

Economy, Employment and Skills Overview and Scrutiny Committee

Minutes of the meeting held on 7 September 2011

Present:

Councillor Green – in the Chair
Councillors Chamberlain, Chappell, Clayton, Eakins, Hackett, Karney, Keegan, Pritchard, Richards, Simcock, Strong and Walters (EES/11/34 onwards)

Councillor S Murphy, Deputy Leader of the Council

Phil Lowthian, Jobcentre Plus
Phil Royle, Jobcentre Plus
Jerry Stokes, Work Solutions
Ian Kerr, Work Solutions,
Gillian Baines, Seetec
Robert Taylor, Avanta
Tom Waddell, G4S
Sarah Ross, NEET Coordinator and Future Jobs Fund Lead
Alex Howley, New Economy

Apologies:

Councillors Smitheman

EES/11/32 Urgent Business

Decision:

To note the Chair's decision to accept the report on the Manchester Airport Enterprise Zone and the Information and Overview Report as urgent business.

EES/11/33 Minutes

To agree the minutes of the meeting on 20 July 2011 as a correct record.

EES/11/34 The Work Programme

A report of the Regeneration Manager (Employment and Skills) was submitted to the Committee, which provided an update on the delivery of the Work Programme, the government's new welfare to work programme. The Committee welcomed Phil Lowthian and Phil Royle from Jobcentre Plus and Jerry Stokes from Work Solutions to the meeting along with representatives from the prime contractors of the Work Programme in Manchester, Tom Waddell from G4S, Robert Taylor from Avanta and Gillian Baines from Seetec.

The Regeneration Manager introduced the report, informing the Committee that there were just over 63000 residents out of work in Manchester. She said the Work Programme would cover all benefit claimants and Jobcentre Plus would make

referrals to the programme. Prime contractors would be paid based on results, initially receiving a small attachment fee following referral, a larger fee when they move into work and then a monthly payment for a finite period. Manchester was part of the area which covered Greater Manchester, Cheshire and Warrington and contracts were made for the whole area. The Regeneration Manager informed the Committee that performance data would be available for the whole area, but not for Manchester separately. She said the Council had asked the DWP to provide data for Manchester.

The Committee welcomed various guests to the meeting, who gave their views on the Work Programme. Phil Lowthian, from Jobcentre Plus, told the Committee that 92% of Job Seekers Allowance (JSA) claimants in Manchester stop claiming within 12 months and 94% of those do so because they enter employment. The remaining 8% claiming JSA are referred to the Work Programme. There were various resources available to those out of work, including work clubs, enterprise clubs and work experience. So far Jobcentre Plus had referred over 3300 people to the Work Programme, 2700 of which had been allocated to one of the three providers.

The Committee welcomed representatives from the prime contractors in Greater Manchester, Cheshire and Warrington. Tom Waddell, the Supply Chain Manager for G4S, told the Committee that G4S does not deliver front line services, but works with sub-contractors. Robert Taylor, Regional Manager from Avanta, said Avanta delivers approximately 50% directly, and contract other providers to deliver the rest. Gillian Baines, Operations Manager at Seetec, explained there was a combination of direct delivery and sub-contracting at Seetec. She explained Seetec works with other organisations, such as social services and relevant charities, to tailor the package to the individual's needs. The Committee also welcomed Jerry Stokes from Work Solutions who said he felt the Work Programme was a good start in delivering an effective welfare to work scheme.

A member informed the Committee that the Social Market Foundation had recently published research which suggested that nine out of ten providers of the Work Programme would fail in the third year, and asked the representatives from the prime contractors for their views on this. Mr Waddell explained that the reason for the prediction was that in bidding for contracts, some organisations undercut others and the initial payment was fairly small. If, in the third year, the organisation has not successfully placed someone in work, the payments stop. If organisations do not have sufficient financial reserves, they might fail at this point. Mr Taylor emphasised that although he agreed some of the contractors nationally would fail, the prime contractors in Manchester were not in competition, but were working together, which would improve the likelihood of their success.

A member asked the representatives of the prime contractors how the 'ask and offer' document, produced by the Council setting out priorities for getting more Manchester residents into work, would influence their work. Mr Waddell said G4S was working to align to what was already available and avoiding duplication of work.

A member asked whether the people who had stopped claiming Incapacity Benefit (IB) or Employment Support Allowance (ESA) had gone on to employment, or to claim JSA. The Regeneration Manager said it was a mixture. Mr Royle confirmed the number of people claiming JSA had gone up overall, but this was largely a result

of the recession. The Deputy Leader acknowledged a concern over the level of detail in statistics on claimant of JSA, IB and ESA, and said that the Council had lobbied the relevant parties for more detail.

The Committee discussed the range of performance information that the DWP would share. Mr Lowthian informed members that Jobcentre Plus could share some information, but that some data compromises commercial aspects of the scheme. The Office of National Statistics, which was independent to the DWP, would publish initial performance data on the Work Programme in March 2012. A member suggested that the Committee write to the DWP to ask for more information on the performance of the prime contractors in Manchester. Following a discussion, the Committee agreed to write to Darra Singh, Chief Executive of Jobcentre Plus.

Members asked for more information on how the prime contractors were working together in new ways. Mr Taylor informed the Committee that they were currently developing a joint marketing approach and a joint focus on working with communities. A member asked for clarification on what was causing the delays with processing referrals that Mr Lowthian mentioned. Mr Lowthian explained that ATOS Healthcare, which carries out work capability assessments of people claiming IB and ESA nationally, did not have the capacity to process the number of assessments needed. This delayed referrals to the Work Programme.

The Committee asked the guests to give some information on how the staff involved in delivering the work programme would be supported to provide the new service. Ms Baines said the Seetec workforce had been reduced, so development of the staff who remained was extremely important. The other prime contractors were also investing in their staff. Mr Taylor added that an industry qualification was being developed for staff to work towards.

A member asked whether the Jobcentre Plus and the prime contractors were taking account of the likely rise in the number of people not in employment in Manchester because of the recession. Mr Lowthian said Jobcentre Plus was expecting greater turbulence on the JSA register, but not necessarily more overall.

A member noted that reducing the number of people smoking, particularly those out of work, had significant financial impact and could play a key part in fighting poverty. He asked whether Jobcentre Plus had considered how this could be included as part of their approach to the Work Programme. Mr Lowthian said he would be happy for Jobcentre Plus to work with partners as part of an anti smoking initiative, provided resources came from a separate funding stream.

A member asked Mr Taylor for more information on Avanta's contract with Tesco. Mr Taylor explained Avanta places people with Tesco and runs pre-employment training. He confirmed they are directly employed by Tesco. The Committee emphasised the need to place people in employment which suits their skills. Mr Waddell agreed, and said that it was in the interest of the prime contractors to do so, because they only receive full payments when people remain in employment which they are much more likely to do if they are in employment they are suited to.

The Committee thanked the representatives from Jobcentre Plus, the prime contractors and Work Solutions for attending and contributing to the meeting. The

Committee agreed to invite them back to a later meeting once the Work Programme was established, to report on progress.

Decisions:

1. To invite representatives from Jobcentre Plus, the prime contractors and Work Solutions to a future meeting of the Committee to report on progress on the Work Programme.
2. To write to the Darra Singh, Chief Executive of Jobcentre Plus, to request that more details of the performance of the Work Programme in Manchester are released when they are available.

EES/11/35 Youth Employment

A report of the Deputy Chief Executive (Regeneration) was submitted to the Committee which provided an overview of the work being undertaken to improve youth employment in the city. The Deputy Chief Executive introduced Alex Howley from New Economy and Sarah Ross, the Future Jobs Fund lead, to the meeting. He introduced the report, informing the Committee that youth employment remained a challenge, although Manchester had improved considerably over the last few years. The Future Jobs Fund programme was concluding and Manchester was about to achieve a rate of 55% entering employment, education, training or volunteering following completion of the programme. This had increased from 42%, and was higher than the target of 50%, set at the request of the Committee in October 2010. Half of these were in full time employment, which equated to 750 young people. The Deputy Chief Executive expressed disappointment that the scheme had been discontinued, but assured members that the programme had left a legacy that could be built upon in the future. He also told the Committee about the work the Council was doing directly, including a scheme to support looked after children into employment and the employment of approximately 200 apprentices directly by the Council.

The Committee discussed how Manchester compared to other authorities in Greater Manchester. A member noted the figures in the report suggested Manchester was significantly more successful than other authorities in Manchester, and asked for more detail. Ms Ross told the Committee that a great deal of work had gone into ensuring the Future Jobs Fund was a success in Manchester, including work with schools, well before young people would be eligible. Another key reason for the success in Manchester was because of the work with local businesses to support their taking on Future Jobs Fund placements. She said that businesses found young people placed through the Future Jobs Fund often had significantly more skills than they could demonstrate on their CV.

Ian Kerr, from Work Solutions, gave more detail on how Manchester compares to other local authorities in Greater Manchester. He said of the 7 authorities which Work Solutions worked with in Greater Manchester, Manchester gave the scheme the most focus. He also told the Committee that he had seen a change in how managers were engaging with young people, and had developed a greater understanding of the need to draw out the skills of young people. The Deputy Leader attributed much of the success of the Future Jobs Fund to the leadership of

the Deputy Chief Executive (Regeneration), and expressed disappointment that the scheme was coming to an end.

A member raised her own experience of starting a small business and working with Stockport College to recruit apprentices. She said the opportunity for business such as hers was a good one, but had found it difficult to work effectively with the college. She asked how the Work and Skills Partnership Board was working to support these type of connections with small businesses. The Regeneration Manager acknowledged the difficulty of forging effective working relationships with small business, but said the Chamber of Commerce sat on the Work and Skills Partnership Board as well as the Employer Engagement Board, a subgroup of the partnership board. She added that a marketing campaign for this purpose was also being developed.

The Committee discussed the role of Connexions in youth employment. A member said Connexions had previously had a large input into this area, but was not mentioned in the report, and asked what their role would be in the future. The Head of 10-19 Commissioning said Connexions was working closely with the Council and schools to focus on vulnerable groups. Mr Stokes of Work Solutions, who manage the Connexions contract in Manchester, said the budget for Connexions had decreased, but Connexions would continue to play a vital role in the city.

Members welcomed the scheme that the Council was developing to provide apprenticeships for looked after children who are 16 and over. A member asked what support would be available to the young people in the scheme. Ms Ross explained that each of the apprentices would have a workplace supervisor and a mentor, who would have work based training for the role. The aim was to encourage members of staff who had experience of working with young people through the Future Jobs Fund programme to become mentors.

A member asked whether the education system was providing the foundation necessary for young people to enter and prosper in the jobs market. The Head of 10-19 Commissioning agreed and told members about the Children's Services mission statement on what children in Manchester can expect from their education. The Deputy Chief Executive said in his experience as a governor of Manchester Health Academy, the governance of schools could be improved through stronger links with local businesses, for example by increasing the number of local business owners on governing bodies.

A member asked how the Council was encouraging employers in the leisure industry to recruit young people. The Regeneration Manager said the Council influences local businesses through the procurement process, which enables the addition of clauses to contracts encouraging the recruitment of young local residents. A member asked if the Council provided work experience placements directly. Ms Ross said that through working with Jobcentre Plus, Manchester City Council had created a number work experience opportunities. The Head of 10-19 Commissioning explained a significant proportion of these were through Town Hall Extension and Central Library refurbishments. Mr Lowthian asked that the Committee be wary of concentrating too much on the quantity of placements, when the quality is also crucial, and they should not be a substitution for work. The Committee asked for details of the work experience placements provided directly by

the Council to be circulated to members.

The Committee discussed the role of Manchester College in the Manchester People into Construction Scheme, in which young people are placed into apprenticeships with construction partners. A member suggested that the Committee invite representatives from Manchester College to a future meeting to discuss the College's Ofsted report, with particular reference to their track record in construction and the implications for this scheme. The Committee agreed to this.

The Committee thanked the representatives from Jobcentre Plus, Work Solutions and the Future Jobs Fund team for attending the meeting. Members expressed disappointment that the Future Jobs Fund was being discontinued. A member suggested the Committee revisit this subject in the future and to hear directly from young people on the matter, which the Committee agreed to. The Deputy Director added his own thanks to the Future Jobs Fund team for all the hard work on the scheme.

Decisions:

1. To request that the Regeneration Manager provide details of the work experience placements provided directly by Manchester City Council to members of the Committee.
2. To add an item to the work programme on The Manchester College, to cover:
 - The recent Ofsted report
 - Achievement figures from 2010/11
 - To invite representatives from the College to discuss this information.
3. To revisit youth employment at a future meeting of the Committee, and arrange to hear directly from young people about their experiences of entering employment and the barriers they face.

EES/11/36 Manchester Airport Enterprise Zone

The Head of City Policy introduced a report of the Chief Executive which updated the Committee on the designation of Airport City as an Enterprise Zone and outlined the work being done to determine the boundaries of the zone. She explained that a report would be submitted to the Executive next week, following a review of the consultation responses, seeking approval of the boundaries prior to their submission to the Department for Communities and Local Government for formal agreement.

The Head of City Policy delivered a presentation on the development of the Zone. She informed the Committee that the government had designated Airport City as one of 21 Enterprise Zones within Local Enterprise Partnership (LEP) areas. In order to attract investment, these zones would have business rates that are reduced and retained locally, simplified planning regulations and support from the government to ensure that superfast broadband is available throughout the Zone. The creation of the Enterprise Zone would support the development of land surrounding the airport by businesses which could take advantage of the connections the airport offered both regionally and internationally.

A number of potential sites were identified for development within the zone, including sites owned by the airport and by Wythenshawe hospital and sites in Wythenshawe town centre and within the economic development corridors in the Strategic Regeneration Framework. These sites were assessed in terms of a number of criteria, including:

- Potential to deliver net additional employment for Greater Manchester;
- Timing and ability to generate early net economic growth;
- Additional business rate potential;
- Compatibility with regeneration priorities;
- Compatibility with additional government criteria;
- Deliverability and risk.

Following the assessment of the sites, the Enterprise Zone was proposed and consulted upon. The consultation period finished on 6 September 2011.

The Committee discussed how the business rates would be allocated. A member asked how business rates would be divided between the Councils. The Head of City Policy explained that the Greater Manchester combined authority had agreed that the business rates would be pooled at the Greater Manchester level. The Deputy Leader of the Council set out that the Enterprise Zone would bring benefits to Manchester, through collaboration with the other Greater Manchester authorities.

A member asked how it would be ensured that there would be 7500 new jobs, rather than jobs displaced from elsewhere in the region. The Head of City Policy said the Enterprise Zone would involve the creation of a niche market and so would not be in competition with other locations such as the city centre.

The Committee supported the development of the Manchester Airport Enterprise Zone.

Decision:

To support the development of the Manchester Airport Enterprise Zone.

[Councillor Simcock declared a personal interest in this item as an employee of KPMG]

**EES/11/37 Terms of Reference and Work Programme for the
Business Start Up Task and Finish Group**

A report of the Governance and Scrutiny Support Unit was submitted to the Committee which set out the proposed terms of reference and work programme of the Business Start Task and Finish Group, which the Committee agreed to set up at its last meeting.

Decision:

1. To agree the terms of reference and work programme of the Business Start Up Task and Finish Group as set out in the report.

2. To appoint Councillors Richards, Hackett, Chappell, Strong and Clayton as the membership of the Business Start Up Task and Finish Group.
3. To appoint Councillor Richards as Chair of the Business Start Up Start and Finish Group.
4. To agree to delegate authority to the Chair to write to the Greater Manchester Chamber of Commerce inviting them to appoint a representative of the Chamber as a co-opted member of the Task and Finish Group.

**EES/11/38 Revised Targets for the 2008 – 2018 East
Manchester Strategic Regeneration Framework
and the 2011/12 to 2013/14 New East Manchester
Implementation Plan**

A report of the Chief Executive of New East Manchester Ltd was submitted to the Committee which outlined the rationale for amending the existing Key Target framework that was agreed in December 2008 as part of the 2008-2018 East Manchester Strategic Regeneration Framework. The report presented a set of revised targets for the progress to the regeneration of East Manchester.

The Chief Executive of New East Manchester Ltd introduced the report. He informed the Committee that there were two parts to the report. The first was the reassessment of targets, which was necessary because of changed economic circumstances. The second was the implementation plan.

Decision:

To note the report.

EES/11/39 Information and Overview Report

A report of the Governance and Scrutiny Support Unit was submitted providing information about the Committee's work programme and relevant issues affecting the Committee's remit. Members were asked to note the responses to the Committee's previous recommendations and agree the draft work programme.

Decision:

To agree the Committee's work programme.

EES/11/40 Steve Mycio

The Chair informed members that this was Steve Mycio's last meeting as Deputy Chief Executive (Regeneration) before his retirement from the Council. The Committee thanked him for his hard work for the Council over the years and his passion, generosity and love for Manchester. Members praised his dedication and his consistent focus on the public interest.