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bulletin

The Houghton Report: Recommendations for the role of local authorities in tackling worklessness

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INTRODUCTION

In May 2008, Councillor Stephen Houghton, Leader of Barnsley Metropolitan Borough Council, was commissioned to develop a report examining how local authorities in England, and their partners, can do more to tackle worklessness. The eagerly anticipated report, published March 2009, makes the case for a 'concerted and sustained' (p.4) partnership across national, regional and local levels, and emphasises the important role that local authorities and LSPs play in tackling worklessness; recommending that it becomes a mainstream objective. Published at a time of heightened anxiety over the state of the global and UK economies, with unemployment rates rising, Houghton's report, 'Tackling Worklessness: A review of the contribution and role of English local authorities and partnerships'¹, is particularly pertinent. In light of the economic climate, Houghton makes the case for maintaining efforts to tackle worklessness, and whilst responding to recent job losses and rising unemployment is important, this must not be at the expense of those furthest from the labour market.

Following a period of consultation, the report sets out recommendations as to how local authorities and their partners could help to tackle worklessness. This Bulletin sets out the headline recommendations outlined in the report, including:

- ❑ maintaining efforts to tackle worklessness in the current context;
- ❑ the importance of localised and personalised approaches to tackling worklessness;
- ❑ developing the Working Neighbourhoods Fund;
- ❑ a new framework to demonstrate local authorities' contribution to tackling worklessness;
- ❑ the introduction of a new Challenge Fund;
- ❑ the role of local authorities as employers and procurers.

¹ Houghton, S. et al (2009) Tackling Worklessness: a review of the contribution and role of English local authorities and partnerships (CLG: HMSO) accessed at: <http://www.communities.gov.uk/documents/communities/pdf/1161160.pdf>

MAINTAINING EFFORTS TO TACKLE WORKLESSNESS IN THE CURRENT CONTEXT

Around 8 million people of working age in the United Kingdom do not currently participate in the labour market. This is for a variety of reasons including: early retirement; being in full-time, further or higher education; or as a result of being a full-time carer of a family member. Unemployed and workless individuals also make up a significant proportion of those absent from the labour market. July 2008² figures suggest that 4.1 million people of working age (11.1%) are currently claiming an out of work benefit (Jobseeker's Allowance, Incapacity Benefit and/or Income Support) in the UK, with these figures detailing that 2.9 million of these claim some form of incapacity or sickness related benefit. These figures have declined slightly or stagnated in recent years.

In the current period of economic recession there are real concerns that unemployment and worklessness are set to rise further. In light of this, the publication of Councillor Houghton's report is particularly significant with unemployment rising and redundancies being made across the public and private sectors. Figures from the Office for National Statistics, for example, show that between the first and the final quarters of 2008, the redundancy rate³ rose from 4.4 to 10.2. Consequently, whilst the economic crises of recent months have led to widespread concern about the number of people claiming Jobseeker's Allowance, the report reminds us not to lose sight of levels of worklessness. Whilst redundancies and new unemployment is worrying, Houghton recommends that now is the time to redouble efforts to tackle worklessness in order to prevent disadvantaged communities being excluded further. As the report states, 'we think other workless people must not be lost sight of as the numbers on Jobseeker's Allowance rise' (p.19).

LOCALISED APPROACHES

Worklessness is a highly complex issue, and there are a wide variety of reasons why an individual may become workless. These include a skills shift from heavy industry and manufacture to towards a greater number of financial and knowledge based jobs which require higher level skills. Poor physical and mental health may also contribute to an individual becoming workless, whilst in communities which experienced high levels of unemployment in the past, there is evidence that the impacts of unemployment in one generation can lead to a loss of motivation and aspiration in the next generation. Certain geographical areas are also more vulnerable to high levels of worklessness, such as those characterised by industrial decline, coastal towns, and inner city areas. In light of this complexity, CLES argues⁴ for a locally focused approach that recognises the role of the locality in economic development and tackling worklessness in particular. Furthermore, we see individualised and personalised approaches as crucial to the successful 'reintegration' of workless individuals back into the labour market.

In light of this, CLES welcomes the Houghton's recommendation for the delivery of more personalised and localised services, thus 'providing what individuals need to increase their employability' (p.19). As the Houghton Report also highlights, 'the importance of localising and personalising services is reinforced when we consider the needs of ethnic minority communities' (p.26), which face a number of distinct barriers to entering the labour market.

DEVELOPING THE WORKING NEIGHBOURHOODS FUND

Introduced in April 2009, and emerging from the Sub-National Review of Economic Development and Regeneration, the Working Neighbourhoods Fund (WNF) was implemented to replace the former Neighbourhood Renewal Fund (NRF). This was a result of a changing policy emphasis on the centrality of economic inclusion in achieving neighbourhood renewal, local prosperity and increased equality, (at the expense of the former holistic approach to neighbourhood renewal that included funding social and community initiatives). The WNF focuses on two core areas of regeneration:

² Source of figures: Department for Work and Pensions Tabulation Tool - <http://www.dwp.gov.uk/asd/tabtool.asp>

³ The redundancy rate is the ratio of the level for the given quarter to the number in the previous quarter, multiplied by 1,000

⁴ Longlands, S., Jackson, M., Brown, G. & Smith, J. (2009) Making it work: Analysing different ways of tackling worklessness (CLES: Manchester)

worklessness and low skills, as these are the most significant issues for central government as well as many local practitioners. Hence the Fund provides the resources to achieve the three primary aims of tackling worklessness, increasing enterprise and employment, and addressing low skill levels. The WNF is worth a total of £1.5 billion over the next three years: £450 million in 2008/09; £500 million in 2009/10, and over £500 million in 2010/11. Funds are allocated to local authorities dependent upon their rank in the Indices of Deprivation 2007, using this as a measure of who the neediest authorities are.

The Houghton report praises the move to the WNF, stating that the 'sharper focus on tackling the drivers of economic deprivation' (p.29) is welcome. However, Houghton also identifies a number of ways in which the WNF may be developed in the future. From the consultation that followed Stephen Houghton's interim report, published in November 2008, it emerged that as local authorities are free to spend WNF resources in any way that enables them to deliver on Local Area Agreement priorities, some are having difficulty in reconciling this with the fund's more specific objective to improve employability, skills and enterprise.

This resonates with research undertaken by CLES in September 2008⁵ which found that whilst the unringfenced nature of the fund can be seen as a strength in terms of facilitating innovative local approaches; for some, the flexible nature of the fund has its drawbacks. Whilst it means that local authorities have the opportunity to be locally flexible in how they spend the fund, others felt that the unringfenced nature of the fund made it vulnerable to being misused, i.e. not being specific enough to the priorities, and targets, around low skills, enterprise and worklessness. This led one respondent we spoke to suggest that, ironically, the WNF approach may be too holistic and may not result in progress against key LAA targets but be absorbed into current NRF type projects and activities.

It is therefore interesting that the Houghton report highlights that, whilst welcoming the flexibility for local authorities to use funding as they see fit, and therefore the opportunity to demonstrate the benefits of devolution and greater flexibility; there is, however, no consistent way of communicating the benefits to central government. As such, Houghton is anxious that the 'lack of reporting requirements and transparency has left the fund open to undue and unspecific challenge' (p.30).

CLES' own research has also found that local authorities welcome the three-year time scale of the funding allocations as it allows local authorities to plan strategically for the coming years. This meant that they would be able to affect long-term changes in their area, which is necessary considering the often deep rooted causes of worklessness. The Houghton report echoes this, and recommends that the funding cycle for the WNF requires be even longer-term in order to provide 'more consistent support' (p.31), especially in the most disadvantaged neighbourhoods. Houghton therefore suggests that the WNF should be extended to a five year cycle to allow for greater strategic planning, whilst also highlighting that he is eager to see an early announcement on the future of the WNF beyond 2011.

A NEW FRAMEWORK TO DEMONSTRATE CONTRIBUTION

Related to the point made above, and perhaps one of the most important recommendations to emerge from the report, is Houghton's suggestion that a new framework ought to be developed in order to allow local authorities and their partners to demonstrate the contribution they are making to tackling worklessness. Houghton suggests that present arrangements for involving local partners in work and skills are overly complex and need simplifying. The report therefore states 'We want to see a new framework where responsibilities are clear and it is easier for local partners to work together, and easier for national government to devolve more responsibility with confidence' (p.32).

⁵ Longlands, S. & Smith, J. (2008) Rapid Research 13: Understanding the roll out of the Working Neighbourhoods Fund (CLES: Manchester)

There are three key facets to this new framework that this bulletin will now go on to explore: Worklessness Assessment; Work and Skills Plan; and the Work and Skills Integrated Budget.

Worklessness Assessment

Perhaps the most significant proposal is Houghton's recommendation that all upper tier local authorities should be required to produce a 'Worklessness Assessment' as part of their wider Economic Assessment Duty. The Economic Assessment Duty was introduced in the Sub-National Review of Economic Development and Regeneration (SNR) consultation paper in July 2007, and thereafter in the Government's response to consultation in November 2008. This marks an important new chapter for local economic assessment. The SNR proposed the introduction of a statutory Economic Assessment Duty on local authorities, requiring all top-tier authorities to conduct vigorous assessment of the characteristics and health of the economy in their local area. The Duty aims to ensure provision of a solid evidence base for use when developing local economic strategies and setting targets at local, sub-regional and regional levels.

The Worklessness Assessment, as proposed in Houghton's report, would be at the core of the Economic Assessment Duty. Its aim would be to bring local partners together and to stimulate ideas for how existing and new resources can be more effective, improve opportunities for workless people, and foster better co-ordination between local partners. Local authorities within Multi-Area Agreements, for example, may want to agree a joint assessment. Being carried out in tandem with the Economic Assessment Duty, it is hoped that it would 'ensure that employer demand and labour supply issues are considered together' (p.34). In light of the current economic crises, Houghton argues that implementing the Worklessness Assessment ought to be a high priority for Government and consequently would like to see 'a timetable set immediately for local authorities to complete local worklessness assessments' (p.34).

Recommended characteristics of the Worklessness Assessment

Houghton suggests that the Worklessness Assessment could:

- provide a basic understanding of worklessness in each area;
- set a benchmark for partners to understand how labour market conditions are changing;
- contain a demographic profile of those who are claiming out of work benefits;
- identify those people most at risk of redundancy and long-term unemployment;
- identify neighbourhoods that may suffer more than others;
- provide an overview of the local capacity to support those who are made redundant and unemployed people;
- contain a statement of employer views and needs.

Furthermore, the Worklessness Assessment would lead to a brief statement of the:

- overall aims and any related targets;
- priority areas and people;
- actions that the local authority and partners are taking.

Work and Skills Plans

The Houghton report also sets out recommendations for Work and Skills Plans that would have the core aim of bringing local partners (such as local authorities, Jobcentre Plus, registered social landlords, and Primary Care Trusts) together in a shared commitment to decide how best to tackle worklessness, increase skills, and boost levels of enterprise. According to Houghton, this would enable existing mainstream services and local activity to be aligned, and also identify any duplication and gaps in provision. The Plans would also be clearly influenced by employers and their needs, indeed employer-led Employment and Skills Boards would actively set the priorities for the Plan, with the intention of 'helping to drive forward engagement with the private sector' (p.36). Work and Skills Plans would also allow partners to take steps to increase capacity where required, set out expenditure plans, and also channel any new resources into addressing increasing unemployment.

The report recommends that the Work and Skills Plans would form the basis of an agreement between central and local government, which would involve some form of 'accreditation' process. Furthermore, those areas receiving the WNF should be required to develop such plans with Houghton recommending that these areas be the first to agree a Work and Skills Plan. Authorities that are part of a Multi-Area Agreement would be free to combine to agree a Work and Skills Plan. In terms of timescales, Houghton suggests that 'the intent should be that all areas with higher than average unemployment will be covered by the Work and Skills Plan by the end of 2010' (p.36).

Recommended standards of the Work and Skills Plan

Houghton suggests that the Work and Skills Plan:

- ❑ should be based on a robust analysis of the local labour market;
- ❑ must be supported by sound governance arrangements and agreed by the Local Strategic Partnership;
- ❑ should set out the funds which support activity covered by the Plan, both mainstream and local funds;
- ❑ should set out appropriate and agreed measures that set out how relevant LAA or MAA targets for the area will be delivered.

Work and Skills Integrated Budget

Houghton's report also sets out recommendations for a new budget that would, over time, form the basis for aligning and pooling funding and facilitating joint commissioning. At present there are a number of funding streams, including amongst others, the WNF, the European Social Fund, Regional Development Agency funding for worklessness, BERR support for enterprise development, and Homes and Community Agency support for Registered Social Landlords. The aim of the Integrated Budget would be to bring together different streams of funding together at the local level. Perhaps most significant is Houghton's suggestion that the Work and Skills Integrated Budget could replace the WNF, but be larger. Further to this, the report suggests that the Integrated Budget could provide greater certainty over funding by covering a five year period.

CHALLENGE FUND

Amongst the recommendations laid out in the Houghton report is the idea of the 'Challenge Fund'. The report highlights the concerns for those who have been unemployed for long periods of time, and for those living in vulnerable economies where unemployment is set to rise due to a further decline in industry and a reduction in the number of vacancies. Houghton proposes that a new fund be developed in order to help the most vulnerable economies: the Challenge Fund. The aim of the new fund would be to 'stimulate new, temporary jobs that will help the community, the environment and disadvantaged people' (p.56). The temporary jobs would be for the long-term unemployed and would, Houghton suggests, include skills training and support for searching for jobs.

Local authorities would act as the focal point for the organisation of temporary work of public benefit, in co-ordination with the voluntary and community sector, Jobcentre Plus and providers. The Houghton report suggests that the Challenge Fund would be most effective when tailored to the needs of the local area and the people, and that 'how the proposed fund is delivered should be a judgement taken at the local level, based on prevailing labour market conditions' (p.58). The Challenge Fund would target priority areas, i.e. those characterised by high levels of worklessness. It is suggested in the report that the Challenge Fund would not only prepare long-term benefit claimants to compete for jobs in the upturn, but would also help develop the local economy by supporting local businesses.

An interesting facet of Houghton's recommendations for the Challenge Fund is that whilst the type of temporary jobs would not be stipulated, it would nevertheless be an opportunity to link up with the 'green economy'. The report suggests, 'Increasing energy efficiency and reducing fuel poverty for low-income households would clearly be an important and useful impact of Challenge Fund jobs' (p.57). Whilst no suggestions are made as to how this would be achieved, it is nevertheless

encouraging to see recognition of the opportunities of linking efforts to adapt to climate change with the employment and skills agenda.

This resonates with work undertaken by the new economics foundation (nef) in their report the 'Green New Deal'⁶ which proposes that creating and training a so-called 'carbon army' of workers is necessary in order to 'provide the human resources for a vast environmental reconstruction programme' (p.3). The Green New Deal Group want to see the increase in both higher and lower skilled environmental jobs in the UK, which will form 'part of a wider shift from an economy narrowly focused on financial services and shopping to one that is an engine of environmental transformation' (p.3). For American academic Raquel Pinderhughes, so-called 'green collar jobs' have the potential to offer a new source of living wage jobs for low-income residents, particularly those with barriers to unemployment. According to Pinderhughes⁷, 'Green collar jobs represent an important new category of work force opportunities because they are relatively high quality jobs, with relatively low barriers to entry, in sectors that are poised for dramatic growth' (p.3).

CLES are encouraged to see that Houghton's report recognises the potential of linking up the employment and skills agenda and climate change agenda. More broadly, the recommendation to develop opportunities for temporary job opportunities may be an effective way of giving those furthest from the labour market an opportunity to gain experience and skills. However, it is vital that the temporary work has clear added value for the individual, local businesses and the local economy. Furthermore, whilst it is hoped that an upturn in the economy will stimulate new jobs, if this fails to happen, those who have completed placements and then find that there remains a lack of employment opportunities, may become disillusioned and de-motivated.

LOCAL AUTHORITIES AS EMPLOYERS AND PROCURERS

A key theme to emerge from the Houghton Report is that of the role of local authorities as employers and procurers, particularly in terms of how this role may enable local authorities to help tackle unemployment and worklessness in their locality. Employment is one area in which the public sector and local authorities in particular can have a significant direct impact and influence. This is because the public sector is often the biggest employer in local areas, particularly deprived areas, and furthermore by leading through example the public sector can have an impact on the employment practices of private employers and the voluntary and community sectors. Local authorities have real potential to provide the communities they serve with secure employment opportunities and real routes for progression for those who would otherwise be in casual jobs. Furthermore, local authorities also have a duty to promote equality and can provide opportunities for those who are discriminated against in the labour market. Houghton's report outlines a number of ways in which local authorities can help to tackle worklessness, including:

Procurement

As the report notes, local authorities spend approximately £42 billion per year on external contracts. The value of public sector procurement has risen up the political agenda in recent years and we have witnessed an increase in interest into the way in which public money flows within local economies and the positive impact that public expenditure can have on local areas. See for example, the National Procurement Strategy⁸ and the associated strategic policy and research activities of the Office of Government Commerce⁹. The term 'community benefit clause' has emerged as a way of writing into procurement contracts social, economic and environmental benefits; for example, providing local employment opportunities, supporting small and medium-sized enterprises (SMEs) and social enterprises, and using sustainable resources. Effective procurement can have a direct impact on raising employment levels in the communities a local authority serves. For example, gaining

⁶ new economics foundation (2008) A Green New Deal, accessed at:

http://www.neweconomics.org/gen/z_sys_publicationdetail.aspx?pid=258

⁷ Pinderhughes, R (2007) Green Collar Jobs – an analysis of the capacity of green businesses to provide high quality jobs for men and women with barriers to employment, accessed at: <http://bss.sfsu.edu/raquelrp/documents/v13FullReport.pdf>

⁸ Office of the Deputy Prime Minister (2003) National Procurement Strategy for Local Government (London: HMSO)

⁹ View Office of Government Commerce website: <http://www.ogc.gov.uk/>

commitment from contractors of large projects, such as the Building Schools for the Future programme, to recruit those people who are furthest removed from the labour market. Ensuring that all contractors and sub-contractors have agreed Equal Opportunities Plans and Equality Policies is also a way in which local authorities can help to tackle discrimination against certain sectors of the community.

CLES strongly advocates an increasing recognition of the value of public spend, and it is therefore encouraging to see this emerge as a key theme in Houghton's report. Echoing research currently being undertaken by CLES and the Association for Public Service Excellence (APSE) into achieving community benefits through procurement¹⁰, Houghton recognises that a major barrier to the use of community benefit clauses 'was a lack of certainty amongst Council Procurement Officers that these could be incorporated into the contracting framework without breaching EU procurement rules' (pp. 46-47). Houghton also recommends that local public service inspectorates, including the Audit Commission, look for evidence that local authorities and their partners have 'used their procurement processes to best effect to tackle worklessness alongside meeting their wider obligation to secure value for money' (p.47). Such evidence may include, for example, the number of apprenticeship and work experience placements offered by suppliers.

Apprenticeships

By 2010, Government hopes to increase the number of apprenticeships to 250,000; an ambitious target that will require the cooperation of the public and private sectors. Apprentices work alongside experienced members of staff in order to gain job-specific skills, and are often appealing for people who want to combine training with paid employment. Paid work experience is complemented by training with a local college, typically one day a week, where apprentices can work towards qualifications, such as the National Vocational Qualification (NVQ). Apprenticeships are often the first step towards employment, and are particularly attractive for those people who want to gain new qualifications whilst earning a wage. Through creating apprenticeships, local authorities can have a significant impact on raising employment levels in the local area. In addition, local authorities are particularly well placed to develop apprenticeships due to their broad range of activity. Social care, highway maintenance, joinery, business administration and IT are just some of the types of work that apprentices could undertake. Houghton argues that local authorities should not only provide apprenticeships, but could also help develop opportunities in the SME and third sectors 'by taking on some of the administrative burdens and costs' (p.44).

Recruitment and training

In addition to developing apprenticeships, local authorities are also, according to Houghton, well placed to utilise their recruitment processes to help raise the employment rates of disadvantaged groups and communities. CLES would argue that innovation is required in order to achieve this, for instance rethinking where vacancies are advertised and how they are worded. As Houghton notes, more needs to be done within local authorities to 'look at creative ways in which more benefit claimants be provided with work experience and training opportunities' (p.45). Work experience placements and training opportunities within a local authority can be an effective way of introducing an individual to the workplace. This may take the form of placements developed in partnership with schools or as part of the new diplomas; starting in September 2009, diplomas are a new qualification for 14-19 year olds that provide a mix of class work and hands on learning. This can involve work simulation, shadowing, tasters and curriculum linked visits. Alternatively, placements may take the form of work experience placements for adults, usually involving the participant remaining on benefit. These are time limited but useful for those who have been out of work for some time due to ill health, child rearing or disability. Work experience allows participants to gain new skills and confidence and can be an important first step towards paid employment.

Houghton also recommends that local authorities sign up to Local Employment Partnerships (LEP). The LEP is a national government scheme in which local authorities work together with Jobcentre Plus

¹⁰ For more information contact Jessica Arnold or Matthew Jackson, both Senior Policy Researchers at CLES, on 0161 236 7036, jessicaarnold@cles.org.uk, matthewjackson@cles.org.uk

and local employers to assist in reducing unemployment in the local area. As Houghton notes (pp.45-46), in signing up to an LEP a local authority could:

- ❑ offer work trials for local benefit claimants;
- ❑ make available a target number of places for New Deal participants including those in subsidised employment places or wishing to undertake work experience;
- ❑ work with Jobcentre Plus and the Learning and Skills Council on the design of pre-employment training to ensure that it is relevant to employers' needs, and agree, when hiring to guarantee interviews or jobs to local benefit claimants who complete this training;
- ❑ review recruitment processes to ensure that local benefit claimants are not inadvertently excluded, for example by overly complicated procedures or by qualification requirements.

According to Houghton, local authorities are also well placed to 'meet the needs of their own workforce for training and progression' (p.46). A significant theme to emerge from recent Government policy is a move beyond simply finding employment for workless individuals, to longer-term career progression and continued learning, which is part of the Government's wider strategy to nurture skills. Local authorities offer good opportunities for career progression with multiple levels and with staff often promoted from within. Clear career paths through the public sector, whereby staff can progress from entry level jobs to higher level jobs, also allow other people to join at entry level, meaning that there are frequently arising job opportunities open to members of the community.

Improving access to finance and supporting new businesses

In light of the current economic crisis, improving access to finance is crucial in order to stimulate local enterprise. As Houghton identifies, it can sometimes be challenging to gain credit, particularly where the business is new or where further business support is required. Furthermore, Houghton notes that, in the past, access to finance has also 'been reported as a particular problem for ethnic minority business' (p.49)¹¹. These barriers to accessing finance have been further heightened by the restricted availability of credit. Houghton argues, therefore, that local authorities must develop alternative sources of credit: if 'solid business ideas are to be developed and supported in disadvantaged communities'; if 'people on low incomes are to be enabled to make a success of self employment'; and if 'social enterprises are to grow' (ibid).

Houghton advocates developing Community Development Finance Initiatives in order to expand the availability of credit in low income communities. The report argues that the core role of local authorities should be 'to support the development of new businesses in areas that, even when the mainstream credit markets are functioning properly, are often overlooked and struggle to raise capital investment' (p.50).

Encouragingly, research undertaken by CLES in December 2008 into local authority responses to the downturn¹² found that a number of local authorities in the North West have identified business support techniques as a key way in which they were responding to the downturn. This included streamlining business support services and also widening business support services to established businesses, rather than just to new enterprises. Practical measures had also been implemented; for example, one local authority now has a policy whereby all invoices need to be signed off in ten days' time in an attempt to improve local businesses' cash flow. One respondent called for more funding in order to help local businesses, suggesting that at present most funding is designated for targeted groups, such as BME groups and women, and this needs to be readdressed in the current economic climate.

CLES' research also identified an innovative case study of business support by Blackpool Council during this time is that of the Rosebud Fund. Blackpool is working with Lancashire County Council to increase uptake of its Rosebud Fund – a Fund to provide financial support from £5,000 to £750,000 to businesses operating in almost all industries that are located in Lancashire. Where help has been

¹¹ Ram, M., Smallbone, D. & Deakins, D. (2002) Access to finance and business support by ethnic minority firms in the UK (British Bankers Association)

¹² Arnold, J. & Smith, J. (2008) Rapid Research 14: Local authority responses to the economic downturn (CLES: Manchester)

refused by the banks, this local scheme of financial support can be made available to help cover a wide range of purposes including business start-ups, purchase of new equipment, introduction of a new product line, relocation to larger business premises, or day to day working capital needs.

Supporting social enterprises and the voluntary sector

The economic and social value of social enterprise has been increasingly recognised across government departments, and nearly all departments have an interest in social enterprise to meet their objective. As Houghton notes, 'social enterprises also play a particularly important part in tackling worklessness by creating employment opportunities in disadvantaged communities and targeting many of these towards disadvantaged people' (p.51). Houghton argues that local authorities ought to do more to support social enterprise in their locality. Recommended actions include:

- ❑ working to identify, establish, and support social enterprise networks at the sub-regional and local levels;
- ❑ helping to increase levels of investment in social enterprise, for example by widening access to credit;
- ❑ influencing regional plans to improve business support for social enterprises.

The Houghton report also argues that local authorities and Local Strategic Partnerships need to improve the way that they use their third sector Compacts (the agreement between local government and the voluntary and community sector, designed to improve their relationship for mutual advantage) to provide for:

'greater involvement of the sector in the development of employment and skills strategies – including making the links with volunteering opportunities – and to ensure that the sector has a fair opportunity to bid for and obtain contracts to deliver employment and skills provision where this meets locally identified priorities' (p.52).

CLES welcomes Houghton's recognition of the value of the social economy. CLES believe in a model for economic resilience that is built upon three mutually dependent elements: the commercial economy, including private sector businesses, workers and markets; the public economy, including public sector spending, services and employment; and the social economy, including social enterprises and voluntary organisations, and the impact these have upon the community.

CONCLUSIONS

Houghton's report into tackling worklessness has been published in a context of rising unemployment and concerns about the impact of this unemployment on future levels of worklessness. CLES will shortly be publishing the report 'Making it work: Analysing different approaches to tackling worklessness'¹³ and therefore welcome the contribution that Stephen Houghton makes to the debate.

Perhaps one of the most notable suggestions set out in the report is that of the Worklessness Assessment that would be carried out as part of local authorities' Economic Assessment Duty. CLES is optimistic that the Economic Assessment Duty has the potential to help local authorities to better understand their area, for instance: better understand the impact of economic downturn on an area; better understand the key drivers of the economy; and better understand the flow of money in the economy. We therefore would welcome the added layer of understanding that a Worklessness Assessment could offer. Considering the heterogeneous and localised nature of worklessness, it is crucial that local authorities have a sufficient understanding of the drivers and characteristics of worklessness in their area. The Work and Skills Integrated Budget, as outlined in Houghton's report, is perhaps harder to envisage, considering the administrative and bureaucratic work that would be required in pooling together such a diverse range of funding sources.

¹³ For more information, or to access a copy of the report, contact Sarah Longlands, Director of Policy at CLES on 0161 236 7036, or sarahlonglands@cles.org.uk

CLES was interested to see Houghton's suggestions as to how local authorities could provide training placements and apprenticeship opportunities for members of the community, whilst the proposed Challenge Fund local authorities would act as the focal point for developing temporary employment opportunities. CLES are particularly interested that Houghton has hinted how the climate change and employment and skills agendas can be linked up. However, whilst temporary employment opportunities have the potential to be effective first steps towards permanent employment, this is dependent on there being employment opportunities available in the local area. In a period of economic recession such opportunities are likely to be limited; as such if this recommendation was taken up by Government it would be important that steps were taken to prevent participants from becoming disheartened upon completion of placements if they were to find there were no local vacancies.

Finally, CLES is encouraged to see that Houghton has acknowledged the positive social and economic benefits that can come about through local authorities' procurement activities. Like Houghton, we agree that more needs to be done to overcome the commonly held misconceptions surrounding procurement and EU law. Similarly, CLES would agree that local authorities ought to be doing more to help stimulate social enterprises and the voluntary sector in their area. Clearly Houghton's report lays out a number of significant recommendations, and CLES are interested as to how these ideas could be teased out into actions and we will watch with intrigue how the Government responds to the report.

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