of 344,252 by 33.3%. (Source: Annual Population Survey 2006 – DIUS)
- To achieve the aim of 34% of working age residents qualified to a Level 4 or above by 2010-11, a further 90,585 (11.05%) of LCR working age residents would need to obtain a Level 4 qualification or above. This equates to an increase on the present figure of 188,075 by 48.16%. (Source: Annual Population Survey 2006 – DIUS)
- To reach the Government’s 80% employment target, 108,780 additional people in the LCR would have to move into employment.

The above is compounded by the current economic climate. Latest indicators produced by the Chambers of Commerce show that the city region economy has slowed dramatically in the last quarter. The trend locally appears to be towards negative growth during the rest of 2008 and the start of 2009. Around 80% of manufacturing businesses and 70% of service businesses are now operating below capacity. Although employment levels have held up relatively well across the LCR, businesses expect to reduce staff during the rest of 2008. For those businesses that are still continuing to recruit they have

still found it difficult to recruit the right people – particularly where they are looking for skilled staff. More businesses have experienced a sales fall rather than a rise and this applies for both service and manufacturing sectors.

3. EXISTING PARTNERSHIP ACTIVITY

Local partners have started to develop and deliver integrated employment and skills services through existing partnership arrangements. Pilot activity linking local engagement activity, referral and employability services, through to in work support is being delivered under the City Employment Strategy banner. There are also other high profile examples of cooperative working across policy areas that are influencing the future strategy and direction of employment and skills activities within the city region.

3.1 City Employment Strategy

In 2006 the LCR became a City Employment Strategy Pathfinder area, one of fifteen national pilots. The City Employment Strategy (CES) has facilitated a good understanding and awareness of the challenge of worklessness and low skills across the six local authority districts and of key partners' respective policies, targets and programmes. Before CES there was little cross boundary local authority communication or activity on this agenda.

We have worked hard to establish an effective partnership bringing together the private, public, voluntary and community sectors. We are now focused on improving outcomes in those areas with the highest concentrations of worklessness and lowest skills levels. In taking this forward, the CES Board has agreed the following first principles to steer the work of the partnership:

- Getting people into jobs and keeping them in jobs;
- Meeting the needs of employers and ensuring people are job ready;
- Delivering a step change in performance;
- Addressing culture/stigma/perceptions of workless residents;
- Using resources smartly to secure outcomes;
- Prioritising interventions for the benefit of the city region not boroughs; and
- Focusing on those areas of greatest need.

Through the CES partners have already started to collaborate on the development of a Single Investment Framework to support the delivery of integrated employment and skills services. This has resulted in the alignment of discretionary funds to deliver the continuum model for employment and skills and target key client groups and geographic areas (see case study). However, this framework does not drive the delivery of mainstream provision.

Case Study 1 - City Employment Strategy Single Investment Framework

The six local authorities, LSC, DWP/ JCP and NWDA have worked together to join up circa £80 million pounds of investment for the period 2007/08 to 2010/11 to deliver agreed priorities. As a result of this collaboration partners were able to:

- Map existing provision including most mainstream delivery;
- Identify current funding levels and likely shortfalls in funding as a result of the end of Merseyside's Objective 1 programme in 2008;
- Identify gaps in mainstream provision, area coverage and issues of scale in

relation to tackling worklessness in neighbourhoods;

- Identify examples of good practice projects;
- At headline level agree a set of principles for the use of ESF co-financing and ESF complementary strand funds so as to avoid duplication and to maximise targeting of priority groups.

By aligning and in some cases pooling funds in this way we are supporting a 7,700 volume reduction in out of work benefit claimants over this 3 year period.

Through the CES a number of innovative pilot programmes that are tailored to the specific needs of individuals living in our most deprived areas have been developed. The following two case studies illustrate this.

Case Study 2 - Reach Out Plus

Wirral's DAF wards have a worklessness rate double the Wirral average. Delivered by a third sector organisation, Reach Out Plus was commissioned to increase the volume of priority customer groups within DAF wards entering employment and to provide in-work mentoring to support retention and progression within the workplace. The project has the capacity to cross refer to other employment and skills partners at any time throughout the employment and skills continuum to provide a truly customer focused employment and skills solution. The focus of the activity is all DAF priority groups with a particular emphasis on workless households and delivering on child poverty.

Six Employment Support Workers are based in community locations offering direct advice and guidance as well as signposting to other agencies when required. Through the Employment Support Worker the participant can apply to access a discretionary fund to overcome barriers to jobsearch and final barriers to employment. This fund can be accessed by all employment and skills providers delivering in Wirral's DAF wards on behalf of their participants. The Employment Support Workers also provide an In-work service to support job retention and progression in the workplace and they are currently exploring the possibility of an In-work emergency fund. The activity provides an out of hours facility seven days a week, with a rotation of on-call Employment Support Workers accessible by mobile phone. This is particularly beneficial to support the in-work element.

The funding for this activity was £150,000 from November 2007 to March 2008. This timescale included recruitment and training and the delivery of the activity commenced in January 2008.

The target for this activity was 81 DAF priority group residents into employment. Reach Out Plus achieved 121 job outcomes across all CES priority group with an 85% retention rate at 13 weeks.

Given the success of this programme activities have now been extended to March 2009 using Working Wirral funds.

Case Study 3 – Step Closer 2 Work

In Liverpool there are 37,000 people in receipt of IB. 24,000 have claimed for 5 years or more and have a substantial journey to make back to the world of work.

Step Closer 2 Work (SC2W) is a Jobcentre Plus sponsored project that receives its funding from the Working Neighbourhoods Fund. SC2W is tasked with developing innovative and imaginative ways of engaging with people in receipt of IB for 6 months or more and assisting them, on a voluntary basis, to move into training and work through

individually tailored support. This support continues once a client enters work. SC2W complements and adds value to the Jobcentre Plus mainstream Pathways to Work programme that targets new and repeat claim IB recipients.

SC2W became operational in autumn 2006, formulating a neighbourhood engagement strategy allied to a marketing and publicity campaign. Activity is concentrated within those local authority wards with the highest levels of deprivation and worklessness. These are primarily in the north of the city.

The project operates a whole family approach and thus can also identify and flexibly address barriers to work not directly related to the IB recipient. Operational delivery is formulated around four 'must do' activities of identification, engagement, closer working and results.

By September 2008, 417 IB recipients had been placed into work. Within the same period 307 had their vocational training needs identified and met and 366 had undertaken employment related learning and awareness activities. Of those placed in to work:

- 44% had been in receipt of IB from 6 months to 2 years
- 22% had been in receipt from 2 years to 4 years
- 23% had been in receipt from 4 years to 9 years
- 11% had been in receipt for 10 years plus

3.2 Developing a LCR Child Poverty Strategy

Despite there being a national target to eradicate child poverty, it was increasingly evident that little had happened at a local level to tackle child poverty in a co-ordinated strategic way across the LCR. With some of the highest rates of child poverty in the country, the CES Board seized the opportunity to be involved in the roll out of the Child Poverty toolkit - developed by the Centre for Economic and Social Inclusion (CESI) and Child Poverty Action Group (CPAG).

A series of child poverty sessions have been held across the six local authority areas. One of the ultimate objectives of these sessions was to bring together decision makers from across key policy areas such as Local Authority Economic Development, Children's Services, Jobcentre Plus, Sure Start Children's centres and Primary Care Trusts to develop a cross cutting strategic approach to addressing Child Poverty.

These child poverty sessions enabled partners to identify issues common to all boroughs that would benefit from a city region child poverty strategy such as: in work poverty, workforce development, childcare, benefit take up levels (particularly in work benefits such as tax credits). Making appropriate links to the Local Area Agreements has also occurred.

The CES Board has committed funding to build on the work undertaken so far and there are plans to introduce a common framework approach to tackling child poverty that will ensure that all the LCR authorities:

- Are signed up to a child poverty vision statement and child poverty reduction target;
- Delivering activity on the ground with a specific focus on families identified as living (or at risk of living) in poverty; and
- Agree a common approach to measuring and monitoring child poverty using the indicators developed as part of the child poverty toolkit.

3.3 Improving Accessibility

Improving accessibility for communities across the LCR is a shared priority for partners and underpins the Merseyside and Halton Local Transport Plans. Through joint working Merseytravel, local authorities and the CES partners have agreed a joint approach to improve residents access to employment opportunities.

WorkWise Merseyside targets residents living in the most deprived areas of the LCR. Working in partnership with Jobcentre Plus, Connexions, Neighbourhood Travel Teams (in all six local authority areas) and the Community and Voluntary Sector, the following package of measures that can be tailored to the particular needs of individuals, are being delivered:

- Scooter Commuter – A six month loan of a 50cc scooter for those where transport is not available for travel to employment, training or education;
- WorkWise Wheels – A six month cycle hire scheme;
- WorkWise TravelCard - For residents in targeted areas who have an offer of employment, education, training or an interview;
- WorkWise Information - A series of 'How to Get to' guides provide details of how to reach a particular employment site by all modes of transport in a clear format;
- Interactive Employment Map - Available online the map provides referral agencies and clients themselves with the ability to match potential employment or education to the availability of public transport;
- WorkWise Web-site - A bright, easy to use website contains all information on all WorkWise schemes for use by organisations and by potential clients.

Through the integration of WorkWise with Neighbourhood Travel Teams and local Employment Advisors a coordinated approach to advice and guidance is taking place. Clearly the ability to access and understand information is crucial in overcoming transport barriers and broadening travel horizons for excluded people. The Transport platform of the MAA will build on these successful examples.

A complementary range of initiatives is being pursued within Halton including:

- Links 2 Work discounted taxi scheme for new entrants to the labour market;
- Travel training and advice for young people and vulnerable adults wishing to enter employment / training; and
- Discounted ticketing in partnership with Merseyside Connexions for NEET clients.

3.4 Health is Wealth

The LCR Health is Wealth Commission met over a 12 month period and published its final report in September 2008. Commissioners were drawn from a diverse range of backgrounds creating a broad based body which took evidence from a range of witnesses to investigate health related and economic issues.

One of the themes looked at by the Commission was IB and the links between worklessness and poor health. The acuteness of the problem in the city region is what concerned the Commission with almost 12% of the working age population claiming IB/SDA, accounting for over a quarter of claimants in the North West and 5% of the England total. The majority of IB claimants are male and in the over 50 age bracket. Long term benefit dependency is also a key issue with over two-thirds of claimants being in receipt of benefits for over 5 years. The majority of claims, accounting for 45% are for

‘mental and behavioural disorders’ including stress-related illnesses and depression.

The Commissioners also considered the social and economic impacts of improved occupational and work based health that were reviewed in Dame Carol Black’s report ‘Working for a Healthier Tomorrow’. The report states that an average of 3% of the workforce are off work sick at any one time, and that the annual cost of sickness absence and worklessness to the national economy is £100 billion – greater than the current annual budget of the NHS. The Commission concluded that there was a need not only to give occupational health a much higher priority, but also for a cultural shift to promote the health benefits of work. One of its recommendations is to work with key stakeholders to develop a ‘Health at Work Charter’ for the city region that public sector and private sector employers would commit to, as one of the ways to address this.

The Commission’s work is timely and a number of its final recommendations are highly relevant to the implementation of the MAA:

- The development of a city region ‘Wellbeing at Work Charter’ – a statement about the way the LCR supports its workforce and its employers; setting out an underlying philosophy for the way in which the city region conducts business;
- The creation of a shared Occupational Health Service scheme – as a social enterprise, funded through membership and possibly subsidised through public monies – that can be accessed on demand or as necessary by its members, particularly for those SMEs and social enterprises that may otherwise struggle to provide occupational health services;
- The establishment of a ‘Northwest Works Task Force’ to examine the causes of and contributors to IB claims and worklessness, to audit current schemes and projects across the region and identify areas of best practice, and to determine positive routes for change; and
- The adoption of a common ‘Procurement Concordat’, designed to stimulate, develop and adopt best practice – specifically in creating employment and training opportunities, supporting social enterprise and engaging those citizens who have been in receipt of long-term Incapacity Benefit.

4. BARRIERS TO EFFECTIVE PARTNERSHIP WORKING

There are a number of specific barriers, largely issues of process and organisational culture, that we are asking Government and its agencies to help us address. Some of these issues have been raised before with Government departments by individual local authorities as part of their Local Area Agreement (LAA) negotiating process or as part of the LCR City Employment Strategy enabling measures.

A number of specific enabling measures were identified by the CES at the outset of the initiative but so far none have been granted by DWP. The failure to allow specific, local enabling measures is a considerable disappointment and we believe this limits the activities that can be undertaken by the partnership.

- The LCR is a single labour market area that includes the five Merseyside districts of Liverpool, Knowsley, Sefton, St Helens and Wirral as well as Halton. But current commissioning arrangements for the delivery of employment programmes straddle two Jobcentre Plus administrative districts (Merseyside and Cheshire, Halton and Warrington). As a result Halton has a different ESF prime contractor to the rest of the LCR; consequently the provision on offer to individuals and employers is not consistent with the rest of the city region or as well aligned to the LCR continuum framework. We propose that a single geography is used for future tender arrangements so that Halton is included as part of the LCR. This change supports our proposals to move towards integrated arrangements for employment and skills delivery.
- The City Employment Strategy partners have mapped the funding streams and target regimes operating in our area and have found a complex web of funds, targets, and institutional arrangements. Progress has been made to improve integration across the employment and skills spectrum through the introduction of the Single Investment Framework. But we are convinced that there are real gains to be achieved by working more closely with Government and its agencies to streamline existing strategies, rationalise funding streams, improve provider performance and deliver efficiencies.
- Currently, DWP commissioned programmes tend towards getting an individual into employment rather than supporting them to develop skills for sustainable employment and career progression. Similarly, a priority for DIUS/LSC mainstream provision is focused on securing recognised qualifications for Skills for Life and at Level 2 rather than basic, job specific skills for employment. A substantial proportion of LCR client groups are in the first instance too far away from the labour market and will not access or achieve full qualifications. In some instances the best way of moving from inactivity to volunteering, training or employment is to provide alternative employability interventions which are often not accredited.
- An integrated offer to individuals and employers can only truly be achieved if it is embedded with the initial design framework and within the resulting contracts. Funding streams and performance frameworks drive provider behaviour and can distort the experience of individuals and the support they get. In addition providers have no clear incentive to work together; contracts are generally not set up to reward the progression of individuals by signposting forward to other provision or across different funding streams and/or providers. Nor is there any consistency of pricing, performance management and provider assessment mechanisms.

- A single integrated offer to individuals and employers will only be effective if it is doing the right thing for the right people in a targeted way that maximises the use of limited resources. Sharing data across partners can facilitate the targeting of activity that works as well as enable the evaluation of different interventions. For example, sharing data such as on/off flows would enable partners to analyse “churn” to develop interventions such as employment retention.
- Targeting at the right spatial level across the LCR is critical to making a real difference in the areas where support is most needed. It has the advantage of increasing the amount of resource per capita in target areas and potentially increasing the effectiveness of delivery. All LCR LAA’s have PI 153 (worklessness in the worst performing areas) and most have PI 116 (children in workless families) and P1 117 (NEET) within their basket of worklessness indicators. Tackling these concentrations of worklessness at the Lower Super Output Area (LSOA) can only be achieved by spearheading its delivery approach. Although Jobcentre Plus has small area information of this nature it is not shared with partners and hampers effective targeting.
- Prompt and more easily accessible local information and more qualitative data at non disclosure levels is an area that partners are interested in developing with DWP to support a targeted response to making a difference in our worst performing areas and for our most disadvantaged groups.

5. OUR PROPOSALS

5.1 Stimulating Employer Demand

To ensure a well co-ordinated partnership approach to employment and skills that matches employers' needs we will establish an Employment and Skills Board (ESB). This will be the principal vehicle to take forward actions proposed in this MAA. We are therefore asking for Government's support in the steps towards establishing an ESB that has delegated functions and responsibility.

The ESB will form part of the wider LCR governance arrangements and be integrated with the Leaders Cabinet and other Liverpool City Region Boards. This Board must be capable of articulating current and future employment and skills demand. Local employers are best equipped to articulate this demand so it follows that they will have a strong voice on the ESB.

Proposed roles and responsibilities for the ESB include to:

- Provide leadership on employment and skills to the city region;
- Approve and take decisions to secure the delivery of the LCR Employment and Skills Strategy;
- Set the employment and skills priorities for city region commissioning plans for both pre-19 and post-19 employment, skills development and learning;
- Oversee major capital investment related to the learning infrastructure;
- Co-commission DWP, DIUS, NWDA post-19 employment and skills provision and review performance;
- Review the performance of national and regional employment and skills contracts being delivered in the city region;
- Take decisions to pool and align funding streams (including DWP, European Social Fund, North West Development Agency, Working Neighbourhoods Fund) to support shared priorities;
- Work with the community and voluntary sector to design community owned solutions to tackling employment and skills disadvantage;
- Target innovative programmes in particular areas of need;
- Continuously ensure alignment with emerging policies and initiatives and review and approve changes to the Employment and Skills Strategy as necessary; and
- Manage relationships with regional and national agencies, including DWP, Jobcentre Plus, the new Skills Funding Agency, Young People's Learning Agency, National Apprenticeship Service, NWDA; and feed in good practice from other regions in the UK.

5.2 A Strategic Approach to Employment and Skills

We will develop a LCR Employment and Skills Strategy by June 2009 setting out our vision for how we integrate employment and skills services, as well as our priorities and targets. Building on the existing City Employment Strategy and NEET reduction work, it will be developed in co-operation with local partners and DWP, DIUS, DCSF, DH, Jobcentre Plus, the Learning and Skills Council, North West Development Agency and employers.

The Strategy will be consistent with and add value to the new Regional Strategy, sub regional and local economic assessments. It will set out a high level vision and the key employment and skills priorities that reflect LCR's distinctive geography. This approach will help deliver relevant PSA targets and close the employment and skills performance gaps both within the LCR and with the north west and nationally.

As part of this approach to align strategic objectives we are seeking to establish a common framework of shared targets for our integrated service, including clear incentives for providers in both the public (ie through Job Outcome Targets) and private sector (ie through appropriately structured payment arrangements) to support residents into sustained employment and jobs with training. This would require agreement with DWP and DIUS for new and/or additional performance targets and payment items in provider contracts in order to stimulate desirable behaviours within the provider base and, in particular, to secure integrated support to individuals.

Once the strategic priorities and outcomes have been developed and agreed by LCR partners, Government departments and its agencies through the endorsement of the LCR Employment and Skills Strategy, a joint prospectus and co-commissioning plan will be produced that complements the national core service offer adding local value and flexibility.

5.3 Integrating Employment and Skills Delivery

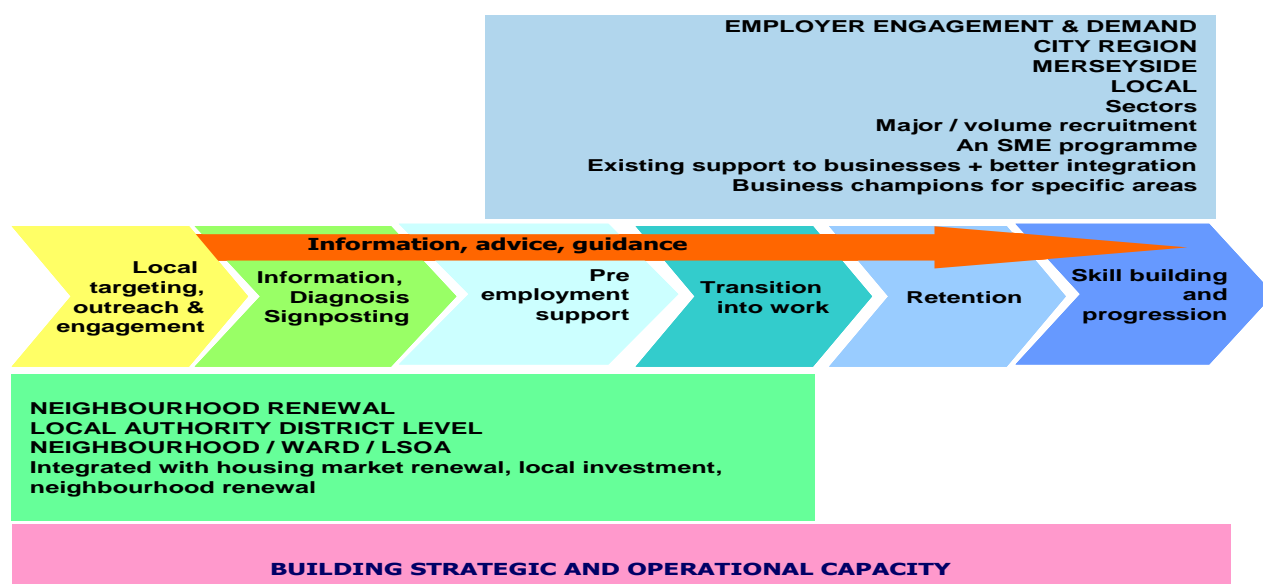
We will deliver the step change in performance required by creating an integrated package of services based on an employment and skills continuum. This continuum (see Figure 3) will be the model by which Government departments and their agencies come together with local authorities and others to align funding and deliver activities to help people get a job, keep a job and progress to higher level employment opportunities.

The key elements of this model are:

- A demand led approach which engages employers, with a particular emphasis on creating route-ways to employment for local people in LCR growth sectors e.g. retail/ leisure/ tourism and maritime;
- Delivery of effective packages of recruitment and training services which meet the needs of employers, maximises the take up of Apprenticeships and Train to Gain and provide progression across the full qualifications spectrum from Level 1 through to Level 2, Level 3 and Level 4;
- Ensuring a good quality information, advice and guidance service is integrated within each stage of the journey into work and is also widely accessible within the workplace;
- A routeway of personalised assistance to individuals from worklessness to employment, with subsequent support for job retention, up-skilling and progression;
- The integration of these measures with neighbourhood and housing renewal.

Figure 3: The LCR Employment and Skills Continuum

Source: Continuum Model CES Delivery Plan 31/5/2007



Our aim is to achieve better integration of services from the point of planning through to procurement and frontline delivery, through integrated objectives, targets and processes. Data and information needs to be shared and there should be a 'no wrong door' approach to delivery. The model will also maximise impact by stopping ineffective provision and scaling up provision which is successful.

Changing provider behaviour will also be critical to our success and we will work with Government departments and agencies to jointly agree a common catalogue of funding levers and output measures that encourages more collaboration and referral across delivery interventions.

5.4 Working with Employers

We want to stimulate the market so that employers are exercising the control they already have over significant amounts of funding for training, through increased take up of the Train to Gain service and also through Apprenticeships, making sure they get access to the skills needed for the workforce of the future.

Train to Gain plays a major role in helping to deliver the Government's skills strategy and ambitions. By 2010/11, more than £1bn of public funding will be routed through Train to Gain and the service will support more than 950,000 employees each year. Further flexibilities continue to be introduced into the service where the offer not only includes Basic Skills through to Level 4 qualifications but also now includes the provision of units or modules of qualifications specified as being important to SMEs, repeat Level 2 qualifications and additional funding for Level 3. The LCR will utilise these increased flexibilities through its delivery of the overall city region strategy and commissioning framework.

For young people, who are particularly vulnerable to job losses during an economic downturn, we are working with employers and providers around Apprenticeships and how we can support our young people to continue in learning if their employer has to let them go. We are establishing employer pools, where Apprentices may work and continue their learning through a range of different employers.

We are seeking to stimulate demand within the city region employer base to recruit workless residents, and the vulnerable groups that make up this cohort, through the Local Employment Partnerships. Employers' recruitment and skills challenges are tackled in a number of ways, including pre-recruitment training (using sector specific skills toolkits) and through the offer of further training once an individual is in employed via Train to Gain. Currently some 742 (Jobcentre Plus, October 2008) employers operating across the city region are signed up to the Local Employment Partnership and Jobs Pledge. However many of these employers operate nationally and a key constraint on Jobcentre Plus and other partners' ability to increase the number of locally based businesses signing up to this approach is the limited partnership resources that are focused on employer engagement. The introduction of new programme activity commissioned from the partnerships' joint investment programme (see Chapter 7) will help to redress this balance and assist partners to work more with employers.

Recent surveys indicate reluctance on the part of companies to recruit people with mental health needs. Anecdotal evidence indicates that this is largely a result of stereotypical myths and a lack of information about mental health conditions. Employers have also indicated that they appreciate ongoing advice, guidance and responsive support. Through the Local Employment Partnerships, opportunities to get people back into the work place through mentoring, on the job training and work trials, will benefit this customer group. In addition, part of our broader employer engagement proposals will aim to increase awareness of mental health at work through signposting to the Mindful Employer national initiative.

Currently, one of our biggest issues is that we have no clear picture of the employer journey when it comes to recruitment and the following on workforce development. We need to better understand the process and flow from the employer perspective from placing an advert through to identifying skills for recruitment, interview and selection process, job offer, appointment, induction and on going workforce development.

Only if we understand this journey as an employer can we design packages and stage our interventions to ensure that referrals to other services are made and acted upon by providers. For example, when people are placed in employment there is no clear process or data sharing in terms of referral and follow up by the Train to Gain Brokerage Service.

LCR are committed to developing an integrated employer journey and in doing so will work together to:

- Map the recruitment journey from the employer perspective;
- Identify the employer offer at each stage of the journey and the interface with the different agencies/ providers;
- Examine opportunities for sharing data (as part of our data sharing protocol) at each stage of the process;
- Examine ways in which providers can be rewarded with incentives to make and follow referrals from other providers/ provision (part of the co-commissioning proposals); and
- Examine ways in which the Train to Gain Brokerage Service can become more integrated within the journey for employers and individuals.

5.5 Co-Commissioning of Bespoke Services

The complexity and scale of the challenge in the LCR requires interventions that are carefully planned, tailored to meet needs, but also flexible. Success will depend on a more integrated approach to commissioning, and this in turn will depend on the removal of operational barriers such as the following:

- Agencies operate within different policy frameworks stemming from different Government departments and consequently proposals do not always sit neatly within local frameworks;
- Initiatives are often developed in isolation, introduced during different time periods and are managed by different agencies. Some agencies have a primary focus on employment or economic development or skills, while others focus on area based regeneration;
- A duplication of provision in some areas and gaps in provision in others;
- Contracting processes can act as a barrier to collaboration e.g. Jobcentre Plus and LSC are 'very likely' to be purchasing similar services from the same provider at the same time but different contract management systems, data collection and payment arrangements exist;
- When different providers are appointed to deliver very similar interventions the consequence is that different organisations are competing for the same customers and causing confusion;
- Funding often drives provider behaviour, and current contracting mechanisms do not encourage the flow of individuals between providers and through the customer journey; and
- Problems exist with tracking clients across providers.

LCR partners wish to establish a radically new relationship with DWP, DIUS, DCLG and their agencies to the commissioning and contracting of activity which will deliver a more integrated offer to individuals and employers. We believe that adding value to, and flexing up, mainstream programmes such as the New Deals (Flexible New Deal from 2010), Train to Gain, Apprenticeships and Adult Responsive Provision will accelerate routes into work for LCR residents. In return local partners will review where Area Based Grant, Working Neighbourhoods Fund, European Union and North West Development Agency funding can be used to provide complementary services.

Co-commissioning

Our approach to co-commissioning is predicated on Government departments and agencies working with LCR partners to develop and implement new models of service delivery that are over and above the common 'spine' operating across the country (see 'No one written off: reforming welfare to reward responsibility', DWP July 2008). We want to go further than Government departments simply consulting with local partners prior to commissioning their programmes in the LCR and instead move to arrangements whereby city regional approaches are agreed that supplement the spine of national provision with additional wraparound services to address specific local issues (see Chapter 6). In addition, LCR partners are seeking greater influence over future departmental commissioning processes to secure more effective delivery of city region priorities once these are agreed with Government and its agencies.

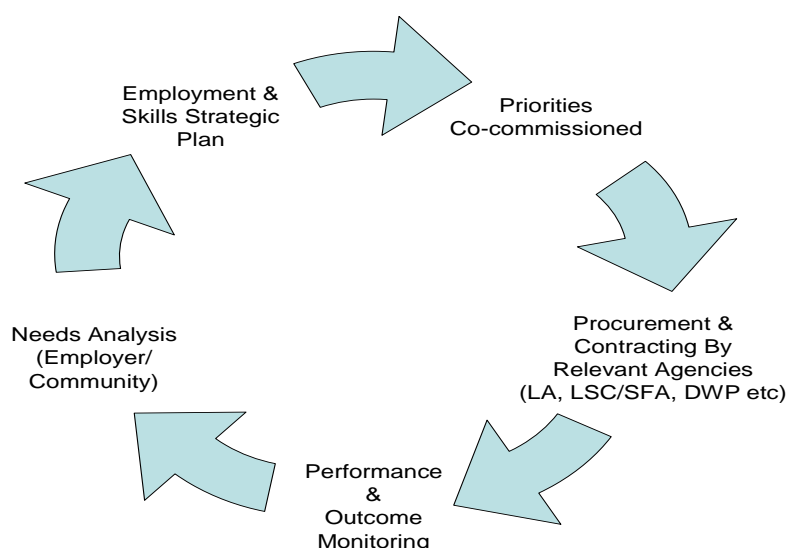
Partners see the LCR Employment and Skills Strategy as the overarching document to which all public sector investments and provision are aligned. This will serve as the framework for the future 'co-commissioning' of mainstream and non-mainstream

employment and skills activity in the city region. Although the full extent of the commissioning plan will evolve over time as the Employment and Skills Strategy is implemented, the following core requirements of co-commissioning should apply:

- All agencies and planning and funding bodies will take into account the content of the Employment and Skills Strategy when developing plans and distributing resources;
- A commissioning/joint investment plan involving DWP, LSC, NWDA and the local authorities will be the first step in setting out the priorities for action to achieve the Strategy;
- Through this joint investment plan we would expect all partners to agree roles and responsibilities (to minimise overlap and duplication), joint priorities, aligned targets, clear timetables and implementation plans;
- Partners will influence the procurement/competitive tendering processes for all new services; this includes input at the invitation to tender stage, bid evaluation and management of contract performance; and
- All commissioning decisions will be rooted in a firm commitment to allocate budgets wisely, target provision of the highest quality and provide value for money.

Over time we would want to look at how other organisations can be brought into this process, including the new arrangements for pre and post 19 learning from 2010/11, higher level skills and, building on the recommendations of the Health is Wealth Commission, by securing closer alignment with Primary Care Trust commissioning plans. It is important that this new approach includes European Social Fund (ESF) programme funding which has a major contribution to play in supporting some of the most disadvantaged people into work. Therefore we would expect this funding to be aligned to the aims and ambitions of the Employment and Skills Strategy and are asking Government for the Strategy to be recognised as the single ESF Co-Financing Plan for Merseyside from 2010.

To achieve our aims we are proposing to use the following business cycle model to *jointly* commission activity with Government, develop a step change in contracting practices and promote provider collaboration across delivery and funding streams.



The key components of the business cycle model and how it connects to the asks of Government are presented in the following table. The specific programme areas where we are seeking to deliver new co-commissioning arrangements are detailed in Chapter 6.

Commissioning Business Cycle	Processes/ Actions	Approach	ASK
Needs Analysis	<ul style="list-style-type: none"> • Input from ESB, employer groupings • Labour market intelligence • Input from LCR Economy Board on growth/regeneration prospects • Cross reference with Transport and Housing Boards • Customer feedback • Workshops with local partners including local authorities, voluntary and community sector, health, private sector training providers, colleges, front line staff • HEI input re knowledge based economy and higher value added pathways 	On-going process to identify priority sectors, growth opportunities and spatial priorities for investment	ASK 1 ASK 5
Employment and Skills Strategy	<ul style="list-style-type: none"> • Articulates LCR vision and aspirations for skills and employment based on long term needs • Includes LCR economic opportunities and challenges • Identifies spatial, customer and individual sector/employer needs • Influenced by and aligned with regional, sub-regional and local authority economic assessments • Influenced and aligned with Joint Strategic Needs Assessments • Articulates the skills framework for 14-19 Educational Plans • Provides a framework for major capital investment related to the learning infrastructure • Headlines employment and skills performance targets agreed within the MAA and the method by which impact will be monitored and measured across the LCR • Acts as the framework for the commissioning of all employment and skills interventions including mainstream, discretionary and higher level skills • Facilitates and drives forward the co-commissioning of activity across partners 	<p>The LCR Employment and Skills Strategy will be the overarching strategic document which all mainstream and non-mainstream investors will align their investment to</p> <p>It provides the framework for the commissioning of all employment and skills interventions including mainstream, non mainstream and higher level skills</p> <p>It shapes partners investment plans</p>	ASK 1 ASK 5
Co-commissioning services	<p>The Employment and Skills Strategy will inform a co-commissioning framework for joint investment planning. This will specify:</p> <ul style="list-style-type: none"> • Priority groups, spatial priorities, investment streams/amounts/ funding flows • Core activities (mainstream) and variations agreed to mainstream delivery e.g. early entry for certain groups (and how this is to be funded) • Alignment of non core activities (Area Based 	<p>Joint programme design agreed via:</p> <ul style="list-style-type: none"> • Partner design workshop • Specification sharing and comment facility • Joint outcome/output catalogue framework • Endorsement/ 	ASK 1 ASK 2 ASK 3 ASK 4 ASK 5

	<p>Grant/Working Neighbourhoods Fund, ESF, ERDF, Health Sector investment)</p> <ul style="list-style-type: none"> • Joint targets • Commissioning process and timetable to take account of partners business cycles • Processes to ensure the quality and responsiveness of services <p>As employers play an increasingly demand-led role, specifying their needs through the ESB, providers will be expected to adapt and flex their provision and delivery arrangements accordingly</p>	<p>sign off process</p> <p>We will look to join up processes over the life of contracts to underpin the integration of employment and skills</p> <p>Over time we will seek to converge our funding and the management of common providers</p>	
Procurement/contracting by relevant agencies	<p>LCR partners (via the ESB) will input throughout the individual agency procurement process from Invitation to Tender, evaluation and the letting of contracts.</p> <p>Contracting processes will be agreed and published. This will include a standardised assessment framework, criteria and complaints handling procedure.</p>	<p>Agree joint bid assessment arrangements, joint contract award panels</p>	<p>ASK 2 ASK 3 ASK 4</p>
Performance and outcome monitoring	<p>Provision of the following management information for DWP/LSC/ESF prime contractor contracts:</p> <ul style="list-style-type: none"> • By postcode (so this can be mapped to Super Output Areas) in line with the NI 153 target • By benefit type • By ethnic group (where available) • By gender • By parental marker (including lone parent) • By age • By duration of claim <p>This information should be available by contract and provider – including for the supply chain.</p> <p>Area Based Grant/ WNF/ ESF Complementary Strand to provide similar performance information.</p> <p>Common approach to quality monitoring and sharing information to be developed, review of STAR rating system and Framework for Excellence models.</p>	<p>Agree joint approach to contract management and performance monitoring</p> <p>Agree common approach to quality monitoring</p> <p>Common evaluation framework and customer/ employer satisfaction</p> <p>In the first instance this information will be provide for the following programmes:</p> <ul style="list-style-type: none"> • ESF Prime contractors • FND • Pathways to Work 	<p>ASK 2 ASK 5</p>

5.6 Improved Data Sharing

Our proposal is for LCR partners and DWP to develop an Employment Data Framework that will be the agreed mechanism to inform future employment and skills delivery across the city region. Where the data required (see below) cannot be gathered from current data sources such as Nomis or the DWP Tabulation Tool, DWP/JCP and LCR partners will seek through relevant Memorandum of Understandings (MoUs) either direct or indirect access to locally held data held on the Jobcentre Plus GIS information tool at lower level / small areas as outlined below. Furthermore DWP and LCR partners will explore and recommend ways for joint, direct or indirect access through data gateways to be agreed with regard to Jobcentre Plus GIS data sharing.

Data requests include (not yet exhaustive) small area data at below LSOA and postcode levels of:

- Children in families on working age benefits.
- Movement between benefits (eg IS to JSA)
- Increased on/off flow data
- Increased small area / lower level data of benefit cohorts by age, duration, ethnicity, gender.
- Provider performance (by individual provider) for each programme in each local authority area including lower level spatial performance and targets.

The data will be utilised to inform our LCR Employment and Skills Strategy and to better direct the interventions and activities of our delivery partners which will enable better targeting of resources to accelerate performance, meet targets and achieve value for money. The JCP / GIS data system holds the most recent information and analysis of this is critical to understanding the local landscape, the challenges and tracking progress. This information will be more fully utilised if it is available to a wider pool of LCR partners.

All data will be securely stored and only shared in line within the legislative and Memorandum of Understanding guidelines agreed with identified partners. Clarity of usage and sharing will additionally be agreed and adhered to across the wider LCR partnership as required.

6. INTEGRATING EMPLOYMENT AND SKILLS

Our ambition supports the aims of the Work Skills command paper to create integrated services that are more responsive to the needs of individuals and employers (Work Skills, DWP and DIUS, June 2008). Given the scale of the challenge in the LCR and the complexity of the employment and skills marketplace partners are clear that a number of delivery options must be pursued in tandem rather than one big idea being promoted. The following proposals reflect current opportunities, build on existing collaborations of the City Employment Strategy partners and will support the implementation of key recommendations from the Health is Wealth Commission. They reflect the components of the LCR employment and skills continuum (see section 5.4) and will support the partners aim to achieve better integration of services from the point of planning through to procurement and frontline delivery.

The rationale for and scope of these initial requests is presented in the remainder of this section.

6.1 Incapacity Benefit

With around 106,000 LCR residents claiming IB our objective is to facilitate a multi-disciplinary approach to delivery that will reduce the number of IB claimants. To ensure the greatest level of impact a long term approach that aligns mainstream and non-mainstream investment and links the appropriate delivery infrastructures is required. This includes providing a seamless transition for residents throughout the employment and skills continuum; from outreach and engagement activity to information, advice and guidance through to pre-employment and in-work support.

Research carried out in Knowsley by Fothergill (2008) identified formidable obstacles in the way of moving IB claimants into employment, including:

- The very long duration of many incapacity claims;
- The high proportion of claimants who have no formal qualifications;
- The predominantly low-skill manual experience of so many claimants;
- The prominence of ill health, as a cause of job loss and as a reason for not wanting a job, and the pessimism of so many claimants about their health prospects;
- The low proportion who say they would like a job; and
- The even lower proportion who are presently looking for work.

The research identified that just less than one quarter of Knowsley's IB claimants could be potential targets for future back-to-work interventions (i.e. those individuals who say that they would like a job or they might like a job further in the future). Such individuals tend to be younger (around 35-45 years of age), have not been on benefit the longest and report significant health problems. If the same proportions of IB claimants found to want a job now or in the future are applied to the LCR data it is estimated that around 25,500 claimants could be potential targets for future back to work interventions.

Through the Single Investment Framework partners have already commissioned non-mainstream interventions to tackle IB-related worklessness for existing, as opposed to new, IB claimants in targeted areas. However we recognise that this provision must build on existing best practice and add value to the mainstream Pathways to Work / Employment Support Allowance provision. We know that more individuals across the city

region (42.5%) claim IB/SDA for mental or behavioural disorders than any other condition. Therefore we must also align activity with the rollout of the Improving Access to Psychological Therapies programme across the Primary Care Trusts. This programme aims to improve access to psychological therapies for people with depression or anxiety disorders.

The following two examples illustrate how partners can work together to ensure an integrated approach is adopted.

Example 1: The **Step Closer 2 Work** programme targeting the IB stock is commissioned by Liverpool City Council and delivered by Jobcentre Plus advisors on detached duty. We would like to explore the option of extending this approach to other areas of the LCR and in doing so provide joined-up delivery arrangements for existing and new IB claimants. In addition, stronger links between health and employment programmes will be introduced during the life of this MAA to build on the recommendations of the Dame Carol Black report, linking up a range of employment, skills, health, mental health and housing services to offer a more tailored package of support for individuals. This will be achieved through a number of measures including the co-location of Jobcentre Plus staff and other advisors in deprived areas. It will also mean addressing operational barriers through the introduction of protocol and procedures such as the use of Jobcentre Plus data to target IB claimants and the promotion of joint advisor training in advance of bringing staff from Jobcentre Plus, employment organisation and/or health bodies together.

Example 2: The **Knowsley Works** IB pilot was one of the projects funded by the NWDA through the Northern Way investment programme. Ecotec's evaluation of the programme highlights its success in developing an effective approach to outreach and engagement. Key success factors were identified as:

- Concentrating on having a clear offer or 'carrot' with which to encourage attendance and engagement, whether in the sense of employers with vacancies attending, or the opportunity to take up attractive training offers – the latter including in Knowsley, for example, a trip to Paris as part of a catering training package where clients worked and trained in hotel kitchens;
- Extensive preparatory work in selecting effective outreach locations and mechanisms tailored to local conditions;
- Developing a targeted and localised approach to the deployment of resources, effectively 'flooding' an area for a particular period of time in an intensive manner rather than spreading resources more thinly over a wider area in more of a blanket approach; and
- Combining related engagement elements within an overall approach to increase its impact, with one example in Knowsley involving a targeted letter publicising an event sent by Jobcentre Plus to particular clients in an area, supported by leafleting and door-knocking in the build up to the event.

The Knowsley pilot opened resource centres and project 'shops' in the middle of neighbourhoods with high concentrations of IB claimants and ran regular 'surgeries' in specifically targeted super output areas. The approach was designed to ensure a permanent and ongoing presence and hence improve the project's visibility in the community. It was also supplemented through the employment of engagement officers drawn from the local population, and financial inclusion officers who could help assist with debt and other financial barriers and concerns facing claimants, all of whom are able to work on an outreach basis whether on the streets, door-knocking or in the Knowsley Works 'shops'. The use of innovative approaches to engagement helped the project to

engage large numbers of clients and by the end of the Northern Way funding period the project had engaged over 2,500 clients onto the programme.

Through the development of joined up relationships and delivery models with partner organisations, including the health sector, our aim is to deliver a more integrated and complete service tailored to the IB client group. Influencing the commissioning strategies of DWP, the LSC and PCT health related services (such as Improving Access to Psychological Therapies) will be essential. A combination of geographical targeting based on need and available resources and a clear engagement strategy with expectations expressed through service level agreements and contractual clauses will support this approach.

6.2 Fit for Work Service

Recognising the need to address the significant Incapacity Benefit challenge facing the city region and given existing good practice at the local level that can be built upon, we believe that the LCR has a strong case to be considered as a Fit for Work pilot area now and for negotiations to commence with DWP to take this forward. Securing formal DWP pilot status is important to the city region for a number of reasons, and because it:

- Provides a city region context to this issue;
- Enables LCR to be part of the learning set with other pilot projects;
- Supports the integration of activities into local communities.

The 'Health is Wealth' report clearly evidences broader linkages between health and economic/social deprivation. Within health disparities, it is essential to tackle economic inequalities linked to mental health. For example, 43% of IB/SDA recipients in the city region are claiming because they have a mental health condition. Within this analysis the highest proportions are found within the following ward boundaries: Dukes (55%), Arundel (53%) Birkenhead (52%) and Tuebrook (52%) (Source: DWP Information Directorate Working Age Client Group Data at Feb 2008 by 2003 Ward Boundaries).

Partners in Wirral have begun to address these issues and have established a Wirral Working for Health partnership that consists of NHS partners, Wirral Council, Jobcentre Plus, Trade Unions and organisations from the third sector. The remit is to combine bio-psychosocial rehabilitation services with employment and skills services to reduce worklessness rates across the borough. The initial cohort identified within the activity is to support those with mental health issues, ranging from mild to moderate to severe and enduring.

The City Employment Strategy partners are currently developing a Fit for Work activity building on Wirral's experience, to support those on sickness absence back into employment and reduce the flow of people from work onto Employment Support Allowance. This approach has been taken to accelerate the model of early intervention as recommended by Dame Carol Black in Working for a Healthier Tomorrow and it is anticipated that this activity will be developed and commissioned by the LCR in 2009.

This partnership approach will combine the expertise and resources of partners including Local Authorities, Primary Care Trusts, NHS Trusts, Jobcentre Plus, the voluntary and community sector and private providers. We believe that the provision of a bespoke service that meets different local needs will add value to the existing mainstream activities in this arena, including condition management programmes. This approach will also build on the recommendations of the Health is Wealth Commission to create a shared occupational health service scheme.

Until now progress in this arena has been variable across the local authority districts, and further research is being undertaken to fully understand the detail and to ensure a consistency of approach and integration for the proposed new service. This includes scoping work with stakeholders to map existing health provision, and as part of the consultation process to obtain feedback from the Primary Care Trusts, Unionlearn and local employment providers as to which elements of support or enablement partners feel are missing or need strengthening. Alongside this we will work with DWP to understand the elements of their proposed Fit for Work model to ensure we add value. However, at this stage we would like to strongly articulate that our early preparatory work should not distract or exclude the LCR from any future pilot pump primed by DWP.

It is anticipated that the LCR model of early intervention will support GPs with a new option for referral based on case-managed multidisciplinary support in the early stages of sickness absence and provide an individualised action plan for achieving recovery with a focus to return to appropriate work at the appropriate time. This activity will be designed and developed to fully complement and add value to the LCR employment and skills continuum, providing essential provision to fill an identified gap and support this vulnerable group to retain and progress in the workplace. The activity will support employees on sickness absence towards job readiness and return to work through combining health services and appropriate employability programmes, i.e. combining bio- psychosocial rehabilitation services with employment services. Elements of this model of early intervention may include:

- **NHS Employability Training** - To include a rolling training programme for health partners to bring about raised awareness and culture change in relation to employability issues.
- **Engagement** - Mainly through referrals from NHS partners for those who are 'hard to reach/seldom heard' (i.e. have had limited contact with mainstream employment agencies) but who are looking to return to work and whom have regular contact with the health sector.
- **Fit for Work Advisers** - To aim to get employees back to work and away from moving onto working age benefits and providing a bridging service between NHS/health partners and the employability and skills support activity. Fit for Work Advisers can provide shared occupational health support to fill the gap for those employees that do not have access to independent occupational health advice.
- **Employer Liaison Role** - An integral element of this activity is the role of an Employer Liaison Officer to work in partnership with TUC UnionLearn to support joint approaches in the workplace around health and wellbeing, return to work issues and to address the stigma and discrimination relating to employment and mental health in the workplace. This approach will also increase employer awareness of preventing and managing work related health problems including mental health and stress issues.

6.3 Flexible New Deal

Merseyside and Halton Jobcentre Plus districts have both been included in Phase 2 of the Flexible New Deal (FND) rollout and given the scale of the challenge it is important to our strategic planning that we work with DWP to ensure that the JSA residents across the city region get the full package of welfare to work support that is possible.

First we would like DWP to agree that one FND contract is tendered for the LCR embracing both the Merseyside and Halton Jobcentre Plus administrative districts.

Secondly, we would like to work with DWP to identify which elements of the Flexible New Deal core programme can be flexed to better respond to local need and to align non-

mainstream resources where appropriate, to develop a model that includes:

- A universal offer of self-employment provision that includes an enhanced model of test-trading to run alongside the FND delivery model. Funded by local partners, this intervention will address the current market failure and challenge to narrow the LCR's enterprise gap (see Economic and Enterprise MAA Platform);
- Ensuring that all 18 year olds who were previously NEET get additional support where required through more effective early interventions and earlier programme take up;
- Agreeing how the local information, advice and guidance infrastructure will deliver a more personalised service, supported by on-going advice and the seamless transition for young adults from Connexions to the Adult Advancement and Careers Service;
- Introducing additional customer flexibility through more effective early interventions and earlier programme take up for interventions such as Skills Health Checks and Skills Accounts;
- DWP releasing detailed information on benefit flows and current participation in programmes; and
- DWP releasing more detailed information on the performance of existing mainstream programmes / interventions, including their costs.

Thirdly, given the challenging economic conditions facing the UK economy, we would like to work with DWP to ensure that the commissioning process and contract management procedures adopted for the FND are flexible enough to respond to any further deterioration in local labour market conditions. In the short term this may mean issuing contract variations to the existing New Deal programme contracts.

6.4 Skills Accounts

In 2009, existing trials will be expanded across all 9 regions. LCR partners would like dialogue with Government and their agencies on the shape and nature of any trial within the LCR.

6.5 Information, Advice and Guidance

As a golden thread to integrated employment and skills delivery we want to develop a more co-ordinated and cohesive information advice and guidance service that engages people across the wider range of support services for example, housing and health so as to create a "no wrong door" policy and to empower people to make a move towards sustainable employment at every opportunity.

Recently, LCR partners were successful in their bid to be a prototype area for the new Adult Advancement and Careers Service (AACS). By working together to forge new delivery networks across the full range of information advice and guidance, skills and recruitment and retention services, we want to provide a 'no wrong door' approach to service delivery and greater choice for individuals and employers. This includes enhancing and linking existing networks/provision and connecting with individuals both in work and those making the transition into work.

There is a clear statement of intent from DIUS (see Shaping the Future – a new adult and advancement and careers service for England) and emphasis that this new service will also seek to provide support for those already in the workplace (and who, for example, could be at risk of redundancy). Developing the AACS prototype, and existing activity already commissioned through the Single Investment Framework, will also improve our understanding of employer needs and the drivers of employer investment in workforce

development.

6.6 New Arrangements for 16-19 Learning

The position with regard to formal responsibilities for the planning and commissioning of 16 -19 learning will be different in the future. The recent changes proposed by the White Paper - 'Raising Expectations' - mean that local authorities will take responsibility for the planning and commissioning of 16-19 learning locally from 2010.

In support of this, all six Local Authorities have proposed to Government that the Greater Merseyside sub-region is the most appropriate geography to discharge the planning and commissioning responsibilities for 16 -19 year olds.

Moving forward, LCR partners want to create synergy with these arrangements and the developing MAA framework so as to enable a single conversation with employers and through this process to support the development of a single skills strategy for young people and adults that takes account of employer demands and supports the transition from full time education to employment and further learning through the establishment of vocational specialisms and clear career progression pathways. We also seek to align the operational support underpinning the sub regional grouping as part of the transfer of 16-19 funding to local authorities with the MAA.

At the point of writing this platform paper local partners are waiting for more clarity from Government about the Machinery of Government reforms; specifically the structure, roles and responsibilities of the Young People's Learning Agency and, for adults, the Skills Funding Agency; and the proposed commissioning arrangements. As a result, further enabling measures may be required for the city region and, if so, these will be discussed with Government and its agencies prior to the submission of the wider MAA in April 2009.

6.7 Employer Engagement

We must make it easier for employers to work with public sector and the voluntary and community sector agencies; and to commit to providing work placements and other support to help workless people get a job, review their approach to training for both new entrants and their existing workforce. To do this we will improve the co-ordination and accessibility of employer facing services by working towards a single employer engagement strategy for the LCR by 2010. In addition, LCR employers need to be given a stronger voice in shaping the future employment and skills provision of the city region so that it meets the needs of key sectors and improves productivity. Our proposals for a LCR Employment and Skills Board will address this.

6.8 Higher Education

LCR has an ambition to grow its higher value added employer base. Through the development of our Employment and Skill Strategy we will work with the HE sector to build on our existing assets, for example Liverpool and Daresbury Innovation and Science Parks, to develop higher level skills pathways in key knowledge based industries such as Science, Health, Creative Industries, IT and Media/Digital; alongside a more co-ordinated approach to meeting employer needs through graduate retention. This work will be closely aligned with our emerging Economic and Enterprise platform of the MAA.

7. OUR OFFER TO GOVERNMENT

The LCR partners are committed to implementing the measures set out in this MAA. They recognise that the proposals to enhance joint working around employment and skills provide them with a unique opportunity to deliver change and make a real difference to the individuals and businesses within the city region. In taking our vision forward the LCR offer to Government is as follows.

7.1 Joint Investment

The City Employment Strategy has delivered a Single Investment Framework which has facilitated local partner investment of £80m. This investment, which complements mainstream Jobcentre Plus and LSC programmes, is primarily focused upon supporting workless residents along a continuum of activity that is designed to improve their employability and move them from unemployment into sustainable employment. The alignment, and in some cases pooling, of Area Based Grant, European Social Fund, European Regional Development Fund, North West Development Agency and Local Authority funds will support the delivery of activities until 2010.

The Single Investment Framework sets out a policy framework and demonstrates how the City Employment Strategy partners will deliver against the key targets and action strands detailed within the City Strategy delivery plan, how partners will address identified and agreed local and city region priorities and ultimately what drives partner investment decisions. It provides an overview of the activities to be commissioned and/or delivered by the core partners. It will inform the development of the city region commissioning plan.

The programmes of investment identified in the Single Investment Framework will facilitate the introduction of innovative pilot projects at the city region or local level, address gaps in mainstream provision and top up and extend existing interventions that are being shown to deliver real results. For example, the ERDF funded programme has a focus upon demand side issues through engagement and then working with employers to understand recruitment needs and provide practical support. It will operationalise the Local Employment Partnership programme by providing support to assist companies to fulfil their Jobs Pledge. The planned activity will also add value to the supply side activities of partners that are being supported through mainstream Jobcentre Plus and LSC programmes.

The principles and experience gained from developing and implementing the Single Investment Framework; including extensive stakeholder consultation; sharing best practice, the better management and integration of mainstream and non-mainstream services; and joint performance monitoring will underpin and inform the development of the LCR Employment and Skills Strategy and commissioning plan. In addition, partners are clear that the future targeting of unallocated resources or reprofiling of funds within the Single Investment Framework, together with any new requests to manage non-mainstream funds in-year or via new initiatives will be aligned to the broader MAA objectives.

For example, an additional £17m European Social Fund (ESF) has recently been allocated for Merseyside (excluding Halton) for the 2007-13 ESF Programme due to changing exchange rates. Through the co-commissioning process we will identify how this funding can add value to core mainstream programmes to better respond to local need in our most disadvantaged communities. Similarly, an additional £3m ESF is available to the Merseyside authorities to support innovative and trans-national activity to integrate disadvantaged groups into the labour market.

In addition local partners will review where Area Based Grant, Working Neighbourhoods Fund, European and North West Development Agency funding can support the proposals set out in the MAA.

7.2 Delivering a Demand Led Approach

Partners will establish a LCR Employment and Skills Board to give employers a prominent role in helping to increase the employment, skills and productivity of the LCR and in local decision making. LCR partners recognise that employers are best placed to identify the needs for the future development of the workforce and the skills needs of the future. The Board will be charged with setting the strategic approach to employment and skills for the city region.

Proposed membership of the ESB is as follows:

- 6x Local Authority Leader/Cabinet Member
- 1x Chair of Greater Merseyside Employer Coalition (private sector)
- 1x Chair of Chamber of Commerce (private sector)
- 4x Private sector (representative of key LCR sectors)
- 1x Learning and Skills Council (and its successor agencies: YPLA, SFA)
- 1x Jobcentre Plus
- 1x Northwest Development Agency
- 1x Voluntary and Community Sector
- 1x Unionlearn
- 1x Health

Employers will be at the forefront of our approach and in addition to their strong representation on the Board we will strengthen links with existing employer networks (see below). In doing so we will adopt a city region approach to engaging and working with employers that recognises the different drivers and elements of employer engagement: strategic, stakeholder, customer and provider focussed engagement; and will tailor our engagement strategies appropriately to better support employer needs.

With regard to existing relationships, the six Merseyside Chambers of Commerce represent 4,500 businesses between them and will be represented at the ESB supporting the employer led focus of the LCR Employment and Skills Strategy. The Chambers are already playing an important role in helping to shape employer focussed provision through their forecasting and survey work with business and partners will build on this approach.

The public sector currently represents around 40% of the LCR employer base and through their membership on the ESB we will lever in additional Apprentices and Train to Gain volumes into this sector. All six local authorities have already signed the Skills Pledge and signed or are working towards the Local Employment Partnership. The ESB will take this commitment one stage further by expecting its members (both public and private sector) to provide opportunities for workless residents to gain sustainable employment in their organisations.

The Board will proactively engage with the wider LCR business infrastructure – the sector networks, SME Federations, Employer Coalition, Chambers and other business organisations – to gather employer intelligence to inform its work, grow a critical mass of employers and secure genuine commitment to delivering the priorities set out in the

Employment and Skills Strategy. This includes working closely with the Board of The Mersey Partnership to align our work and support the future economic growth of the city region.

The Mersey Partnership is an employer led organisation representing nearly 500 businesses across the city region including manufacturing and trading companies, public sector organisations, media, professional agencies, tourism and conference businesses. The members of The Mersey Partnership reflect the broad and diverse activities which are the trademark of the city region's economy. Household names like Jaguar, Littlewoods and Pilkington, along with small and medium sized enterprises, play an important role in supporting and developing The Mersey Partnership's activities in its three core areas of economic development, investment and tourism.

The ESB will also engage with Higher Education Institutions to establish a joint approach that ensures good quality information about higher level skills is available in the workplace for individuals and employers to make informed choices. Similarly, through engagement with the Merseyside Colleges Association and Greater Merseyside Learning Providers Federation, the Board will seek to agree a joint protocol for employer engagement as part of our efforts to deliver a simplified offer to employers.

There is a clear commitment on behalf of the LCR partners to engage with employers of all types: large and small, and in our key sectors, to secure their input to the development and implementation of the Employment and Skills Strategy. A robust and inclusive stakeholder consultation process will be undertaken to develop the strategy and to ensure that partners input ideas. This includes a series of city region stakeholder workshops targeted at employers, presentations to existing employer forums, such as the six Chambers of Commerce, The Mersey Partnership and the Employer Coalition. Employers will also be represented on the Steering Group who will provide the practical steering of the strategy development.

Moving forward partners in the city region will work together to ensure the better co-ordination of employer marketing strategies and engagement campaigns. Also, partners are particularly keen to recruit high profile employers as ambassadors for employment and skills, using an employer to employer approach to marketing the value of skills in terms of the economic bottom line.

Our proposed approach to employer engagement will be applied to progress the Economy and Enterprise platform of the MAA. Working in this co-ordinated way rather than in thematic silos will make it easier for employers to work with public sector and other agencies to improve job and skills opportunities; and it will ensure employers are clear of the overall objectives and approach to developing the city region through the MAA.

8. OUR ASKS OF GOVERNMENT

LCR partners have agreed to establish an Employment and Skills Board which will come into operation from April 2009 and to develop a single Employment and Skills Strategy for the city region by June 2009. Our asks of Government Departments and their agencies revolve around greater cohesion being brought to the investment and interventions made via the public sector and to better align activity to help tackle the high levels of economic inactivity that exist. We would see the LCR Employment and Skills Strategy being the overarching document to which all public sector investment and interventions are aligned.

To support this improved cohesion and more appropriate interventions, LCR partners have identified the following asks of Government and its agencies:

ASK 1

Government Departments and its agencies agree to work with LCR to develop and agree an Employment and Skills Strategy and Commissioning Plan, together with a set of actions, which facilitate all parties jointly implementing and performance managing the strategy and plan by June 2009.

ASK 2

DWP and LCR will work to agree a Flexible New Deal tailored to local needs by aligning core provision with non-mainstream resources provided by local partners. Agreement will be subject to further detailed discussion about finance and time scales and will take into account wherever possible:

- Using local resources to develop a universal offer of self-employment provision that includes an enhanced model of test trading;
- Providing additional support where required to all 18 year olds who were previously Not in Education, Employment or Training;
- Delivering a personalised information, advice and guidance service supported by the seamless transition for young adults from Connexions to the Adult Advancement and Careers Service;
- Integrating Skills Accounts with the package of support available;
- Integrating Halton with the five Merseyside local authority districts so that a single city region contract can be tendered for Flexible New Deal;
- Agreeing clearly defined and agreed roles and responsibilities of individual partners in the commissioning and performance management of the Flexible New Deal contract.

ASK 3

With a view to agreeing formal pilot status by end of March 2009, DWP will work with the LCR to refine their proposals for a 'Fit for Work' service pilot to deliver an early intervention service for people in work who are in danger of falling out of work because of a health condition or impairment. DWP and LCR will also work together to develop a jointly owned evaluation strategy for the pilot. The benefits of any pilot status conferred through the MAA will not include funding which will be distributed by DWP and the Department of Health through a fair and open competition, though LCR may submit a business case for funding along with other potential pilot areas as part of that process.

ASK 4

DIUS to support LCR partners to build on the award of a prototype bid for the Adult and Advancement Careers Service (AACS) by trialling other aspects of the new AACS

framework.

ASK 5

Government and its agencies agree to the following enabling measures to support delivery of 'asks' 1 to 4:

- 5.1 DWP and DIUS agree in principle to a city region commissioning geography that integrates Halton with the five Merseyside local authority districts and will confirm, subject to feasibility, agreement to this by March 2009 (supporting ASK 1, ASK 2, ASK 3)
- 5.2 By March 2009 map key funding and commissioning cycles and agree where synergy between cycles can be achieved or existing arrangements improved (ASK 1)
- 5.3 DWP and CLG will involve LCR in a joint department project starting in January 2009, which will result in the identification and agreement of data that will be shared by March 2009, to inform the development of the Employment and Skills Strategy and Commissioning Plan, improve the targeting of activities and ultimately improve employment and skills outcomes. (ASK 1, ASK 2, ASK 3, ASK 4)
- 5.4 By March 2009 agree how the roll out of Skills Account trials and their further development can be tailored to support the LCR priorities (ASK 1, ASK 2)
- 5.5 By March 2010 DWP, DIUS and LCR partners will have aligned resources and interventions to best achieve the priorities and targets within the Employment and Skills Strategy and Commissioning Plan for the LCR (ASK 1)
- 5.6 DWP agrees that the relevant parts of the LCR Employment and Skills Strategy will form the Merseyside element of the ESF Regional Framework and as a result will direct ESF investment in the Merseyside area - enabling individual co-financing plans in Merseyside to be consistent with LCR's Employment and Skills Strategy and Commissioning Plan (ASK 1)
- 5.7 DIUS will provide support, advice and periodic reviews to the partnership to support the introduction and continued development of an Employment and Skills Board which, subject to sufficient evidence of its effectiveness and robustness, can assume powers to set the binding strategy for adult skills in the LCR through granting Section 4 status of the Further Education and Training Act by April 2010 (ASK 1)

9. OUTCOMES AND TARGET SETTING

9.1 Our Approach

It is important to stress from the outset that target setting, and measuring performance against targets, must be considered with caution. Targets are in part based upon forecasts of what is likely to happen. Therefore any substantial change in economic conditions will have a major impact upon our progress towards achieving the targets proposed.

LCR partners believe that the development over the coming months of the Economic Development and Enterprise Strand, with a clear focus on growing the city region's strengths in high value and knowledge sectors, and with interventions focussed on demand-led skills programmes, leadership and management, higher level skills provision and graduate retention, will impact significantly in the area of skills acquisition and qualification achievements at Level 3 and Level 4. Therefore any targets developed and agreed in relation to Level 3 (and subsequently Level 4) should be done so in the context of developing this strand of the MAA.

Movement of the LCR towards the national PSA target levels would be too ambitious in the short term, especially within the current economic climate and this will take longer than three years to achieve. However it will be the ambition of the MAA over a much longer period to match the regional and indeed national proportions of the population qualified to Level 2 and Level 3.

9.2 Challenging Economic Conditions

LCR partners are setting performance targets for the employment and skills theme in the light of increasingly challenging economic conditions. The Treasury has announced that the economy shrank for the first time in 16 years between July and September 2008, confirming that the UK is on the brink of recession. Output has fallen by 0.5% and forecasts are that the UK economy will continue to slow down (Office for National Statistics 24/10/09).

Despite strong recent performance the LCR economy has also seen a dramatic slowdown. Latest indicators produced by the Chambers of Commerce show that the city region economy has slowed dramatically during the last quarter. The trend locally appears to be towards negative growth during the rest of 2008 and the start of 2009. Around 80% of manufacturing businesses and 70% of service businesses are now operating below capacity. Although employment levels have held up relatively well across the city region, businesses expect to reduce staff during the rest of 2008. For those businesses that are still continuing to recruit they have still found it difficult to recruit the right people, in particular skilled staff. More businesses have experienced a sales fall rather than a rise and this applies for both service and manufacturing sectors.

9.3 Indicators and Targets

It is against this background that the following indicators and targets have been agreed by partners: increasing the percentage of resident off flows from Job Seekers Allowance (JSA); a net reduction in Incapacity Benefit (IB) customers of 9,042, and maintaining the Level 2 skills targets agreed across the LAAs, but with an agreement to 'refresh' in April 2009. The rationale for choosing these indicators and targets is outlined in the remainder of this section.

Targets 1 and 2: Job Seekers Allowance

Despite reducing worklessness and an improvement in the LCR employment rate in recent years, evidence of increasing on-flow onto JSA is now emerging and the economic slowdown in the city region is becoming increasingly evident. The LCR JSA claimant

count increased from 36,586 (4%) in March 2008 to 39,120 (4.3%) in September 2008. This is in comparison to the GB rate of 2.5%. Since September 2007, the claimant count in the LCR has risen by 12.7%. At the 6 month stage, the JSA off-flow rate in the LCR is 79.3%, compared with 83.1% nationally.

In light of these trends and the current worsening economic climate, which is likely to impact disproportionately on weaker local economies, setting targets around JSA claimant levels may seem at best impractical, and at worst meaningless. However, some sort of target geared to JSA claimant levels is still perhaps one of the few ways to focus attention on the need for intervention.

It is also important to note that responsibility for the JSA client group lies with Jobcentre Plus and therefore might not be considered an appropriate target. However, it is precisely this isolated approach to addressing worklessness that the MAA is intended to address. It is the explicit objective of our MAA to ensure that all stakeholders align their efforts to be able to impact on all of the indicators presented.

Clearly, absolute JSA claimant levels will be influenced by global and national economic conditions as well as local ones; however, the off-flow of JSA claimants into work should better reflect the impact of local interventions.

Realistically, JSA claimant levels are likely to increase between now and 2012, and off-flow from JSA into jobs is also likely to reduce. However, irrespective of the absolute numbers claiming JSA (and whether or not that is rising or falling) it is still reasonable to set a target around the percentage of those coming off JSA we want to see moving into jobs.

For this reason, we have focused on off-flow data as our primary indicator and we are proposing two discrete targets: one focusing on the under-24 age cohort leaving JSA, and the other on all claimants leaving JSA.

Target 1

Between September 2007 and September 2008 in the LCR, the average percentage of **18-24's** leaving JSA and entering work was 29.4%. The proposed target is to increase this to 35% by 2012 and maintain a level above the national average.

Target 2

Between September 2007 and September 2008 in the LCR, the average percentage of **all** JSA claimants leaving and entering work was 36%. The proposed target is to increase this to 40% by 2012 and maintain a level above the national average.

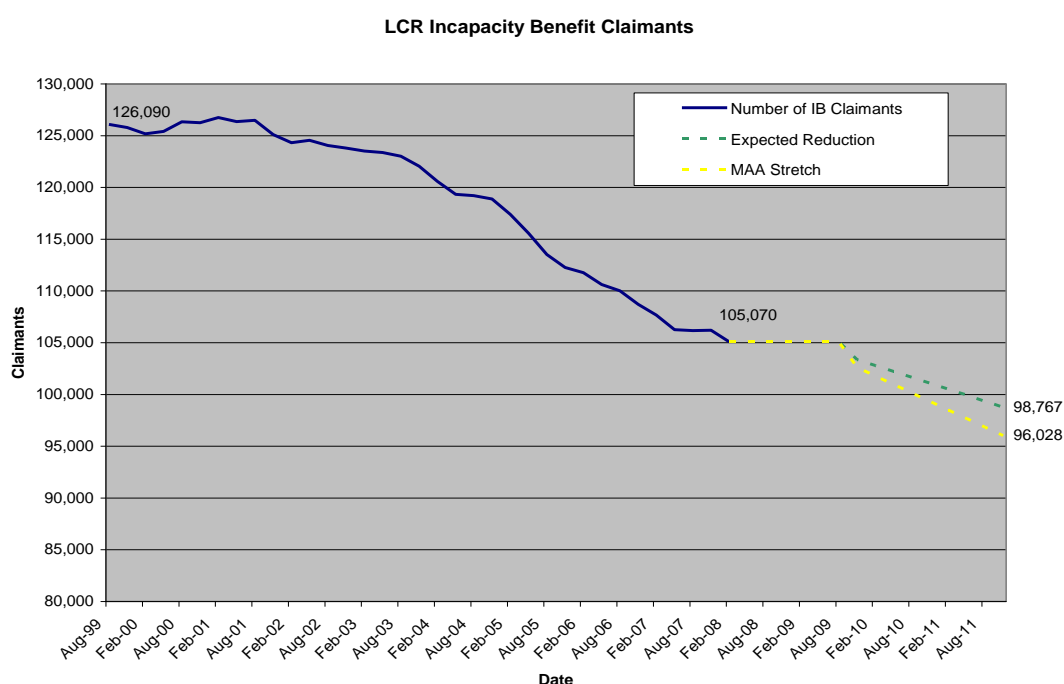
Target 3: Incapacity Benefits

The reduction in incapacity benefits is about dealing with the stock of IB claimants (those people that have been on IB for more than 6 months) for which there is no mainstream provision.

Indicator	Baseline 2008/09	2009/10	2010/11	2011/12
A reduction in Incapacity Benefit MAA Stretch	105,070	102,604	99,316	96,028
A reduction in Incapacity Benefit	105,070	103,351	101,059	98,767

Source: Authors calculations of DWP WACG data October 2008

The data in the table above is based on historical trends from August 1999. If this trend continues we expect to achieve a reduction in IB claimants to 98,767 by March 2012. If the 'asks' of Government are granted to the city region we believe that we can offer a further reduction in IB claimants to 96,028. Achieving this target is also dependent on local provision and mainstream provision working in a complementary way to offer an improved package of support for existing IB claimants in particular areas. However, it should be noted that these figures are based on recent trends and do not take into account the current economic slowdown, therefore even achieving the higher figure is likely to prove extremely challenging.



Targets 4 and 5 - Skills

The following scenarios have been produced using DIUS, Annual Population Survey (APS) 2006 data and Learning and Skills Council data modelling LAA proposed or agreed targets for Level 2 and Level 3 qualifications. The APS 2006 DIUS data has been used as the baseline dataset. Partners believe these proposed targets are stretching for an area such as the city region which has additional barriers to learning.

Delivering the MAA's proposals will support the achievement of LAA targets agreed between the LSC and Government Office North West (GONW) for National Indicator (NI) 163 and NI164. The upper and lower confidence intervals and associated descriptions provided indicate the possible maximum and minimum levels of performance to achieve the target. It should be noted that these indicators may not currently be priority targets for every local authority's LAA.

Level 2

The target represents accumulated target agreed with GONW for LAA priority targets. It is compliant with the target ranges prescribed by DIUS for GONW to use in LAA Negotiations and which is based on 2006 APS. During the recent LAA negotiation process partners were made aware that the trajectory would be subject to change upon

agreement of a true baseline based on a re-weighted 2007 APS.

Local partners are about to commence the LAA refresh process and where the achievement of targets may be affected by the economic downturn they would wish for this to be reflected within any revised LAA agreements. So for example, where Level 2 skills delivery is focussed heavily upon delivery in the workplace, an economic downturn presents a significant challenge that should not be underestimated.

In the context of the MAA, it is proposed that we retain the current Level 2 target expressed as a percentage increase over the stated time-period and plus or minus the confidence interval, but with the stated intent that we will 'refresh' again between now and April as we a) develop the Economic Development and Enterprise Platform of the MAA and b) as part of the LAA refresh process.

From the Annual Population Survey 2006 baseline of 516,098 (62.97%) residents of LCR are qualified to at least Level 2.

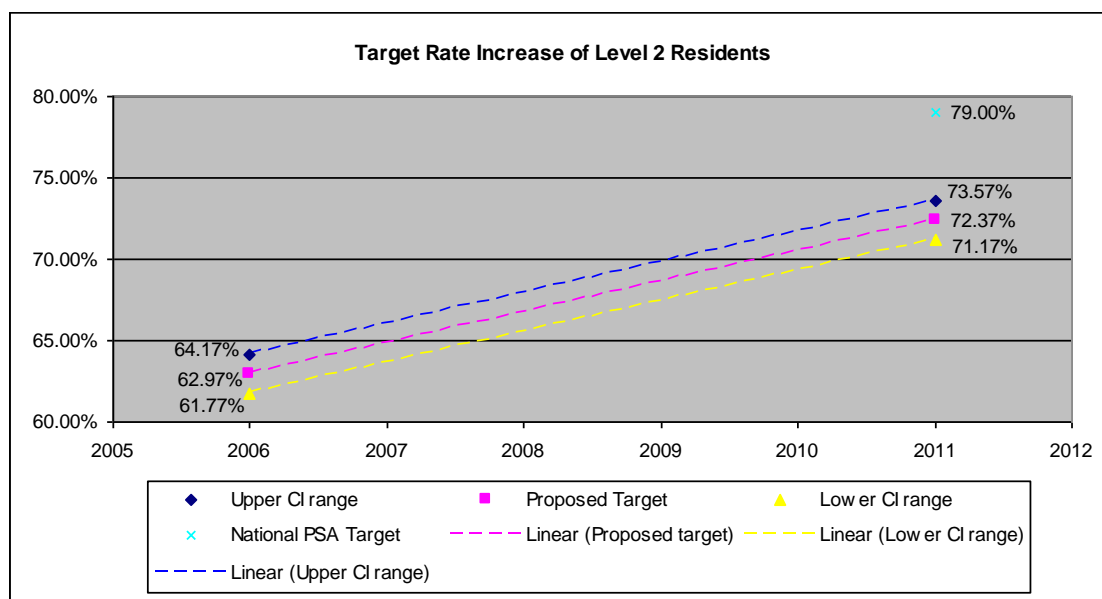
19-59/64 qualified to at least level 2							
	2003	2004	2005	2006	2006 CI (%)	19-59/64 Population (000s)	Number (000s)
England	66.0%	66.7%	67.2%	68.1%	0.2%	28,726	19,558
North West	64.9%	65.6%	65.7%	67.0%	0.6%	3,829	2,564
Merseyside/Halton	60.3%	60.3%	61.4%	63.0%	1.2%	820	516

Source: Annual Population Survey 2006

- To achieve the upper confidence interval prediction in real terms, a target of 73.57% for 2011, there would need to be an increase of 86,876 (10.6%) to Level 2 qualified residents.
- To achieve the proposed prediction target of 72.37% for 2011 there would be an increase of 77,048 (9.4%) to 593,146 Level 2 qualified residents.
- To achieve the lower confidence interval prediction in real terms, a target of 71.17% for 2011, there would be an increase of 66,020 (8.2%) to 583,304 Level 2 qualified residents.
- To achieve the National Public Sector Agreement target of 79% by 2011 there would need to be an increase of 131,376 (16.03%) to 647,474 Level 2 qualified residents.

Level 2		2006	2011				
		Baseline	Trend projected	LAA cumulative	Lower CI MAA Target (L2 8.2%)	Proposed MAA Target (L2 9.4%)	Upper CI MAA Target (L2 10.6%)
	Number	516,098	550,762	593,146	583,304	593,146	602,974
	Percentage	62.97%	67.20%	72.37%	71.17%	72.37%	73.57%
							79.00%

Source: Annual Population Survey 2006



Source: Authors 2008 calculations of DIUS APS data 2006 and National PSA target for Level 2

Level 3

Currently Level 3 is not a priority target in any of the LCR LAAs, however, this is seen as a key area for development. The Level 3 target shown here is a clear indicator of our intent to build greater prosperity within the city region and will underpin the emerging Economic and Enterprise platform of the MAA.

As with Level 2, the 'references' in the current MAA document around Level 3 relate to the accumulated target figures produced for LAA negotiations with local authorities. Only one local authority has chosen Level 3 as a LAA Priority Target.

From the Annual Population Survey 2006 baseline of 516,098 (42.0%) residents of LCR are qualified to at least Level 3.

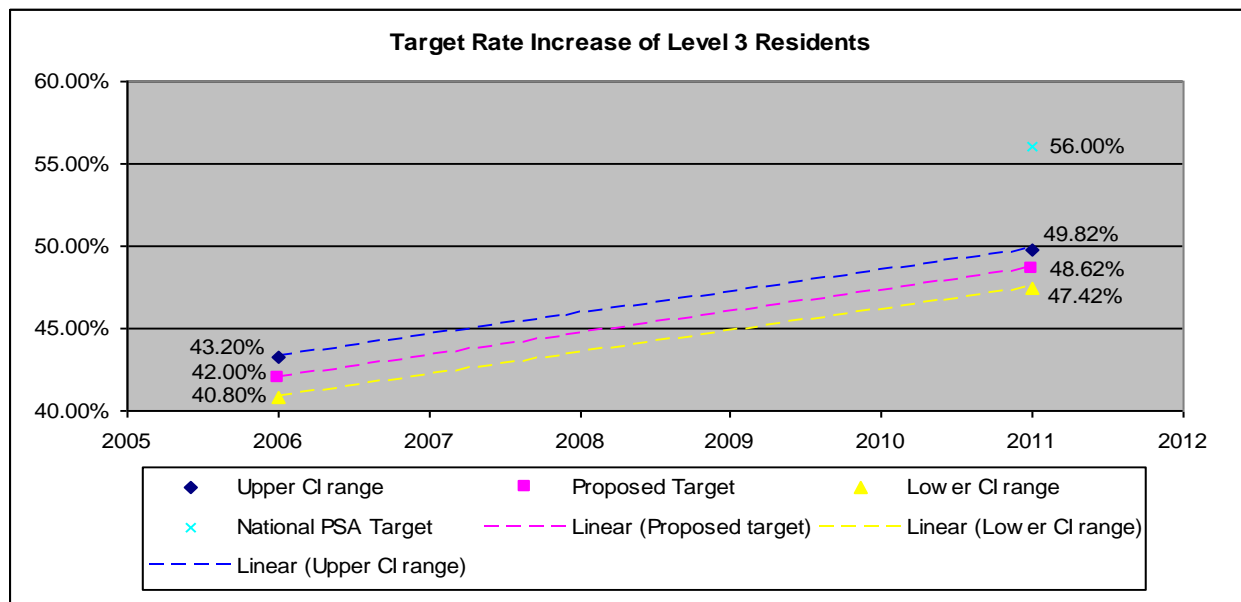
19-59/64 qualified to at least level 3							
	2003	2004	2005	2006	2006 CI (%)	19-59/64 Population (000s)	Number (000s)
England	45.7%	46.5%	46.9%	47.8%	0.3%	28,726	13,742
North West	44.2%	45.0%	45.4%	46.5%	0.6%	3,829	1,782
Merseyside/Halton	39.3%	40.2%	40.9%	42.0%	1.2%	820	344

Source: Annual Population Survey 2006

- To achieve the upper confidence interval prediction in real terms, a target of 49.8% for 2011, there would need to be an increase of 64,075 (7.8%) to Level 3 qualified residents.
- To achieve the proposed prediction target of 48.6% for 2011 there would be an increase of 54,240 (6.6%) to 398,492 Level 3 qualified residents.
- To achieve the lower confidence interval prediction in real terms, a target of 47.4% for 2011, there would be an increase of 44,405 (5.4%) to 388,656 Level 3 qualified residents.
- To achieve the National Public Sector Agreement target of 56% by 2011 there would need to be an increase of 114,714 (14%) to 458,969 Level 3 qualified residents.

Level 3		2006	2011					
		Baseline	Trend projected	LAA cumulative	Lower CI MAA Target (L2 5.4%)	Proposed MAA Target (L2 6.6%)	Upper CI MAA Target (L2 7.8%)	PSA Target
	Number	344,252	378,649	398,492	388,656	398,492	408,327	458,969
	Percentage	42.0%	46.2%	48.6%	47.4%	48.6%	49.8%	56.0%

Source: Annual Population Survey 2006



Source: Authors 2008 calculations of DIUS APS data 2006 and National PSA target for Level 3