

CHESHIRE EAST COUNCIL

CABINET

Date of meeting: 3 February 2009
Report of: Chris McCarthy Interim Strategic Director Places
Title: People into Jobs

1.0 Purpose of Report

- 1.1 The purpose of this report is to inform Cabinet about the People into Jobs bid for European Regional Development Fund (ERDF), which has been approved, subject to match funding and contract arrangements, by the the North West Development Agency (NWDA). The bid was submitted by the Cheshire and Warrington Alliance (CWEA) on behalf of the Cheshire Districts and Warrington Borough Council.

2.0 Decision Required

- 2.1 To recommend that Cheshire East Council commit match funding from April 2009 – December 2010 in support of the bid, together with contributions from other partners, equal to the amount of ERDF.

3.0 Financial Implications for Transition Costs

- 3.1 None

4.0 Financial Implications 2009/10 and beyond

- 4.1 The total amount of match funding required from Cheshire East Council for April 2009 – December 2010 is £137, 966
- 4.2 The partners may also be given the opportunity to bid for a further 3 years ERDF funding for the period January 2011 to December 2013 to continue the project. The funding would require match, in the region of £90,000 per calendar year. This match funding may be requested from Cheshire East Council. If however the project did not continue beyond December 2010, there would be no further implications.

5.0 Legal Implications

- 5.1 As the bid has been successful, subject to match funding being secured and a contract signed, Warrington Borough Council will become the accountable body for the project, with Groundwork Cheshire having a service level agreement to deliver the project on behalf of the partners in Cheshire East.

6.0 Risk Assessment

- 6.1 If insufficient/no match funding is provided the project will not run and Cheshire East will lose out on an opportunity to access ERDF. As Cheshire West and Chester, and Warrington Councils will be running similar programmes, this will put those areas in an advantageous position. This could result in a weaker economy in Cheshire East in the future, with the associated implications for businesses and workless people.
- 6.2 Businesses fail to engage – to mitigate this, building on links with Chambers of Commerce and other business networks will be crucial. Due to the economic downturn, engagement of businesses may be harder than expected when the bid was originally formulated. However businesses will need to recruit when there is an economic upturn and this project will offer businesses a service that puts them in a stronger position to recruit.
- 6.3 Failure to achieve outputs - these are based on previous experience across Cheshire & Warrington and contractual requirements will be built in with the project deliverer. The economic downturn may affect the chances of workless people gaining employment – however the outputs are focused on the numbers of employers engaged and supported rather than actual job output.

7.0 Background and Options

Role of Cheshire East Council

- 7.1 Costs to Cheshire East will be minimised in year one as the application will lever in external funding in the ratio of almost 1:3 ie £51,000 match from Cheshire East will lever a total of £144,000 from others. For the second year the ratio will be around 1:2. Therefore every £1 pound invested will as a minimum double any investment made.
- 7.2 In providing the financial support to the project, the message to businesses in Cheshire East will be a positive one – that the Council and its partners is willing to support them during a difficult period and help them be ready for the economic upturn. It will also ensure that more SMEs in Cheshire East are fit for purpose.
- 7.3 It is expected that through improved partnership working and referrals, the project will help benefit claimants to compete more effectively in the job market, which will become even more crucial as the recession begins to bite and redundancies rise.
- 7.4 Cheshire East will be the third largest authority in the North West with a population of 360,800 (ONS mid year population estimates 2007). Working age population is 216,600 and 38,500 people are economically inactive; that is 18% of the labour supply. Unemployment is increasing for the first time in 5 years and in some of the most deprived wards is as high as 6.6% and is likely to rise even further as the recession intensifies during 2009. . It is more important than ever to

support local businesses and provide assistance to those who reside in areas of regeneration need in order to avoid widening the gap between more affluent areas in Cheshire East, and the worst performing neighbourhoods. By having more local people in work it will raise aspirations and should assist wider programmes for the regeneration of areas of need. It is also more sustainable to employ locally, reducing the need to travel. Businesses who are seen to be acting with more corporate responsibility will help towards improving community relations in neighbourhoods.

- 7.5 Cheshire East has already been affected by the current economic climate with increasing numbers of redundancies expected in the coming months. Significant redundancies by some of Cheshire East's key employers such as AstraZeneca and Bentley Motors mean that there will be even harder competition for local vacancies in the near future.
- 7.6 With more pressures on employers, the workless could be at a greater disadvantage and opportunities could pass by those who are currently economically inactive without the project's additional intervention and coordination. Therefore, in anticipation of the economic upturn, work carried out now to support employers to understand the issues surrounding the groups that are the focus of this project, will pay dividends by establishing more positive attitudes towards recruiting from these groups when recruitment levels increase.

Summary of the bid

- 7.7 The project is a joint proposal from Cheshire West & Chester, Warrington and Cheshire East unitary authorities working in partnership with other public, private voluntary organisations to complement existing provision aimed at moving workless people back into employment and /or training.
- 7.8 The project aims to complement Jobcentre Plus/ Learning & Skills Council and other agency approaches to getting the long term unemployed back into work and/or training, by focusing on employers rather than individuals. There are all sorts of barriers put up by employers, often inadvertently, to employing people on benefits - lone parents, people with disabilities, ex-offenders, etc. This project aims to employ two suitably qualified people to approach several hundred employers in the area. They will provide one to one advice and support to break down those barriers and encourage employers to consider interviewing / recruiting people from the priority target groups and to participate in other initiatives such as Local Employment Partnerships with Jobcentre Plus. In addition they will also provide them with advice on the development of their HR policies and procedures.
- 7.9 This work will be complemented by a series of recruitment fairs, business networking, and support to individuals through subsidising travel costs when attending job interviews.

- 7.10 The project outputs reflect this approach which is not primarily about creating jobs for people but more about achieving a long term change in attitude by employers, getting them to realise the potential benefits to them in terms of competing for labour particularly as the economy picks up, the benefits to individuals in terms of self esteem, and the wider social and economic benefits to the community
- 7.11 Feedback from the North West Chambers of Commerce and East Cheshire Chambers indicates that employers are increasingly weary of multiple approaches from different agencies and are missing out on opportunities to employ local people due to this employer engagement fatigue. Local businesses in East Cheshire have indicated that they would favour a brokerage service to enable them to find the best solution for their needs. This project aims to fill that gap.
- 7.12 The Draft Interim Cheshire East Community Strategy has identified as a priority 'reducing worklessness and improving skills'. Reducing inequalities and narrowing the gap between the most disadvantaged and successful areas of Cheshire East and sectors of the community is a key theme of the LAA improvement targets, particularly NI 153. There are actions within all the 3 existing District Sustainable Community Strategies aimed at addressing this priority area. There is also a strong correlation between levels of deprivation and a range of health issues – this project could assist in addressing some of these in partnership with other agencies.
- 7.13 The project is to be a pilot for Cheshire East as unlike the districts in CWC & Warrington, the East has not to date been eligible or had the capacity to be able to attract funding. This is a rare opportunity for Cheshire East to benefit from ERDF funding and could be used strengthen links to the ERDF team at the NWDA.
- 7.14 In order to secure the ERDF funding, the partners will need match funding in cash, not in kind, equal to the amount that ERDF funds. The project, if approved, will run from April 2009 – December 2010. After this there is a potential further 3 years ERDF funding which could be allocated to support this project.
- 7.15 The partners have agreed that Groundwork Cheshire would be the host employer for the staff of the East Cheshire element of the project, due to their experience and contacts with businesses through the other support programmes they provide. Staff would be line managed by a steering group comprising the partners, whilst day to day management would be via Groundwork Cheshire.

Project Details

- 7.16 The project has 3 strands:

Employer Information Support Service

- Employ 2 employer advisors
- Promotional material provided and marketed to employers about the service on offer.
- Contacting key employers to offer services
- One to one bespoke advice and support to businesses on recruitment of workless people.
- Newsletters and briefings on key issues
- Seminars on key topics as identified by employers
- Assistance with networking employers
- Signposting to other complementary services and promotion of job pledges and LEPs.

Transport Linkages to Employment

- Travel passes for people attending job interviews, travel to work, etc.

Recruitment events

- Rolling programme of 6 job fairs organised throughout the East Cheshire area to help bring people and opportunities together, particularly residents of disadvantaged areas.

Outputs

- 7.17 The outputs are not focused on direct job creation, rather they aim to provide assistance and support to employers to persuade them to consider employing people claiming benefits primarily from deprived areas in Cheshire East.

Employer Information Support Service

- 350 businesses contacted and offered the support and services of the project
- 125 businesses assisted to identify vacancies and review and improve their recruitment practices, and supporting HR policies and procedures.
- 35 businesses referred to other business support, where the scope of this project does not cover their needs.
- 25 employers signposted to JCP for Local Employment Partnerships to ensure that local employers take a more proactive approach to employing workless people.

Transport Linkages to Employment

- 400 people assisted to get a job as a result of transport support (travel passes), in order to ensure that this major barrier to employment is removed.

Recruitment

- 30 people gaining employment within 6 months of the intervention

Budget

7.18 The indicative ERDF allocation for Cheshire & Warrington is as follows:

Cheshire East	162,680
Chester & Ches West	192,925
Warrington	116,375

7.19 The table below shows the Cheshire East funding breakdown, which demonstrates £137,966 match funding is required from Cheshire East Council. The funding profile does not include VAT. The partners need to agree where the VAT liability lies for this project and whether VAT is recoverable from the local authority as a key partner. 3% inflation has been incorporated in to the costs.

Cheshire East	2009	2010	Total
Cheshire East Council	51319	86647	137966
CCC - transport	3825	3825	7650
Groundwork	5000		5000
LSC	12064		12064
Total Match	72208	90472	162680
ERDF	72208	90472	162680
Total Funding	144416	180944	325360

7.20 Groundwork Cheshire has set aside £5,000 for the first financial year of the project as match funding. This match funding can only be used for the staffing cost elements of the project, and due to the source of funding, this can only be used if the employees are Groundwork employees. The LSC have agreed to contribute £12,064 for the first year.

Other Supporting Information

- 7.21 The government has a goal to raise the employment rate to 80%, to reduce the number of working age people who are dependant on benefit & to continue to close the employment gaps between different groups (In Work Better Off – Next Steps to Full Employment – Department of Work & Pensions - July 2007)
- 7.22 Government funding is being directed towards unemployed people with particular emphasis on priority groups such as ethnic minorities, disabled people, lone parents and people with low or no skills. There has been an

amount of success in training and mentoring to equip individuals with the skills which they and employers need. However, there is a risk that expectations could be raised when many companies still operate with little regard for local labour, use recruitment agencies, have a high staff turnover and where applications from particular post codes may still be disregarded. There is an important role for employers to play in supporting people from priority groups into work.

- 7.23 A key new measure is the introduction by Jobcentre Plus of Local Employment Partnerships (LEPs) where employers can sign up to Job Pledges to offer opportunities for people who are at a disadvantage within the labour market – such as lone parents & those on incapacity benefits – so long as they engage with the support available & are ready, willing & able to work. To date LEPs have mainly been agreed with larger national companies. There is still a large amount of work to be done with employers in Cheshire East, particularly Small to Medium Enterprises, to promote the advantages of employing local people.
- 7.24 There are three measures ERDF is eligible for: activities to engage and work with local employers, support for transport initiatives and assistance to residents from target areas to take up emerging and existing economic opportunities. The NWDA is positively encouraging applications which focus on linking people to employers as this is where it sees the gap in provision in Cheshire East. The People into Jobs proposal has been developed considering examples of best practice which have already been developed in Ellesmere Port and Neston, Warrington & Chester such as 'Maximising Opportunities', 'Local Employment Charter' & 'Workability Employer Engagement'
- 7.25 In Cheshire East a pilot employer advisory and educational service will be provided which will raise awareness and help and encourage employers to consider and become more pro-active in recruiting individuals from groups with traditionally low employment rates e.g. lone parents, people with disabilities and ex-offenders, particularly those living in areas with higher levels of unemployment and worklessness levels
- 7.26 It will also provide the support to help the employers understand the implications of their practices and procedures that may put barriers in the way of people entering employment with them. The 2 dedicated employer support staff will also be helping employers retain individuals from the same client groups, particularly through the development of those employers policies and procedures.
- 7.27 The project will complement and add value to the Jobcentre Plus business engagement programme and will develop links between employers and Business Link in relation to the promotion of LEPs and employers signing job pledges. A letter of support from JCP is attached. The staff will operate through one-to-one sessions with employers, business networks, also using promotional materials, information sheets and briefing sessions or seminars, as well as providing a signposting service
- 7.28 Schemes on the ground which could benefit include:

- Opportunities in the University Quadrant of Crewe, including the Basford sites and Manchester Metropolitan University.
- Opportunities with regard to major retail developments in Macclesfield, Congleton & Crewe Town Centres.
- South Macclesfield Development Area

8.0 Overview of Day One, Year One and Term One Issues

- 8.1 The project requires the appointment of 2 co-ordinators -the recruitment process needs to take place prior to April 2009 when the project officially commences.

9.0 Reasons for Recommendation

- 9.1 In order to secure the ERDF funding from the NWDA, and deliver the project, match funding from Cheshire East and its partners equal to the amount that the ERDF will fund, needs to be identified.

For further information:

*Portfolio Holder: Councillor Jamie Macrae
Officer: Chris McCarthy
Tel No: 01625 504628
Email: chris.mccarthy@cheshireeast.gov.uk*

Background Documents:

Not applicable