

TRIBAL

DRAFT Employment Strategy and Action Plan

London Borough of Newham

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1 Overview

1.1 Introduction

1.1.1 Tribal Consulting has been appointed by the London Borough of Newham to produce an Employment Strategy and Action Plan for the Borough.

1.1.2 The purpose of our commission is to develop a strategy that reflects and acts upon the current and future economic and employment agenda for Newham and also responds to the wider regional economy.

1.1.3 The strategy is intended to be a document that partner organisations involved in helping the people of Newham get into work can buy into, and around which productive actions and investment can be delivered.

1.2 Background to the project

1.2.1 The London Borough of Newham is at the juncture of a major investment programme. This includes the 2012 Olympics, the New Stratford City development, Canning Town Mixed Communities pilot, the Lower Lea Valley and the Royal Docks. Individually these investment programmes are significant. Collectively, they present the Borough with a considerable opportunity.

1.2.2 In all we forecast that through these programmes alone, the Borough will see up to 114,000 new jobs by 2025. This scale of growth is largely unprecedented. We can also add to these 'major project' employment forecasts further additional growth that is set to occur more generally in the

Newham economy through its share of regional economic growth.

1.2.3 It is then a time of considerable opportunity for the Borough and the focus of this employment strategy is on ensuring that Newham's residents have the fullest opportunity to share in the benefits that this growth will create in Newham and to access employment opportunities elsewhere, beyond the borough.

1.2.4 This is however, by no means a straightforward objective. Newham is a Borough in which more than 21% of its current unemployed population have never worked. It has one of the region's lowest levels of economic activity at 61.3% and the second lowest employment rate nationally, at 55.7%. The numbers of adults with formal qualifications – which are becoming so increasingly vital to employers – is also amongst the lowest nationally.

1.2.5 Aligning need with opportunity – be this in the borough or elsewhere – is then a prime focus of this strategy.

1.3 Context

1.3.1 This strategy actually starts from a well developed context. It is by no means the first and only attempt that has been made at tackling these issues. Both the Borough and its partner organisations have invested considerable time, energy and resource over the years and have pioneered some highly innovative and successful projects.

1.3.2 The combined effort of current arrangements by the Council, Job Centre Plus and other local agencies is

already estimated to help nearly 8,000 people who live in the Borough to get into work each year. However, the sustainability of these jobs is uncertain, particularly given the relatively static level of economic activity in the Borough over recent years.

1.3.3 Whilst current arrangements are delivering outcomes, they are – in every reality – having only a small impact on the scale and intensity of worklessness that afflicts the Borough. More work, more investment and greater impact are all needed to make the sorts of strategic impacts that stakeholders desire.

1.4 Focus of the Strategy

1.4.1 The overriding aspiration of the strategy is to raise economic activity levels in the Borough to those of the London regional average. To achieve this will require that between 16,000 and 18,000 Newham residents are supported to become economically active¹. This obviously assumes no further substantial growth in the economically inactive population.

1.4.2 This is not an insignificant undertaking. The Office for National Statistics estimates, that there are approximately 61,500 (39.3%) of potential labour market residents in the Borough (i.e. those of a working age) classified as economically inactive. This figure includes 49,700 (i.e.

81% of economically inactive population) who do not want a job and 11,800 (i.e. 19% of economically inactive population) who do want a job. The main categories within the economically inactive are those looking after family and/or home, the long-term sick and students who are not working. The Newham economic inactivity rate is comparable with surrounding London Boroughs (e.g. Hackney at 37.4% and Tower Hamlets at 37.8%), but considerably higher than the London Average at 25.7%.

1.4.3 Over a five year programme, this will require that approximately some, 3,200 to 3,600 extra people are supported into sustainable employment opportunities annually.

1.4.4 These are not targets that should be taken lightly. However, the focus of this employment strategy is on creating a framework for investment – in both the short and long term – that will allow existing partners and partnerships to work together to get more and more people living in the Borough into work, both within and outside of the Borough.

1.4.5 Achieving these outcomes will not be without challenge. It will primarily rely on a new kind of partnership working that is capable of substantially scaling up the current delivery effort.

1.4.6 Under this scaled up approach, new arrangements should seek to replace the current multi-agency method with a real, integrated and coherent partnership. Such a partnership will require that existing (and future) financial

¹ See Generation of Employment in Newham: Discussion Paper and Strategic Evaluation; Meridian Pure (2004)

resources – and the capacity that comes with these – are shared and focused around a common purpose.

1.4.7 Realising the ambitious targets will also require that extra investment is made into creating a more coherent delivery model that overcomes the fragmentation that characterises the employment support system in the Borough at the moment. An important part of this new delivery model should be a new mechanism for intelligently placing Newham residents into employment opportunities, both in and outside of the Borough.

1.4.8 Initiating these actions now is important for a number of reasons. First, many of the major capital programmes which will create new investment and new employment opportunities in the Borough are being actively planned today. There are, in many examples, resources available to ensure that local communities benefit from these new employment opportunities. To take full advantage of these opportunities and the resources made available in support of them will require a better integrated and substantially scaled up delivery approach.

1.4.9 Second, Government policy at a national level is beginning to adopt a sharp focus on the very same issues that this strategy intends to deal with – more integrated working, more scale and stronger linkages between need and opportunity as part of a coherent programme to tackle worklessness. If the Borough acts now it will be in a much stronger position to take on the challenge of implementing these important potential changes in the national policy framework which the Government intends to roll out nationally by 2008.

1.5 Terms of Reference

1.5.1 Through the development of this employment strategy, Tribal has worked towards the following brief:

- To suggest how the existing body of work that relates to the employment strategy can be brought together;
- To provide a market and economic orientated strategy which relates to the main thrust of current and future opportunity;
- To produce – using the above – an employment strategy which has one foot in the present and one in the future.

2 A Unique Opportunity

2.1 Introduction

2.1.1 The purpose of this section is to provide an assessment of the future employment growth opportunities open to Newham residents and the demands on the labour market that these opportunities are likely to pose.

2.1.2 The section begins by examining changes within the wider London regional economy within which Newham is located. The Borough's economy and labour market is obviously geographically part of the London region but is also inextricably linked to its economy – in both employment terms and in terms of forecasts for the future.

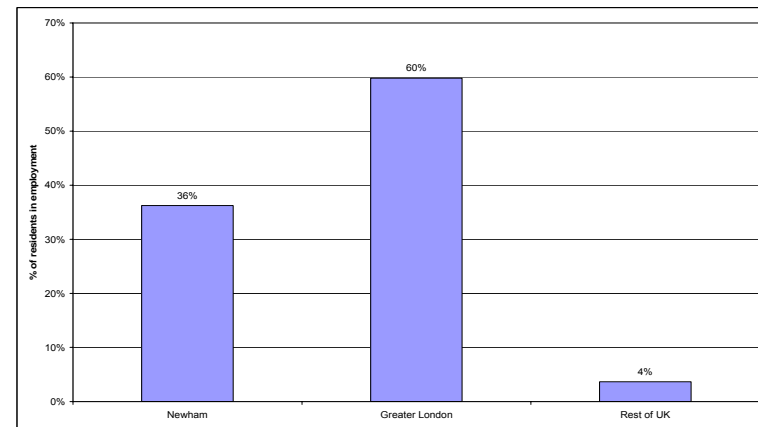
2.1.3 This analysis therefore begins by examining forecasts for the future of the London regional economy and extrapolates from this the main implications for Newham. In addition to this trend based projection analysis, the analysis also considers the impact of large scale physical development planned for Newham. This analysis assesses the economic growth and future demands on the labour market that is likely to be generated by such developments.

2.2 Regional Drivers

2.2.1 Figure 2.1 provides an illustration of the degree to which the Newham labour market is closely integrated with that of Greater London as a whole. In 2001, the latest date for which robust data is available, 60% of all Newham residents in employment travelled to workplaces located outside the Borough, across Greater London as a whole.

Just 36% of the Borough's residents both lived and worked within Newham itself. Given the extent of such integration it is important that the employment strategy developed here considers the potential growth in job opportunities generated across the wider economy of which Newham is a part.

Figure 2.1: Newham residents in employment by place of work (2001)



Source: Census 2001

2.2.2 The Greater London area houses a highly successful and productive economy that makes a substantial contribution to the whole of the UK. It also has a particular sectoral focus which is important to consider. In 2004 for instance, the business and financial services sector accounted for

almost a third of all jobs in London, compared to an average of 20% across the UK.²

2.2.3 The London economy has experienced a shift in recent years. Employers have moved low value added jobs such as low value manufacturing and production activities into lower cost environments whilst in parallel the economy has witnessed a growth in employment among high skilled occupations. In 2002 some 51% of all employment in the region was concentrated in managerial, professional and associate professional occupations.

2.2.4 This secular shift in the economy and the gearing towards higher value employment opportunities is set to continue. Figure 2.2 presents a forecast of expected growth across the London economy over the period 2003-2013. This forecast was published by GLA Economics and is based on a trend based model of economic growth which does not take into consideration the impact of specific developments in the region such as the Olympics.

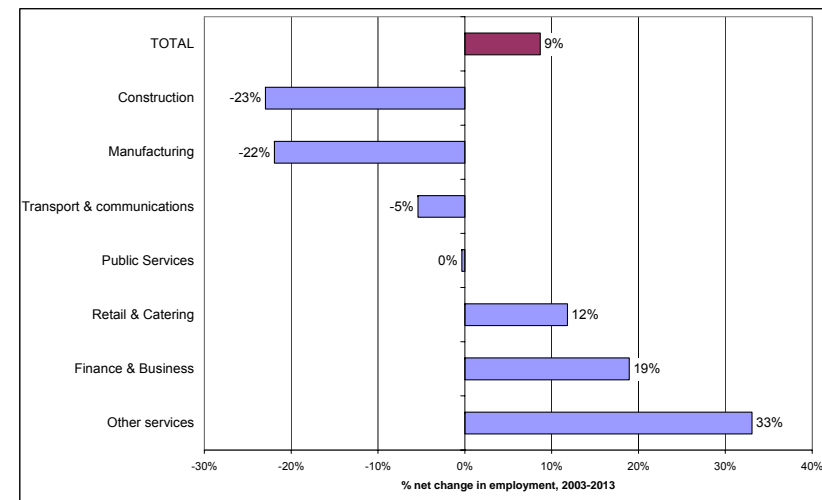
2.2.5 Over the period shown employment in London is forecast to grow by 9%, a net increase of some 390,000 jobs. Key growth sectors include finance and business services (growth of 19% or 278,000), retail and catering (growth of 12% or 113,000 jobs). Employment in other service sectors (including, for instance, creative industries) is forecast to grow by some 33% over the period.

² Nomis 2005

2.2.6 Sectors forecast for decline include manufacturing (net loss of 61,000 jobs) and construction (net loss of 45,000 jobs).

2.2.7 Overall, this projection indicates a continuing trend within the London economy towards higher value service sectors. By 2013 the finance and business service sector is forecast to account for 36% of all employment across the city.

Figure 2.2: Forecast employment change, London 2003-2013



Source: GLA Economics

2.2.8 The changes in the industrial make up of employment in London indicated above have obvious implications for the type of job opportunities likely to be opening up across the region in the coming years.

2.2.9 In particular, the projections indicate a continuing move towards private sector service industries requiring a greater

emphasis on high skilled managerial and professional occupations. Analysis carried out by the Institute of Employment Research (IER) suggests that such trends are likely to result in a continuing 'professionalisation' of employment across London over the period forecast here. IER analysis indicates that occupational groups forecast for rapid growth across London over (a longer period than 2013) include:

- Professional and technical occupations (net growth of 235,000 jobs);
- Professional occupations (net growth of 185,000 jobs); and,
- Managers and senior officials (net growth of 145,000 jobs).

2.2.10 More modest growth is forecast among occupations such as:

- Personal service occupations (net growth of 70,000 jobs); and,
- Customer service occupations (net growth of 30,000 jobs).

2.2.11 By contrast job losses forecast in London as a whole for the period are concentrated in relatively low skilled occupations such as:

- Administrative, clerical and secretarial occupations (loss of 150,000 jobs);
- Elementary occupations (loss of 100,000 jobs); and,

- Transport and machine operatives (loss of 50,000 jobs).

2.2.12 Overall, forecast growth in high skilled occupations in London is expected to exceed that recorded in any other UK region. At the same time, forecast net decline in job opportunities available for lower skilled occupations is also expected to exceed that projected in any other region.

2.2.13 Such trends indicate a relatively poor fit between the sectors and occupations forecast for growth over the next decade and the skills profile of current Newham residents. By 2013 these projections suggest that some 57% of all jobs in Greater London will be concentrated in high skilled managerial and professional occupations (IER). At present, however, such occupations account for only around a third of Newham residents in work. However, as we will later illustrate, some of this pattern will be compensated for by higher than regional levels of growth in construction, retail and leisure based sectors.

2.3 Newham

2.3.1 Following the falling employment trend experienced in Newham over the 1980's and early 1990's, recent years have seen a marked turnaround in the Borough's economic position. Over the period 1998 to 2003 the level of employment (excluding self employment) in Newham rose by some 1,600 jobs, a net increase of almost 3% compared

to a 4% growth rate recorded across Greater London as a whole.³

2.3.2 Figure 2.3 presents an estimate of likely change in the Newham economy were this pattern of change to continue throughout the period 2013. This projection is based on a shift-share approach to employment modelling which assumes that the change in the Newham economy relative to that of London as a whole observed over 1998-2003 is continued throughout the forecast period. In simple terms this approach provides an indication of underlying change in the Newham economy and the level of employment opportunities likely to arise if current trends are projected forward. The model makes no allowance for any specific policy developments or capital investments. Such factors will be considered later in this section.

2.3.3 Given the assumptions noted above, a continuation of current trends would result in employment in Newham rising by some 7% over the period 2003-2013, a rate of growth only slightly less than that forecast for Greater London as a whole (9%). Key sectors expected to grow over the period include:

- Retail and Catering;
- Other services (includes creative industries);
- Construction;
- Finance and business services;

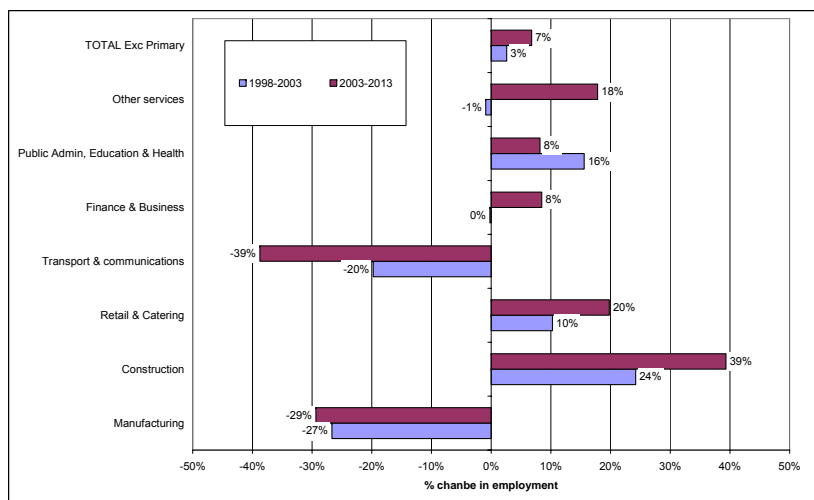
³ Nomis 2005

- Public services; and
- Green economy⁴

2.3.4 The forecast changes do differ slightly from those put forward earlier relating to the London regional economy. The most notable variance is in the increases in construction related employment and significant decreases in transport and communications sectors.

⁴ We understand from officers at LBN that the LDA has also acknowledged the Green Economy as a growth sector

Figure 2.3: Trend based employment projection, Newham, Major Sectors 2003-2013



Source: Annual Business Inquiry ©crown copyright; Tribal estimates

2.3.5 The shifts in sectors described above will obviously impact upon the sorts of occupations that will be created and demanded in the Newham labour market. The shifts described above will ultimately mean that the type of job opportunities in the future will be somewhat different from the industrial make up of the past. Professional and managerial occupations will be at the forefront in terms of new job opportunities. By contrast job losses forecast for the period are concentrated in relatively low skilled occupations such as administrative, clerical and secretarial occupations, elementary occupations and transport and machine operatives

2.3.6

Overall, forecast growth in high skilled occupations in the Borough – as is the case for London – is expected to exceed that recorded in any other UK region. At the same time, forecast net decline in job opportunities available for lower skilled occupations is also expected to exceed that projected in any other region. Such trends indicate a relatively poor fit between the sectors and occupations forecast for growth over the next decade and the skills profile of current Newham residents. This is however tempered somewhat by the anticipated growth in construction and also the growth that will be driven out of the major expansion projects (see 2.4 onwards, below) which will create significant employment opportunities in retail, hospitality, leisure and other service sectors.

2.3.7

The drive towards a ‘knowledge economy’ will clearly have a significant impact upon the nature of the regional demand for labour. It should be noted however, that this drive is not simply a sectoral one or indeed a development which will simply pass by those businesses operating in more traditional sectors. Continued developments in ICTs, product and process innovations and ever sophisticating consumer choice means that those companies involved in more traditional market sectors are unlikely not to be touched by developments in the knowledge economy. This is again important for this strategy – and indeed the Borough’s emerging business development strategy – in that it provides an impetus to promote continued innovation and up-skilling across a range of sectors – not just those in the ‘new economy’ as it is now colloquially referred to.

2.4 Key Capital Programmes

2.4.1 In addition to the trend based projections shown above, it is important that this analysis also considers the impact of large scale physical development likely to impact on the Newham economy over the next 10-20 years.

2.4.2 Newham is host to some of the major development projects within the London Thames Gateway and also set to stage the 2012 Olympic Games. The massive economic and capital programmes that will ensue from these developments will affect the opportunities in and demands placed upon the labour market.

2.5 2012 Olympics

2.5.1 An assessment of the economic impact of hosting the 2012 Olympic Games in London carried out on behalf of the Department for Culture, Media and Sport estimated that the event would raise GDP generated in London by some £5.9 billion over the period 2005-2016. The greatest economic impact on London in GDP terms is expected to be concentrated in the pre-Games construction period when output is forecast to rise by some £3.4 billion. Overall, the anticipated increases in expenditure and investment generated by the Games is expected to support the creation of around 38,000 full time equivalent jobs across London throughout the period 2005-2016⁵

⁵ "Olympic Games Impact Study: Final Report", PriceWaterhouseCoopers, December 2005

2.5.2 Within Newham itself, the hosting of the Games provides an opportunity to secure a permanent change in the economy driven by the scale of public and private investment directly associated with the project, but also by acting as a catalyst for other private investment programmes in the area. If properly harnessed, the impact of the Games on Newham can extend beyond the physical developments to provide a substantial legacy of higher employment, higher wages and a higher skilled economy.

2.5.3 Key potential impacts arising from the Olympics project include the following:

- **Pre-Games period:** Some 7,000 FTE jobs in construction, with much of this activity concentrated in Newham itself. Further substantial local employment opportunities are likely to arise directly and indirectly from the Olympic development across a range of sectors including Hospitality services, Creative Industries, Business Services, Environmental industries, Transport and Logistics, ICT and Telecommunications;
- **During the Games:** The North East London area is expected to record an increase in GDP of some £31 million during the hosting of the Games in 2012 arising largely from spending of visitors to the region⁶. In addition to this, the successful hosting of the Games is expected to create up to 70,000 volunteering opportunities. The volunteering programme is seen as

⁶ "Olympic Games Impact Study: Final Report", PriceWaterhouseCoopers, December 2005

an excellent opportunity to assist long term unemployed and underemployed people into the labour market; and

- **Post-Games period:** Use of facilities developed for the Games is estimated to provide capacity for an additional 9,000 homes in Newham and industrial space for some 13,000 jobs across a range of sectors.

2.6 London Thames Gateway and Other Developments

2.6.1 In addition to sites directly associated with the 2012 Olympics, the physical and economic transformation of Newham over the next 20 years is also focussed upon the development of a range of major sites across the Borough. These developments include the creation of a major new urban centre in Stratford and a range of other housing and industrial development sites such as Canning Town, the Lower Lea Valley, Silvertown Quays, the Royals Business Park, Albert Basin, and the ExCel development.

2.6.2 Table 2.1 provides an assessment of the total number of new homes and new sustainable jobs associated with major development sites in Newham. These estimates are based on assessments of site capacity and take into consideration the latest position on planning consents. Employment estimates shown here include a 20% multiplier for indirect job creation.

2.6.3 Overall, major development sites in Newham, including the 2012 Olympics, have the potential to deliver an increase of over 40,000 new homes in the Borough in the period up to 2025, with the bulk of these likely to come forward in the period to 2016. Industrial and commercial developments

have the potential to create up to 115,000 new jobs over the same period with 40,000 of this capacity likely to be available before 2016.

Table 2.1 - Housing and Employment Associated with Key Developments in Newham

	Pre 2016	Post 2016	TOTAL
New Homes	33,314	6,759	40,073
New Sustainable Jobs	39,539	75,454	114,993

Source: London Borough of Newham

- 2.6.4 Over the short term period to 2010 new job opportunities are likely to be limited to early retail developments surrounding the Stratford City development and construction activity across all sites. Over the next ten years, total construction employment associated with these developments is expected to total over 11,000 FTEs⁷.
- 2.6.5 These developments and the trend based forecasts presented are without doubt a huge opportunity for the Borough. They will however place quite considerable demands on its labour market.
- 2.6.6 A study carried out for the Learning and Skills Council – which we highlight in greater detail in Section 3 of this strategy – provides an analysis of the likely impact on skills and occupations of the proposed development of the Thames Gateway Corridor within which these developments fit⁸. This analysis concluded that a high proportion of jobs would be concentrated in high skilled occupations and will place considerable demand on the supply of labour. Just 8% of the employment growth analysed in the study is thought to be suitable for people without any formal qualifications.

⁷ Includes an estimate of 4,000 FTEs associated with the Stratford City development and 7,000 FTEs associated with Olympic Games infrastructure. No estimates have been available for other developments.

⁸ “Thames Gateway Skills Audit”, Learning and Skills Council, March 2005

- 2.6.7 While such developments clearly therefore provide an enormous opportunity to transform the economy of Newham and its surrounding Boroughs, the challenge for partner organisations in the area is to ensure that these opportunities can be turned into real benefits for local people.
- 2.6.8 Clearly the Borough is aware of these issues and, to this end, partners involved in one of the major developments, Stratford City, have produced a draft jobs and business strategy. This sets out the manner in which economic benefits from the development can be spread throughout the local area⁹. The key elements of this strategy include training initiatives, job brokerage services, business development and supply chain support services and long term projects working with schools and colleges to ensure that young people in the area can be equipped with the skills required to access jobs at Stratford City.
- 2.6.9 Without doubt this is a significant step forward. It is also a project which this employment strategy intends to build upon and where practicable, replicate. This is part of a coordinated approach to brokering local employment benefits driven out of the Borough’s overall investment programme.

⁹ “Stratford City Jobs and Business Strategy”, Stratford Regeneration, 7 November 2005

2.7 Summary

2.7.1 The core findings from this section suggest that:

- Projections indicate a continuing trend in the London economy towards specialisation in high value service sectors;
- Newham is forecast to grow at 7% - 2% behind the London regional employment growth rate – which remains considerable; and
- In line with regional patterns, the main growth sectors in Newham will be retail and catering, other services, finance and business and public services, with contraction in lower value and elementary occupations. Unlike the rest of the region, construction will be a significant growth sector for Newham.

3 The Current Context

3.1 Introduction

3.1.1 The purpose of this section, is to examine the skills base that the London Borough of Newham has and how this relates to the forecast labour market changes as described within Section 2. We also consider the sorts of occupational shifts that are likely to occur as a consequence of the sectoral movement and growth described earlier.

3.1.2 The analysis allows for a view to be ascertained as to the degree of ‘fit’ between the demand for labour and the supply from within the Borough. This will, in part, ultimately influence the employment support structures needed – obviously alongside an understanding of the sorts of barriers that people face in accessing skills development support and ultimately employment.

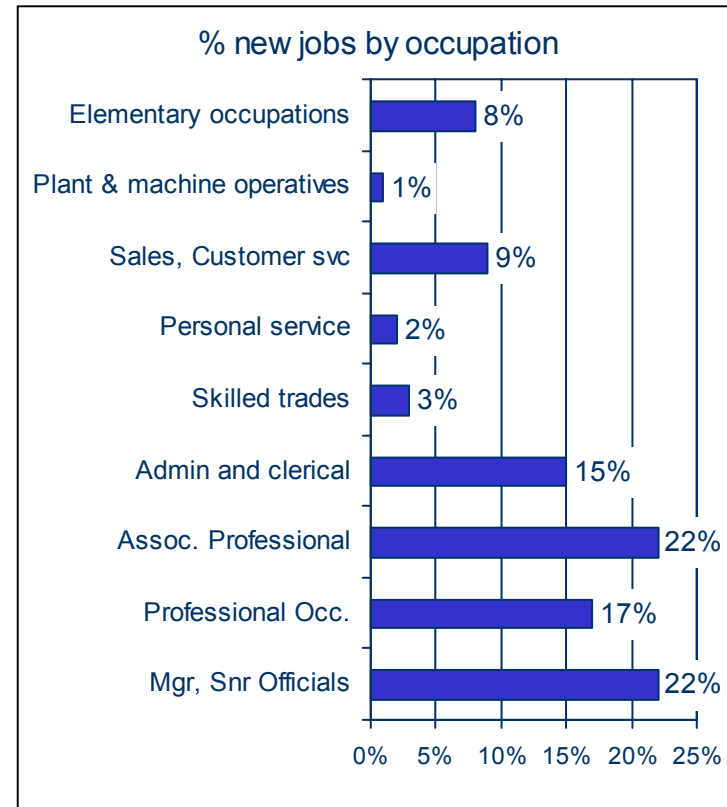
3.1.3 This is, of course, an imperfect science – but the analysis does provide a framework for thinking about the future of the Borough and the sorts of shifts its labour market will invariably need to cope with.

3.2 The Shift in New Jobs

3.2.1 There will be a shift in the employment structure in the next 5 to 10 years with more new jobs being created in professional and managerial occupations and less new jobs in low skilled employment such as manufacturing and industrial. The scale of this impact will be softened on Newham via the expansion in retail, leisure, service and construction based employments. But outside of these

sectors, there will be a significant change in the level of qualifications and skills needed to secure employment within this altered job market.

Figure 3.1: Forecast New Jobs by Occupation, Newham



Source: Learning and Skills Council, 2005

3.2.2 This shift in occupational structure will bring with it new demands for skills and qualifications. Detailed analysis indicates that of the new jobs likely to be created by major developments in (and around) the Borough in the future:

- 38% will require a degree or equivalent qualification;
- 7% of the new jobs will require of Higher Education background;
- 17% will require A-Level qualifications;
- 14% will require GCSE qualifications at A-C; and
- Only 8% will need no formal qualifications.

3.3 How does the Borough compare with this?

3.3.1 The scale and intensity of worklessness and exclusion in Newham is likely to be well understood by anyone with an interest in this employment strategy. A whole set of complex and often interrelated attributes combine and have a significant influence the Borough's ability to get people into sustainable employment.

3.3.2 Recent research commissioned by the Borough found that on average, many of Newham's residents face at least three significant barriers to accessing employment. These range from benefit dependency for housing, caring responsibilities, ill-health, low skills, ESOL and in some cases perceived discrimination – on the grounds of race, religion or gender – by local employers. These are not insignificant challenges.

3.3.3 It is not then particularly surprising to learn that across many standard measures of deprivation, Newham features

as amongst the most acute in London and indeed in the UK.

3.3.4 Whilst in the last year the Borough's Employment Rate rose by 3.3% to 55.7%, which is against the Inner London trend, Newham still, has the second lowest rate in the country – after Tower Hamlets¹⁰.

3.3.5 Newham is the 11th most deprived borough in the country (IMD 2004) - where more than 30% of households qualify for Income Support

3.3.6 Whilst Newham's unemployment rate (those on benefits who are available for work) fell dramatically between the mid nineties and today and is beginning to converge with the Inner London average, this shift continues not to be mirrored by similar increases in the employment rate.

3.3.7 Newham has the highest birth rate in the country. Over 18% of women aged 16-74 are providing care. Furthermore, Newham has the highest proportion of people of both sexes looking after the home and family in the country (10.4%). Newham also has the third highest proportion of lone parent households in the UK with dependent children at 12% (Census 2001).

3.3.8 Nearly 7% (11,614) of the Borough's working age population are permanently sick or disabled which is lower than several Inner London Boroughs (national peak is

¹⁰ Nomis 2005

16.3%) but above areas with higher levels of employment. 40% of this group have mental health issues. 70% of the whole group have been claiming for more than three years. (Census 2001)

- 3.3.9 Students who are not working comprise 9.4% (15,944) of Newham's economically inactive population. This is higher than neighbouring boroughs of Hackney (6.2%) and Tower Hamlets (8.9%) and significantly greater than the national average of 4.7%. Over the last twelve years there has been a dramatic increase in the number of students living in Newham due to the expansion of further and higher education. The University of East London alone currently has 20,000 students which compares to a total of 12,000 five years ago. Whilst not all reside in the borough a significant number of them do so.
- 3.3.10 According to the GLA Claimant Count November 2005, 7545 are claiming JSA, equal to an unemployment rate in Newham of 7.5% compared to the Inner London rate of 6.0%. Newham has the highest proportion in the country of working age residents who have never worked - 21%.
- 3.3.11 Yet counter to the negative images that these statistics create; the Borough has an aspirational young population with 80% in full time education and increasing levels of attainment at key stage 4 – now approaching the national average. The percentage of pupils achieving 5 or more GCSE Grades A*-C has been consistently lower than that of the national average, however, the gap between

Newham's average and the national average has been narrowing (Newham 50%; England 53.7%)¹¹

Figure 3.2 Secondary School Level (5 A*- C GCSE) (2004)

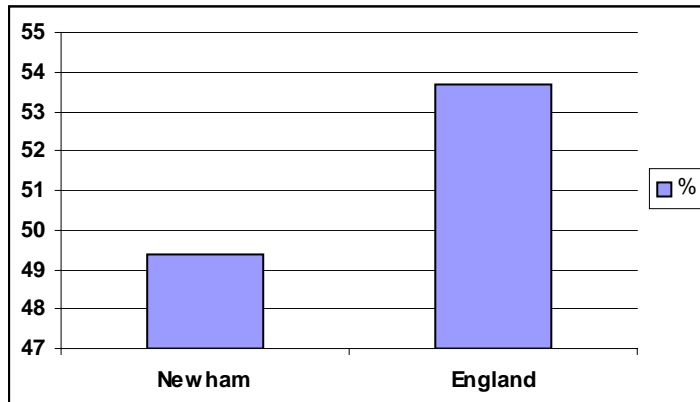
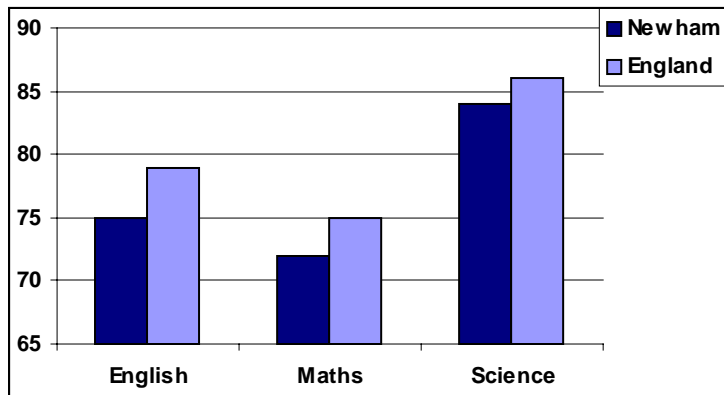


Figure 3.3 Primary School Attainments at Key Stage 2 (2005)



¹ (Source: DfES Achievement and Attainment Tables, 2004).

3.3.12 Newham LEA Key Stage 2 results in 2005 were 75% of all pupils achieved English, 72% Maths and 84% attained Science. This is slightly below the national average whereby 79% of all pupils attained English, 75% Maths and 86% achieved Science Key Stage 2.

3.3.13 However, Newham has the third highest proportion of adults in London without any qualifications following Tower Hamlets and Barking and Dagenham (Census 2001). Only 15.5% have qualifications at NVQ4 and above compared to Greater London average of 30.8% (Labour Force Survey 2004).

3.3.14 The proportion of the working age population in Newham with an NVQ Level 2 qualification was 16.2% compared to London, where 17% are qualified to this level. Adult educational levels are significantly below the national average in Newham. This is a key challenge for the employment strategy over the short and medium term. Over the long term the indications are good based on recent school performance.

3.4 Summary

3.4.1 The complex interaction of history, economic legacy, social, cultural and environmental issues has had a profound impact on the Borough's labour market over the years. Today Newham is the 11th most deprived Borough in England and its residents continue to face a complex set of barriers to participating fully in the labour market. The challenge of addressing this is a considerable one, not

without its difficulties and in any other context, a daunting one. However, Newham is at the juncture of a major strategic investment programme which provides one of the most vital ingredients to this labour market strategy – the opportunity. The remaining focus of this strategy is on setting out a proposed mechanism for aligning this opportunity with the needs of the Borough’s residents.

4 The current system of support

4.1 Introduction

4.1.1 This section seeks to examine the current support structure that exists in the Borough to help its residents to get into work.

4.2 Current Supply

4.2.1 The Borough of Newham – like many other urban areas – is characterised by a complex support structure, in which there is a lot happening. This structure ranges from large, statutory organisations, including JobCentre Plus, who offer (largely nationally defined and resourced) services universally across the Borough. It also includes much smaller, often community and voluntary sector delivered initiatives and projects, which focus their efforts on specific target groups, communities of faith, interest or place.

4.2.2 This variety and diversity of provision is on the one hand reflective of the diversity of the communities that the ‘system’ aims to support. For example, many of the major ethnic minority groups that have a significant population in the Borough have access to a project or initiative that offers employment aligned to their cultural and linguistic requirements.

4.2.3 The diversity of current provision is also a legacy of the successive discretionary grant and area based regeneration programmes operating in the Borough. These include the Single Regeneration Budget, New Deal for Communities, Connexions, Sure Start etc – all of which the

Borough has delivered over the last 5-10 years. Because many of these programmes have had (at least) a partial focus on employment, a range of projects and initiatives have been literally been ‘spawned’. These include specialist support services for the mentally ill, highly specialist training projects, support services to young people, volunteering programmes and so on.

4.2.4 Whilst in many ways the diversity that this system has created is beneficial, it has also created a context which is highly fragmented. Much of the current delivery effort – whilst highly useful – is both thematically and geographically dispersed.

4.2.5 In addition to the degree of fragmentation within the current system, there is also a general lack of coordination. Whilst agencies and partners do clearly interact with one another (principally via the Employment Theme Group of the LSP), they do so in the absence of a clear, coordinated and overarching policy and resource framework.

4.2.6 Whilst the support structure has within it lots of individual expertise and creativity, is characterised by a lack of scale. There is undoubtedly a lot of activity, but it is, in the main, delivered at a small scale and because of this lacks clarity of focus.

4.2.7 The combined effects of these issues is that the system is potentially confusing for the ‘customer’. Points of entry into it are generally unclear and crucially – in the context of the

multiple barriers¹² to employment that Newham residents often face – the system, in its current form, struggles to create joined up services for residents.

- 4.2.8 Further issues also affect the ability of the current support system to achieve the impacts that all stakeholders want to see.
- 4.2.9 For example, many of the current (smaller, non-mainstream) initiatives began their life – and often continue to exist – as discretionary grant funded projects. Under the ‘bid and deliver’ model that has largely characterised SRB, NDC and so on, partner organisations and voluntary and community based groups have been encouraged to bid into grant programmes with new ideas and projects.
- 4.2.10 This system, whilst highly effective at creating innovative, need responsive and new forms of support, is generally acknowledged as being weak at its ability to create long run sustainability. Many of the (largely non-mainstream) organisations that currently offer support to the Boroughs community continue to operate with short term funding. The funding which is available to continue to support these initiatives is usually in short supply and organisations are often forced into a sometimes quasi competitive context.
- 4.2.11 There is also – in our view – a general lack of alignment between the range and overall quantity of support and the main thrust of economic opportunity. Many of the support

initiatives that are currently available in the Borough are highly specialised (see Appendix 1, where we present a map of the current initiatives). Again, these are highly valuable and valued services, but they are configured in such a way that they lack congruence with the mainstream employment and growth opportunities available within and outside of the Borough.

- 4.2.12 In our analysis, we found only a small number of major construction training programmes. Some of these are clearly delivering outcomes. These include the following: LETS project being delivered by Building Crafts College providing construction training for 14-16 year olds; A LBN funded Employer-led scheme to train residents in groundworks and highway maintenance; A project delivered by LBN to commission short training such as plant operation, multi skills and health and safety. However, there remains a widely held view amongst stakeholders that the current scale of activity on this specific area is not consistent with the scale of planned programme for the Borough.
- 4.2.13 The analysis does indicate that some of the major training providers, including Newham College of Further Education, various LSC funded workforce development initiatives and other more locally based initiatives, including the Docklands Recruitment project, are providing training and workforce development initiatives directly geared towards the major growth sectors. But it is our view that more can be done to align the focus of support to the major areas of capital investment and the associated opportunities in catering, retail and other service sectors which are going to act as an

¹² See Barriers to Employment in Newham; Middlesex University (2004)

important focus of growth in Newham over the next 10-15 years.

4.2.14 We also feel that there is a considerable opportunity to create stronger linkages between the employment support system and the major capital programmes that are set to take place in Newham. For example, in other London Borough's that have experienced patterns of growth similar to that which is forecast for Newham, employment brokerage models have been developed which work to directly link opportunity with need.

4.2.15 There are emerging examples of this in Newham – including Stratford City – and these should very much be built upon as an important foundation of future arrangements. To create long term sustainable impacts, these brokerage models should leverage the Council's Section 106 powers, including the resources made available via the hosting of the Olympic Games and be physically located in close proximity to the major areas of redevelopment.

4.2.16 Business engagement is also an important aspect that we feel the strategy should focus on. The Borough is preparing an Enterprise Strategy and the timing of these two important pieces of work provides a real and meaningful opportunity to create a more integrated approach than that which is currently in place that links employment and employability initiatives directly with business needs.

4.3 Summary of strengths and weaknesses

4.3.1 Through detailed desk based analysis of the existing employment strategies and support structures in Newham, supported by consultation, the key strengths and weaknesses have been identified.

4.3.2 The key strengths that the current system possesses are:

- There's a lot of it;
- It's good at demand aggregation;
- There's diversity of provision;
- It's pioneered flexible provision;
- There's a good body of evidence;
- There's real commitment amongst top table stakeholders to improve co-ordination; and
- There is huge economic and market opportunity.

4.4 The Weaknesses

4.4.1 The weaknesses we have identified are:

- A lack of clarity concerning roles and access points;
- Little appreciation of 'common purpose';
- Fragmentation and competition;

-
- Gaps in key target group areas¹³,
 - Lack of integration with business need and community; and
 - Lack of scale.

¹³ The main gaps included included 14-19 year olds, disabled groups, those with caring responsibilities and those affected by housing benefit dependency

5 Moving forward – creating scale

5.1 Introduction

- 5.1.1 The evidence presented throughout this report illustrates that whilst the current landscape of support to communities in the Borough is workable, it has room for development.
- 5.1.2 To move forward – as part of a coordinated effort to increase levels of economic activity in the Borough – will require a structural response. This structural response will need to be supported by investment into the delivery mechanism or mechanisms which are used to get services out into the market.
- 5.1.3 This will rely on a new kind of partnership working that is capable of substantially scaling up the current delivery effort.
- 5.1.4 Under this scaled up approach, new arrangements should seek to replace the current multi-agency method with a real, integrated and coherent partnership. Such a partnership already exists at a strategic level – but hasn't yet come together in an on the ground delivery sense.
- 5.1.5 Scaling up is needed because:
- The current focus of supply of support to Newham's residents lacks congruence with the main thrust of economic opportunity;

- That which is consistent (e.g. sectoral focus) is generally small scale, not physically aligned to areas of investment and lacks:
 - Well developed employer linkages;
 - Clear access points for the user;
 - Linkages across activities; and
 - Long run sustainability.

5.1.6 Considered in their entirety these issues mean that the current system simply is not maximising its potential and is not equipped to cope with future demands that are likely to be placed on it as a result of the massive growth planned for the Borough.

5.1.7 'No change' is not then an option, particularly if the Borough is to genuinely make the inroads that its stakeholders want to see and to achieve the Mayor's commitment for jobs for local people.

5.2 Scaling up

5.2.1 Scaling up will help to achieve:

- Stronger focus and visibility – particularly in relation to the main strategic areas and priorities in which there needs to be a big impact;
- More Newham residents in work and progress to the London average employment rate.
- More coordinated investment – which is managed at a level that is commensurate with the scale and ambition of the planned capital programmes that will

drive forward the physical and economic transformation of the Borough;

- Momentum – through new and bigger initiatives which are aligned to the opportunities (current and future), are both market responsive and capable of driving much needed partner coherence; and
- A new framework for thinking about the future and making choices – which can guide policy choices that can be turned (quickly) into realities.

5.2.2 Scaling up is also about ensuring that the focus of support to communities is re-balanced to better reflect the requirements and needs of the mainstay of Newham residents. Clearly this should not be at the expense of dealing with niche community needs or tackling those issues that require specialist support. These needs and the services that have been developed to address them remain vitally important – but there is no reason why these services should not be brought together into a more organised and coherent delivery approach.

5.3 Towards commissioned frameworks

5.3.1 Scaling up will require a new approach to delivery. The strategy proposes that at the core of this new approach sits in a series of 'Framework Contracts'.

5.3.2 Framework contracts are initiatives which:

- are delivered at scale;
- are commissioned from the market;

- operate within a single overarching governance framework;
- work to a defined business plan with allocated resources;
- are opportunity focused;
- have modulated programmes for:
 - hard to reach groups;
 - individuals and communities facing multiple barriers; and
 - Those who are job ready.

5.3.3 Whereas this approach is focused on creating scale and stronger market focus, the frameworks themselves, and the approach through which they are designed both need to engender trust and encourage a shared vision and attitude towards delivery.

5.3.4 The frameworks should install the systems necessary to find and filter the opportunities within Newham and the wider area and tap into the networks that operate within and outside the Borough.

5.3.5 Whilst at the core of the proposed framework contracts are a set of social policy objectives, this should not preclude business like efficiency in their delivery. Delivery to agreed targets, with defined resources (human and financial), regular reviews and a strong focus on customer satisfaction are all key.

5.3.6 Importantly, frameworks should encourage innovative working. Whilst funding for them is unlikely to be

unencumbered, this should not dissuade partners from operating creatively. This will require a working ethos that doesn't allow itself to be locked in by the rule book – and overly dominated that those who guard it.

5.4 A structure for governance

5.4.1 Importantly, the move towards commissioned frameworks should focus on replacing the current tendency towards multi-agency working with real partnership. The partnership will need to operate at two levels. Firstly, at a strategic level. This is the level at which strategic objectives are agreed and monitored and the forum through which individual framework contracts are planned, negotiated, procured and monitored.

5.4.2 Second, there will be a need for a new level of partnership working on the ground. This is familiar territory to the Borough and an area in which there are many examples of good practice that can be built upon. On the ground partnerships will be brought together to oversee the implementation and management of individual framework contracts. They are likely to be made up of existing (and possibly new) delivery organisations who should be commissioned through an approach which encourages collaboration and sharing of resources (and where appropriate costs).

5.4.3 At both levels, these partnership arrangements are highly unlikely to succeed unless resources are shared, outputs are likewise and capacity is co-located where appropriate. We would see no reason why the current Employment Group of the LSP should not act as the Strategic

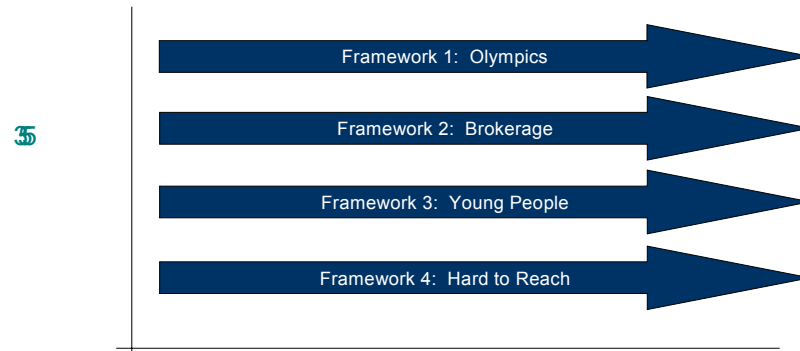
Partnership – although effort will need to be made to ensure that its principal actors, namely LBN and Job-Centre Plus can agree a new way of working. This should obviously be supported by the LSC and the LDA.

5.5 The Frameworks

5.5.1 In all we propose four main framework contracts. These have been developed on that basis that they are scaleable, relevant to the current and future economic context and have significant resource potential.

5.5.2 Figure 5.1 illustrates the four frameworks and each is described in more detail overleaf.

Figure 5.1 Framework Themes



We must emphasise that the development of these frameworks should not be seen as something that will 'silo' the delivery structure of support in the Borough. They are in no way intended to do this. Instead, their focus is on

providing a framework for thinking about, planning and delivering an opportunity orientated support system. For the 'customer' the framework projects need not be presented as a single or stand alone entity. Rather, its presentation in what we have referred to as the 'front office' (see 6.3) should be as one of a number of pathways into employment, training or volunteering.

- 5.5.4 In all of the four proposed frameworks, to achieve impact will require that specific opportunities (be they in volunteering, training, employment etc) will need to be recorded and monitored via an integrated knowledge management system and / or database that will allow for targeting, output recorded and funding drawdown. Specific marketing and / or events should be factored into any business plan as should a communications programme with stakeholders.

Framework 1: Olympics

5.6 Overview

5.6.1 Without doubt staging the 2012 Olympics in the Borough is a globally important, internationally visible and once in a lifetime opportunity for Newham. Policy makers – locally and nationally – are universally in agreement that a sustainable Games for the UK will be one that embeds itself into a broader urban strategy and plan.

5.6.2 Already, at this stage in the implementation of the Games, resources have been made available to create a framework for ensuring that residents of the five Boroughs immediately affected by the Games benefit from the employment opportunities that they will invariably create.

5.6.3 A Local Employment Training Framework sum approaching £12 million (of which £3 million has been earmarked for childcare) has been tabled by the LDA as part of an outline plan focused on securing local employment and training benefits ensuring from the Games. This document highlights that:

“The momentum of hosting the Olympic Games and Paralympic Games, if properly harnessed, will help secure a permanent change to the economy of East and South East London. It will provide a once in a generation opportunity to alleviate economic deprivation in an area that has unacceptably high levels of worklessness and poverty. More strategically,

the Games will provide a powerful catalyst for private sector investment, making it a hugely significant project in the delivery the Thames Gateway regeneration programme. Both the level and definitive timetable for major public investment will lever massive private sector resources into the subregion, kick starting comprehensive regeneration east of the city for the next 20 years. In this respect the Games are not just a one-off bonanza. They will provide the area with a sustainable legacy, transforming the local and sub-regional economy into a high employment, high wage, and skilled economy with training, jobs and wealth creating opportunities.”

5.6.4 The LETF is a particularly important instrument in the context of this strategy. Once formally adopted the document will, act as a statutory instrument for planning purposes and moreover will define the policy framework within which the 5 Borough’s plan and agree their investment into securing the employment benefits of the Olympics.

5.6.5 In response to the LETF, the Learning and Skills Council has also earmarked a sum of money to support local training and employment opportunities linked to the Olympics. No specific programme of proposals has been put forward by the LSC at this time. We understand that this is a deliberate stance and an acknowledgement of the desire from the

LSC to see a programme emerge from local partners.

5.6.6 The evidence presented within this and other reports clearly highlights to a series of growing employment opportunities in:

- Construction;
- Volunteering Programme; and
- Sectoral opportunities such as hospitality, retail and leisure.

5.6.7 A clear position is now emerging as to how these benefits are to be targeted at Newham and other Host Borough residents. A programme of investment proposals will need to target support at Newham residents to ensure that they are given the resources, skills and capacity to effectively compete for the associated opportunities.

5.6.8 The first formal framework that this employment strategy advocates is one that will involve the Borough researching and defining a programme of investment and activity that will focus on ensuring that local residents are both supported and encouraged to take full advantage of the many construction, sectoral and volunteering opportunities presented by the Games.

5.7 How might the framework operate

5.7.1 The Newham Olympics Training Framework provides a mechanism for defining, agreeing, planning and managing a programme of investment and support to the communities of the Borough.

5.7.2



That programme of support will be configured around the major volunteering and employment opportunities (short and long term) associated with the games.

5.7.3

Defining these will require further research. Establishing the level and type of investment required to deliver will likewise require a degree of further analysis. Both exercises should be developed through a comprehensive business planning process. As a minimum, this planning process should engage with the main appointed construction contractors, other Borough's eligible for support under the LETF and of course the ODA.

5.7.4

The business plan would provide the basis of a programme of investment – which would be opportunity focused – that would allow the Borough to target resources at a specified series of interventions focused at volunteering, sectoral

employment opportunities and construction employment.

- 5.7.5 The commissioning of the business plan would be managed and monitored by the back office – i.e. the executive arm of the partnership (see section 6.4). Its delivery – i.e. the organisation or consortium ‘commissioned’ to deliver is likely to consist of existing public and voluntary organisations and potentially private sector operators with expertise to offer.

Framework 2: Brokerage

5.8 Overview

- 5.8.1 Newham has been particularly successful in seizing the early opportunities for physical regeneration offered by the major Brownfield sites of the “Arc” running along the Lea Valley and around to the Royal Docks.
- 5.8.2 These sites have changed from peripheral to strategic locations following the recognition that London’s development should occur eastwards and be enabled by new and improved transport links to Central London and later to Kent and the Continent. Key opportunities are now being actively brought forward in Stratford and the Royal Docks areas. These initial regeneration phases, together with the associated improvements in public transport, have drawn the attention of Government, developers, and investors to the real potential of ‘Metropolitan’ Newham as a new place to live and work.
- 5.8.3 This, Metropolitan Newham (comprising the Lower Lea, City East, and East Beckton) will be the main focus of physical regeneration in London for most of the next decade. Transformational change will take place through:
- The building of Stratford City (over 5,000 new homes and 30,000 jobs)
 - The creation of the Olympic Park before 2012.
 - The regeneration of the Brooks Estate, Canning Town, Silvertown Quay, East Beckton and other parts of the Lower Lea and the Royal Docks.

- The opening of the International Rail Station in 2007 and the extensions to the DLR from the end of 2005 through to 2009.
- The likelihood of further new ‘transport links’ for Newham in the future such as the Thames Gateway Bridge and Crossrail.

5.8.4 These projects are vital drivers for Newham’s future economic prosperity as they will significantly increase the population base in these areas and bring in more spending power to support and stimulate local businesses. Some of the projects, in particular Canning Town and the Brooks Estate, will be exemplars for Mixed tenure, more affordable, sustainable neighbourhoods as opposed to the predominantly single tenure, affluent developments of the early years of regeneration in East London’s docklands.

5.8.5 However, as acknowledged in a recent Cabinet report prepared by the Borough, these new regeneration projects are not enough on their own to create sustainable Communities right across Newham and to close the severe “gap” of deprivation and improve the limited life chances still experienced by too many of Newham’s residents.

5.8.6 From an employment standpoint, for the Borough to exploit full advantage of this massive planned investment programme it will be necessary to set in place the structures that can effectively link the development programme to the support structure within the labour market.

5.8.7 By taking a positive stance with developers of the new urban infrastructure via Section 106 agreements it will be possible for Newham to tap into and influence allocation of new employment opportunities. Many of the major 106 agreements have been reached¹⁴ with the developers and the opportunity now exists to construct both a programme and a new level of delivery capacity that leverages these and other monies to create a comprehensive employment brokerage model. Such models are already under development in the Borough (see Stratford City) and have been used to considerable effect in other London Boroughs as well as elsewhere in the UK (e.g. Manchester, Liverpool, Sheffield).

5.8.8 Recent research commissioned by the LDA¹⁵ concluded that the model is an effective one at delivering a higher number of job outputs, particularly when the brokerage model is configured in a way to respond to a demand led approach that offers services in a holistic way. This incorporates the following aspects:

- excellent relationship with employers;
- interventions designed to meet the specific demands of employers;
- short vocationally specific training to meet person specifications;

¹⁴ Note developments within the UDC's area will have to rely on the Section 106 policy that the UDC develops later this year. The Council needs to press strongly for employment to feature in the UDC policy.

¹⁵ Just the Job; Tank Consulting on behalf of the LDA (2004)

- careful matching of candidates to job vacancies;
- work experience placements or work tasters that will help individuals compete more effectively for jobs by improving skills and confidence; and
- Strong culture of "reality feedback".

5.8.9 It also needs to incorporate the following aspects which are common to the client led approach:

- good initial assessment of candidate needs;
- individually focused advice and guidance; and
- Specialist support to overcome particular barriers to employment.

5.8.10 To make the brokerage models work successfully, they typically need to operate and be delivered in a sector or investment specific setting where the provider is working with certain industries or sectors.

5.8.11 This ensures that staff are recruited with the necessary industry experience and that the organisation as a whole is geared towards meeting the needs of identified employers. Some providers may work with a spread of employers and therefore have dedicated sections or designated members of staff that will concentrate on working with specific sectors rather than the entire organisation.

5.9 How might the framework operate?

5.9.1 To initiate such a programme in the Borough and to further develop current job brokerage services on offer it is likely that training and capacity building of providers will be necessary. Again, we see the main mechanism for this as being a robust business planning exercise. The exercise should, again, be initiated and managed by the back office and involve the procurement or commissioning of a network (who are encouraged by funding bodies) to meet new levels of contractual quality standards.

5.9.2 The type of training and development that would be put in place via this process will clearly vary on a scheme by scheme basis, as will the specific services that will need to be procured. It has however been forecast that the core sectors of construction, retail, leisure and catering amongst others will be expanded as a result of capital build programmes and it is thus highly likely that these core sectors should form a focus of the brokerage programmes.

5.9.3 Again, each of these issues will require further analysis and research but as a minimum the brokerage model should the following sorts of aspirations:

- to act in an intermediary role between residents and employers
- to offer a high quality recruitment service to employers in the areas of major investment
- to offer residents support with applications and interviews and then provide in-work support

- to deliver the project from neighbourhood bases in the area so that local people could access the service
- to carry out outreach work to ensure hard to reach residents are targeted.

5.9.4

It will be important that the provider(s) that deliver job brokerage have a solid ability to build relationships with employers etc. Where providers are offering services to a particular sector or client group there may be a need for a further skill set within the staff team e.g. knowledge about homelessness issues, industry terminology, mapping foreign qualifications, or skills shortages.



Framework 3: Young People

5.9.5 The aspiration for the Newham economy is of a metropolitan, cosmopolitan and economically dynamic area. The growth programme required to deliver this is already largely underway. Our forecast analysis has clearly indicated that this scale and nature of growth will place new demands on the Newham labour market and will equally create new opportunities for the next 10-12 years at least. This is a monumental opportunity and the time is now opportune to begin planning for the future of the Boroughs most important 'assets' – its young people.

5.9.6 There is a solid basis from which to begin this. There is strong evidence to suggest that the aspirations of young people within Newham are high and that educational attainment is increasing steadily. This is the consequence of a gargantuan effort and investment by the Borough to massively turn around the performance of schools and the levels of educational attainment.

5.9.7 The borough is host to 15 schools and 3 main sixth form colleges. The focus of this framework programme is on working with each of these vitally important institutions to:

- Increase young people's employment awareness;
- Increase young people's awareness of employment and training opportunities; and
- Develop new learning pathways that are focused at engendering a more economically active borough, including:
 - Applied GCSE's;

- NVQ's and BTECs;
- Specialised Diplomas;
- Young Apprenticeships

5.9.8 The framework should also seek to put in place a mechanism for dialogue, planning and investment into key areas relating to 14-19 and 16-19 year old provision which will allow the educational system in the Borough to be more strongly aligned with the predicted changes in the economy. The growth in professional and business service sectors, retail, leisure and hospitality means that by acting now, Newham can look to make a real difference to its labour market profile.

5.9.9



The development of this framework should also have a strong focus on ensuring that more and more young people stay on in education and training, as part of a concerted drive to reduce the Borough's historic legacy of low adult skills.

- 5.9.10 Likewise the focus of this framework should also be on making sure that every young person - whatever route they choose - is given the skills and experience that employers require. Commonly cited – yet all too often overlooked – areas include communication, ICT and maths, preparedness for the workplace.
- 5.9.11 The framework should also focus on finding new ways through which good support can be offered to young people at risk of serious disengagement, which can sometimes set in at an early age. This will mean making sure that young people have good sources of advice and guidance; but also that they have places to go and things to do in the evenings at weekends, and in the holidays.
- 5.9.12 We accept that this framework is slightly peripheral to the immediate and core focus of raising levels of economic activity in the Borough. We also accept that this framework bridges the agendas of many public, voluntary and community groups and will demand a multi-disciplinary approach and new level of partnership working.
- 5.9.13 However, this longer term investment is of the utmost importance to the Borough in this period of massive planned economic diversification and development. For these reasons we see the implementation of this framework as being a short term priority, but one which will deliver more medium term results.

Framework 4: Hard To Reach Groups

- 5.9.14 The final framework concerns communities in the Borough facing multiple barriers to employment. The needs of these individuals are complex, varied and require specialist support structures to be put in place that can effectively help people to overcome their personal barriers.
- 5.9.15 The delivery of support to these groups has been a longstanding feature in Newham. There are some wonderful examples of good practice. These range from development projects for the mentally ill, employment projects that use sporting interest through to multi-lingual and gender specific support initiatives that target particular ethnic groups.
- 5.9.16 The support organisations that operate at this level have pioneered many innovative, flexible and creative models of working. However, much of this support continues to operate with a number of important characteristics:
- It operates at the edge of mainstream funding sources – and are often therefore reliant on (often short term) grant support made available via discretionary funding programmes;
 - It operates in the absence of a clear and integrated policy framework which sets priorities that guide **sustainable** resource allocation;
 - It operates in a fragmented context – in which services are targeted at specific localities (e.g. those in receipt of a major grant programmes, such as NDC);

- It operates at a small scale – in which resources for front line staff and operations are limited, but also opportunities for maximising mutual collaborative advantage remain under-exploited;
- It operates in the absence of a clear and well defined governance framework in which decisions guiding resource allocation and priority definition are not made.

5.9.17 Through this strategy, a significant opportunity exists to ‘design in’ both better organisation and longer term sustainability through a framework for improving collaboration and strengthening the focus of delivery at Borough wide priorities.

5.9.18 Again, as with other framework areas, we suggest that this is achieved through a commissioning process. This will take time, careful planning and critically will necessitate the full engagement and support of the many community and voluntary groups who have been operating services in the Borough aimed at these target groups over the years.

5.9.19 The focus of the commissioning process will be on:

- Setting strategic priorities for hard to reach groups. Much research has already been carried out in this area and there is a significant body of both local and national evidence upon which to build;
- Improving the level of co-ordination amongst existing players and operators working at this level. This is arguably best achieved through the installation of a new governance structure or partnership which has a specific mandate to research, agree, set and

implement and programme of support targeted at Borough wide priorities;

- Removing the funding vulnerability faced by many of the existing small scale, but highly valuable players operating in the Borough by:
 - Promoting shared delivery;
 - Encouraging efficiency savings via collaboration;
 - Creating stronger alignment between provision and mainstream funding resources and programme bending opportunities.
- Scaling up, by bringing partner organisations together to operate more effectively within a defined policy framework.

5.9.20 Again, as with other framework contracts, the commissioning process should be initiated by and overseen by the 'back office'. To ensure the democratic accountability of this process, there should be strong input from a range of existing groups and organisations that represent the needs and mirror configuration of target communities. The focus of the commissioning exercise should – in addition to the bullets above – be on defining a clear system of referral which can be used by the 'front office' in its dealings with communities affected by multiple employment barriers. A key outcome from this needs therefore to be better knowledge management, better understanding and an improved system for linking up agencies and operators that deal with these target groups.

5.9.21 The focus needs also to be placed on replacing multi-agency working with a series of partnership agreements that work towards a joint goal aligned to the needs of

specific hard to reach groups. This approach will need to be:

- characterised with business like efficiency, despite its inherent social mission;
- a step beyond the historic bid and deliver culture that has prospered under the current system; and
- Capable of creating a more accessible and integrated engagement mechanism than that currently offered by the system.

6 A structure for delivery

6.1 Overview

6.1.1 In this section we outline the proposed mechanism through which the strategy will be delivered. This will have three principle components. First, the revised partnership, which was described in outline terms in Section 5 above. Second, the revised structure will consist of a front office, which will form the essence of the new, community facing delivery mechanism. Third, the revised structure will include an entirely new back office which will operate as the executive arm of the new partnership and be the arrangement through which the overall delivery mechanism is managed and delivered on a day to day basis. The main roles and responsibilities associated with each of these three elements is described hereon and figure 6.1 presents the proposed structure diagrammatically.

6.2 The employment partnership

6.2.1 The 'employment partnership' will operate as the Board of the new delivery arrangement and as the custodian of the Strategy itself. Whilst its configuration should broadly mirror that of the current employment sub-group of the LSP, its duties will differ in that it will be:

- Responsible for commissioning both the front and back office of the new delivery structure;
- Responsible for securing, integrating, managing and monitoring the implementation of a range of sources of investment;

- Responsible for defining the terms of reference, for commissioning and for monitoring the implementation of each of the four framework contracts.

6.2.2 Owing to the strategic significance of the partnership, it should be afforded the highest level of political attention by each of its principal participants. At the very least, this should include regular Chief Executive and where appropriate Leader / Mayoral representation from each of the main partner organisations (namely LBN, the local Job Centre Plus and the local LSC).

6.2.3 A schedule of work will need to be developed, but we would expect, as a minimum, for an initial intensive programme of meetings for up to six to eight months to oversee the implementation of the work programme necessary to expedite the proposals. Thereafter, we would expect for the partnership to meet quarterly.

6.3 The Front Office

6.3.1 The role of the front office is act as the public face of the system. This should be a well marketed and branded entity from which the user can quickly and efficiently access a wide range of information on jobs and training tailored to their specific needs.

6.3.2 The front office should be publicised as a separate entity detached from the Council (and other established initiatives) so as to remove any perceived institutional barriers that such an association might create amongst the local community.

6.3.3 The services provided by the front office should be free to all users and designed to be simple yet comprehensive. It is critical that the correct structures are put in place to encourage the initial interest in seeking work. This means that a variety of innovative methods need to be incorporated. As a minimum this should include:

- The 'access point'. These are co-located facilities which are well branded, located in areas close to the major capital investment projects and possibly other prominent locations in the borough. In essence the access points act as the 'front of house' for the strategy and its main interface with the business and residential community that it is intended to support.
- The 'employment bus'. This is a mobile facility in which all of the main design attributes of the co-located facility are mirrored but is operated in such as way as to tie into the various social, cultural and other events that are hosted regularly in the Borough;

- The 'outreach'. This is a facility characterised by its ability to reach deep into communities and in particular those places in which they tend to cluster. This could be the housing office or at RSL locations, places of worship where appropriate, places of cultural interest, child care facilities etc.

6.3.4 In all instances, delivery should be approached sensitively, using community employment officers which mirror the configuration of the population in terms of ethnicity, gender, age and so on.

6.3.5 To make the front office work effectively, it should also operate a comprehensive database of all users including information on all of the main variables necessary to implement a business like process of diagnosing, matching and tracking the progress of would be 'employees. This will match people to real job opportunities and enable a progression to the next stage of either enrolling to receive skills training or moving into employment.

6.3.6 The front offices will need to be accessible to the local community. Using existing hubs is feasible as well as new facilities aligned to the predicted growth areas.

6.3.7 Importantly, the front office should also be configured and branded as a service which is accessible to business. Whilst its focus of operation should not be business support, it should – as a minimum – be a facility in which employers feel comfortable liaising with employment officers and advertising vacancies.

6.3.8 There are numerous examples of similar front office structures from which the Borough can learn and develop.

Regionally, these include the GLABB facility in Greenwich and elsewhere the JET facility in Liverpool.

6.4 The Back Office

6.4.1 The back office works as the ‘engineering’ facility behind the Frameworks. This should be managed by a combination of public officials, consultants and other officials who work in partnership to define commission and manage the framework contracts.

6.4.2 The representation of this structure should broadly mirror that of the proposed employment partnership – albeit at an officer level.

6.4.3 The prime focus of the back office is on setting the specifications of work that will underpin the commissioning of individual framework contracts and associated delivery arrangements. This will require a high degree of specialist input initially and also a strong acumen for engineering different sources of public (and possibly private) funding sources. The back office will therefore:

- Develop funding bids;
- Monitor funding drawdown and reporting claims etc;
- Represent the partnership at an executive level;

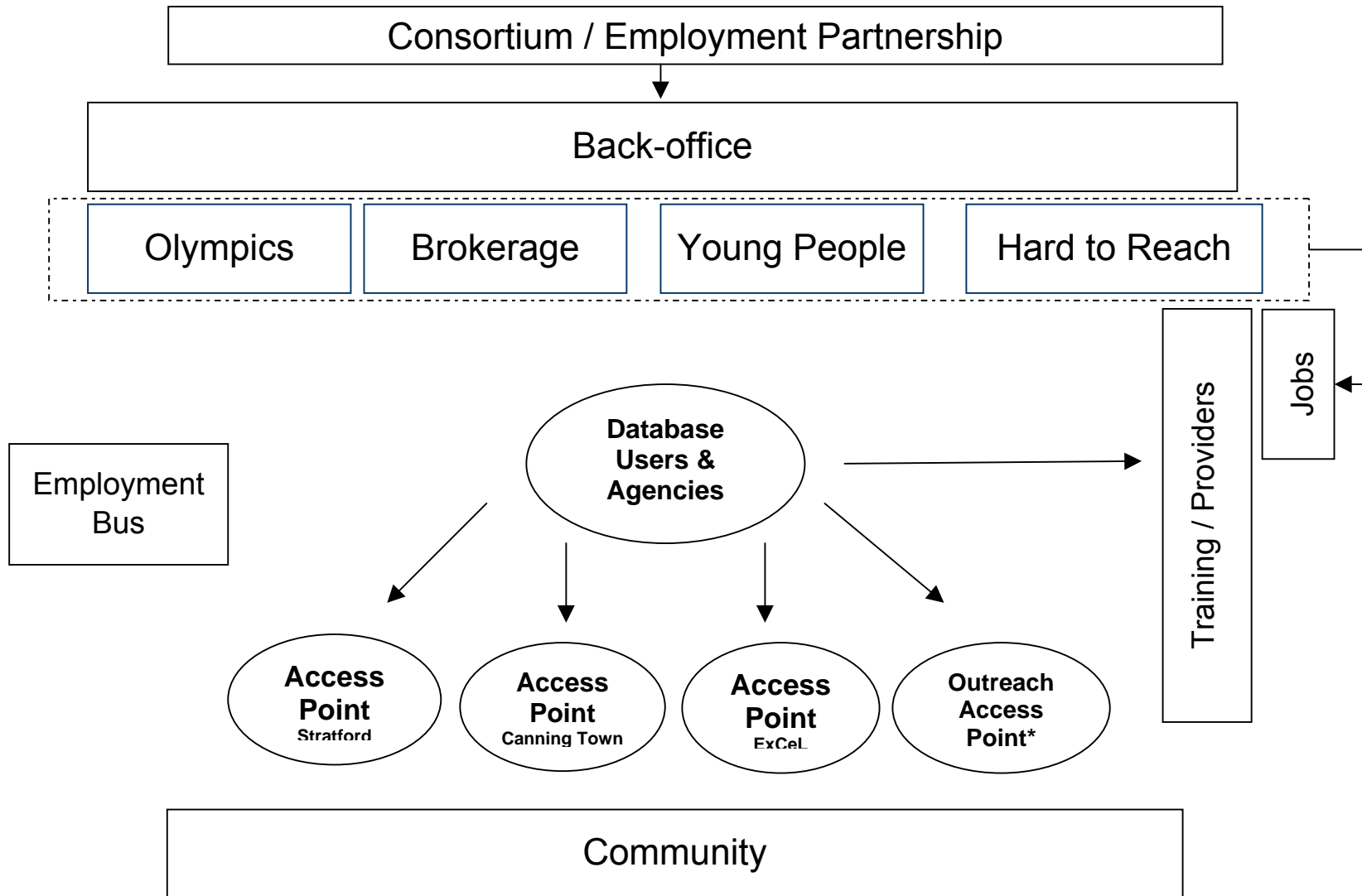
6.4.4 Funding opportunities already exist and are highlighted in appendix 2 of this strategy and the responsibility of the back office should be one of integrating these where appropriate and possible to create a scaled up investment tool that can be used to drive the implementation of the strategy.

6.4.5 The back office should also provide an important intelligence function – providing regular analysis of the evolving labour market and economic context, which in turn should be used to ensure that delivery arrangements remain cognisant of the evolving environment in which they are structured.

6.4.6 It should also be the role of the back office to manage the user database effectively to track users through the system and allow quick referral to other agencies and parts of the framework.

6.4.7 The database should also have a research and intelligence function and allow information about progress and core users to be monitored and evaluated in accordance with public and private funding management needs.

6.4.8 It is essential that planning arrangements for the construction of this facility are initiated immediately. Without the appropriately configured resource that the back office will allow for, none of the individual framework contracts will be implementable and the strategy will invariably stall.



* e.g. GP surgeries, Jobcentre Plus, Libraries, Community Centres

7 Conclusions and next steps

7.1 Conclusions

- 7.1.1** It is a particularly unique moment in time for the Borough of Newham. The Borough is at the juncture of a major investment programme. This includes the 2012 Olympics, the New Stratford City development, Canning Town Mixed Communities pilot, the Lower Lea Valley and the Royal Docks. Individually these investment programmes are significant. Collectively, they present the Borough with a considerable opportunity. Overlaying these major expansion plans is the gradual shift eastwards of the London regional economy, which too, in the long term will invariably create further opportunities for growth, economic diversification and wealth creation.
- 7.1.2** It is then a time of considerable opportunity for the Borough and the focus of this employment strategy is on ensuring that Newham's residents have the fullest opportunity to share in the benefits that this growth will create in Newham and to access employment opportunities elsewhere, beyond the borough.
- 7.1.3** Yet even in the midst of these major opportunities, Newham continues to be afflicted by some of the UK's most chronic and entrenched levels of social and economic exclusion. Levels of worklessness in the Borough are amongst the highest nationally and high levels of economic inactivity continue to create a context characterised by levels of benefit dependency, low incomes and limited community aspiration.

7.1.4 The focus of this strategy is on helping to correct some of these imbalances. Its overriding aspiration is to raise economic activity levels in the Borough to those of the London regional average. To achieve this will require that between 16,000 and 18,000 Newham residents are supported to become economically active¹⁶. This obviously assumes no further substantial growth in the economically inactive population.

7.1.5 Over a five year programme, this will require that approximately some, 3,200 to 3,600 people extra are supported into sustainable employment opportunities annually.

7.1.6 These are not targets that should be taken lightly. However, the focus of this employment strategy is on creating a framework for investment – in both the short and long term – that will allow existing partners and partnerships to work together to get more and more people living in the Borough into work, both within and outside of the Borough.

7.1.7 We have demonstrated in this strategy that achieving these outcomes will not be without challenge. It will primarily rely on a new kind of partnership working that is capable of substantially scaling up the current delivery effort.

¹⁶ See Generation of Employment in Newham: Discussion Paper and Strategic Evaluation; Meridian Pure (2004)

7.1.8 Under this scaled up approach, new arrangements will need to replace the current multi-agency method with a real, integrated and coherent partnership. Such a partnership does not currently exist, and if created will require that existing (and future) financial resources – and the capacity that comes with these – are shared and focused around a common purpose.

7.1.9 Realising the ambitious targets will also require that extra investment is made into creating a more coherent delivery model that overcomes the fragmentation that characterises the employment support system in the Borough at the moment. An important part of this new delivery model should be a new mechanism for intelligently placing Newham residents into employment opportunities, both in and outside of the Borough.

7.1.10 This will not be a straightforward undertaking and will require a high level of dialogue to ensure that the main actors and agencies involved in delivering employment support to the boroughs communities are engaged and supportive of the drive to change. Without this, the strategy will flounder. To begin this process, we suggest the following early actions:

- A programme of consultation with the main strategic stakeholders to begin disseminating the findings of this work and discussing the recommendations;
- Piloting the delivery of the first job brokerage and 'front office' using the work developed as part of Stratford City;
- The initiation of a series of working groups to begin planning and defining the terms of reference and modes of operation for the main structural

components of the revised implementation framework (the partnership, the front office and the back office);

- A series of high level 'declarations of intent' from the main partner organisations who will fund and help to deliver the strategy (LBN, the LSC, Job Centre Plus and the LDA as a minimum);
- Create a Newham labour market intelligence service – which provides the Borough and its partners with live data and intelligence to inform future policy responses;
- The initiation of the research, feasibility and commissioning arrangements necessary to begin formalising the framework agreements;
- Resource negotiations should be initiated and if need be further resource procurement arrangements should be put in place to provide the strategy with a clear and identifiable total sum of money
- A detailed and financial viable business plan for the proposed front office – including the necessary legal arrangements to bring the human resources of the numerous partner organisations into a co-located front line delivery facility;

7.1.11 This is at least a 9-12 month work programme and its initiation now will be vital if the momentum gained through this exercise is to be built upon and the major opportunities associated with the planned growth programmes is to be captured.

