



## **Overview & Scrutiny Committee** 5<sup>th</sup> April 2011

### **Report from the Director of Strategy, Partnerships & Improvement**

For Information

Wards Affected:  
ALL

## **The employment and skills agenda in Brent**

### **1.0 Summary**

- 1.1 This report provides a snapshot of the current Brent labour market and outlines some of the local provision available to tackle the high levels of unemployment and persistent low skills levels. In particular, the report details the delivery issues facing both the Council and the College of North West London (CNWL) in light of the recent budget cuts and identifies the gaps this leaves in local efforts to drive forward the local economy.

### **2.0 Recommendations**

- 2.1 That Members consider the overall implications of the budget cuts on the ability of key local agencies to tackle high and growing levels of unemployment within the Borough.

### **3.0 Detail**

- 3.1.1 In December 2010, the Partnerships and Place Overview and Scrutiny committee were presented with an overview of the Local Economic Assessment (LEA) that provides a comprehensive and up-to-date assessment of Brent's economy and labour market. The document also set out the challenges and opportunities that need to be addressed to deliver sustainable economic growth within the local economy.
- 3.1.2 However, as mentioned in the report, the financial, institutional and policy framework for local economic development are undergoing profound changes. The announcements contained within the recent Spending Review, which confirmed that local Government funding would fall by 26% over the next four
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years will have a profound impact on their resources for economic development interventions, particularly given their non-statutory nature.

- 3.1.3 Further to this, regional funding for economic development activity has also disappeared. For example, the London Development Agency (LDA) is being folded into the GLA and has had its budget cut by a half. In the past, the LDA provided millions of pounds to Brent to fund the physical and economic regeneration programme in Wembley. European funding streams (such as ESF) are also increasingly being wound into contracts that only large private sector organisations are able to bid.
- 3.1.4 In the past, the Government has directly invested considerable resource in tackling the high levels of local unemployment in Brent. The Borough was one of only a handful of areas to be designated an “Employment Zone” and therefore benefited from private sector provision targeted at the long term unemployed as well as the traditional Jobcentre Plus service. However, this additional provision will end in March and it is anticipated that the Government’s new replacement Work Programme will begin delivery in June this year. While similar to the Employment Zone, three private sector providers will operate across the whole West London region (stretching from Camden to Wandsworth) with challenging targets to place the long term unemployed into sustainable work. This will include previous incapacity benefit clients.
- 3.1.5 It is clear therefore that, in the short term at least, there is far less funding and flexibility for local agencies, including the Council, to continue to develop and deliver local solutions to tackling the growing levels of local unemployment. The Council and its partners will need to find innovative ways of influencing and driving this new mainstream provision to ensure it is really tailored to meet local need to have a long lasting impact.

## **3.2 Employment and skills in Brent – the current position**

- 3.2.1 As stated in the Local Economic Assessment, the current economic climate in Brent, and across the country, is challenging. Up until the summer of 2008, the council was able to demonstrate considerable progress in narrowing both the employment rate and unemployment rate gaps in the Borough compared to London, primarily through the Brent in2Work employment programme. At this time, the Job Seekers Allowance (JSA) claimant rate was at its lowest level in over a decade at 3.3 per cent, and the borough’s employment rate stood at 71.6 per cent, surpassing the London average and the highest in Brent since the data was collected.
- 3.2.2 However, since January 2008 there has been an increase of almost 3,500 JSA claimants locally and it is evident that a higher proportion of residents from the deprived neighbourhoods are being affected. In these areas, language, length of unemployment and mental health issues all remain key barriers to the labour market. On top of this, child poverty levels in the borough are amongst the highest in the country (18<sup>th</sup> out of 406) with a third of children living in households where out of work benefits are claimed.
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- 3.2.3 Looking in more detail, since January 2008 the employment rate has fallen to below London and national averages with the gap continuing to widen. The rate now stands at 65 per cent compared to 68 per cent for London, equating to a decrease of 6,900 people.
- 3.2.4 As mentioned, the numbers of residents claiming JSA has risen to 9490 claimants, a rate of 5.5 per cent (compared to 4.1 per cent for London). While there had been a reduction in the numbers claiming JSA towards the end of last year, the rate is again increasing. In some of the most deprived neighbourhoods, for example Harlesden, the rate is close to double the Borough average at 9.7 per cent.
- 3.2.5 While the claimant rate for young people aged 18-24 years appears to have fallen since 2008, in actual fact, the numbers claiming have risen by almost 600 but the rate is below both London and the UK.
- 3.2.6 The number of residents claiming over a year is also on the rise, by over 400 since 2008. There has also been a significant rise in the numbers claiming between 6-12 months, suggesting that the long term claimant rate could continue to rise. The long term unemployment rate in Brent is higher than both London and national averages.
- 3.2.7 The JSA claimant rate is considerably higher for the Black British ethnic group but unfortunately the data does not allow to drill down any further.
- 3.2.8 As would be expected, this in turn has resulted in a rise in the number of clients per vacancy within JobCentre Plus, from 8 clients per vacancy in 2008 to 13 clients now.
- 3.2.9 The downturn in the economy obviously has a significant role to play in these outcomes but the situation is worsened by underlying socio economic issues within the borough that are particularly concentrated in the most deprived neighbourhoods. Brent has particularly high levels of residents with no qualifications, almost 10 per cent of the working age population and the numbers grew between 2008 and 2009. Almost 30 per cent of the population have “other” qualifications which are generally qualifications gained overseas and not formally recognised in this country. This is an issue that is particular pertinent to Brent.
- 3.2.10 There are around a third of residents in our most deprived neighbourhoods speaking English as a second language and the availability, suitability and affordability of childcare continues to hinder job search.

### **3.3 Tackling the employment and skills issues – current provision**

#### **The Government Agenda**

- 3.3.1 The Work Programme has already been mentioned in 3.1.4 and this will constitute a significant part of the Government’s efforts to tackle unemployment across the country. However, Jobcentre Plus (JCP) will continue to play a major role.
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3.3.2 While JCP itself is facing 40 per cent cuts to back office functions, it will continue to support the short term unemployed into work, before they are presented to the Work Programme. Briefly, JCP will support the following clients:

- Former Incapacity Benefit claimants/NEETS for up to 3 months
- 18-24 years for up to 9 months
- 25+ for up to a year

If they are unable to find these clients work within the specified time period they will then be referred to a Work Programme provider. JCP advisers will have more discretionary powers to sanction clients if they do not comply when instructed to take up mandatory work experience or specific job opportunities.

3.3.3 JCP District managers will have a discretionary flexible fund to meet any local gaps in provision. Historically, funding of this nature has provided more intensive support for BAME residents in Brent to move into work.

3.3.4 Of particular concern for JCP locally is tackling the high levels of ESOL need, which in Harlesden for example, they have identified to be as high as 40 per cent of clients. They are also looking to identify opportunities to co locate their service to reduce operating costs and as part of these efforts, currently deliver a limited service from the Wembley Works office.

### **The role of the Council**

3.3.5 The employment agenda is a well established Council priority. The Council's new Regeneration Strategy places employment at the heart of tackling persistently high levels of poverty in the borough's most disadvantaged neighbourhoods. This commitment is further cemented through the Borough Plan (2010-2014) with unemployment central to the "one borough" theme.

3.3.6 Against this backdrop, in 2002 the Council created Brent in2 Work, the borough's flagship employment initiative to focus on a number of clear objectives to:

- drive a partnership approach to tackling worklessness in Brent including the public, private, third sectors and local employers;
  - use an evidence based approach to target employment and training provision to the highest concentrations of worklessness and those communities most in need;
  - offer 'wraparound services' to compliment and add value to existing mainstream employment provision, in particular that provided by Jobcentre Plus;
  - respond quickly to the changing needs of the borough's highly mobile and culturally diverse communities;
  - ensure local employment opportunities from major developments are maximised for local communities, for example Wembley;
  - secure additional investment in the local employment infrastructure for example, through Section 106 agreements.
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- 3.3.7 Brent in2 Work was widely recognised as one of the most successful employment programmes in London, placing over 1000 people a year into work, a third being long term unemployed. However, Government cuts to the Working Neighbourhoods Fund after the Comprehensive Spending Review and the Council's fundamental review of activities means that the Brent in2Work service has been significantly cut.
- 3.3.8 As part of this, the Language2Work project has now closed. This project supported unemployed residents from the priority neighbourhoods with ESOL needs. Through an eight week course, clients were taught basic English specifically designed to access work and at the same time, were allocated an employment adviser who worked with them to find appropriate work. The project placed over 40 per cent of its clients into work.
- 3.3.9 However, moving forward Brent in2Work will consist of a skeleton staff based at Wembley Works, a shared employment portal acquired through Section106 funding and designed to be the gateway for residents who want to secure employment linked to the regeneration of Wembley. The project will focus on matching local unemployed residents to both the construction and end user employment opportunities as they become available.
- 3.3.10 In addition, Brent in2Work will continue to manage its fifty strong provider partnership and will drive and support the voluntary sector to tender for upcoming opportunities through the Work Programme.
- 3.3.11 Sitting alongside this project is the Employer Partnership. As a sub group of the Local Strategic Partnership, the Employer Partnership regularly brings together local businesses to provide information about council activities and other initiatives that could support their growth and local employment.
- 3.3.12 Most recently, the Employer Partnership has supported the Civic Centre team in developing and implementing a supply chain project, that links local businesses to tender opportunities on the construction of the Civic Centre. Over the next year, it is hoped that the project can be expanded to other major projects and physical development sites. This project will depend on Section 106 funding.

### **College of North West London (CNWL)**

- 3.3.13 Over the next educational year, the CNWL will be subject to a 10 per cent budget reduction and this will have a significant impact on the Borough's learners.
- 3.3.14 For 16-18 year olds, this will result in less wrap around provision including sports, leisure and personal support that compliments more traditional learning. Further, the Educational Maintenance Allowance (EMA) is also being cut and at present, it is still unclear how much hardship funding will be available to support those learners who previously depended on EMA.
- 3.3.15 The most significant hit is for those learners aged 19 years and above. With a 25 per cent funding cut by 2014, there will be around 2000 adults facing a new fees barrier. Of a particular concern in Brent is the change to the ESOL funding regime. As of September, only ESOL students claiming and active
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work benefit (so principally Jobseekers Allowance) will be able to access free ESOL provision. Currently there are 2500 ESOL students and only half of these claim a benefit that would entitle them to the free provision. The remainder will have to pay.

- 3.3.16 It is currently unclear how courses at NVQ Level 1 and below will be funded but if the same rule applies, this would result in another 30 per cent of students having to pay.
- 3.3.17 With reduced funding but the expectation that student volumes will remain constant, the CNWL will have to increase class sizes with courses only being financially viable if there are at least twenty students in a class.
- 3.3.18 For some time the CNWL has been developing close links with local employers, particularly through the Train2Gain programme. This has now come to an end but there is an expectation that the college will have a new funding relationship with both Jobcentre Plus and Department of Work and Pensions. Around £300,000 of college funding is being held back by Government to be accessed only if it can be demonstrated that students have gained sustainable jobs.
- 3.3.19 On a positive note there will more apprenticeship programmes and the Council will work closely with the CNWL to identify joint apprenticeship opportunities particularly from major regeneration sites.

### **Key issues**

- 3.3.20 This report has provided only a brief overview of the current labour market in Brent and the issues the Borough faces in light of forthcoming cuts to employment and skills provision.
- 3.3.21 The key issues can be summarised as follows:
- General lack of provision to support the hardest to reach residents – the concern that the Work Programme providers will not have the capacity to focus on specific borough/community needs ;
  - Lack of resource for local providers to offer wraparound provision and a need for the Council to redefine its role within the employment and skills agenda;
  - Lack of language provision to support ESOL learners – this could create greater polarisation within the borough;
  - Greater sanctions for JCP clients and the risk clients will have to take jobs that are not appropriate for them and therefore will not be sustained;
  - Lower level of subsidised skills and training provision for adults that could result in less provision and less choice.
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**4.0 Financial Implications**

4.1 None

**5.0 Legal Implications**

5.1 None

**6.0 Diversity Implications**

6.1 None

**7.0 Staffing/Accommodation Implications (if appropriate)**

7.1 There are no staffing implications

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