

## **Written evidence from the North of Tyne Combined Authority on behalf of North East Mayoral Combined Authority DES0027**

### **Introduction**

The North of Tyne Combined Authority is a mayoral combined authority which consists the local authorities of Newcastle upon Tyne, North Tyneside, and Northumberland and came into being on 2 November 2018. In February 2022, the UK government announced its intention expand the existing North of Tyne MCA to include the local authorities of Gateshead, South Tyneside, Durham and Sunderland to form a larger North East Mayoral Combined Authority in May 2024. On 6 March 2024, the Government announced the North East deeper devolution deal, which supersedes the previous devolution deal and will give NEMCA increased devolved powers.

As a combined authority we are submitting this response to support delivery of our devolution agreement – as a mechanism to improved productivity and reduced regional disparities. The devolution of employment support will strengthening local leadership to act more flexibly and innovatively to respond to local need, specifically supporting local residents into and remain in good employment.

### **Opportunities and challenges**

#### **1. What is behind the UK's decline in physical and mental health, and how does it vary region to region? What opportunities and challenges might further devolving employment support provide for addressing this?**

The UK's decline in mental and physical health can be attributed to deep-rooted and intrinsic indices of deprivation relating to income, employment, education, skills and training, health and disability, crime, barriers to housing and services, and living environment. This has been exacerbated by wider society changes for example views in society regarding sickness and types of sickness, and reflections of this in the health system.

Residents in the North of Tyne experience poorer health outcomes than the national average, including a:

- higher proportion of residents considered to be disabled or to have a work-limiting disability.
- lower proportion of disabled residents in employment
- lower disability-free life expectancy, contributing to people leaving work younger.
- higher average number of sickness related absences across the workforce

In the North of Tyne, economically inactive rates are higher than the national average, with females, those under 25 or over 50 years of age, and residents of an ethnic minority.

Residents in the North of Tyne experience poorer health outcomes than the national average, with the unemployment rate for specific health conditions being highest for mental health issues and nervous disorders.

Devolved employment support would enable authorities to be more reactive to local needs and circumstances including barriers to employment, and demographic needs. Opportunities include creating more joined up support with other services and initiatives including skills, housing, health, and poverty interventions; and better aligning support to local labour market opportunities and challenges, especially employer-led demand.

## **2. What are the main opportunities and challenges associated with further devolution of employment support?**

Combined authorities and their constituent local authorities have a far better understanding of issues existing at a local level. Devolving employment support would enhance and expand current provision which is already embedded in communities and delivering services to address local issues and needs. Combined authorities would invest in longer term community-based provision, designed and delivered to meet the needs of residents, communities and employers, utilising local community settings. This would allow direct engagement with families experiencing poverty, enabling their voices to help shape investment decisions.

These authorities can commission more holistic approaches that consider not only job placement but also other factors affecting employment, such as health, housing stability, and childcare. Along with integrating employment support with health services, integration with education and community resources would create a comprehensive safety net.

Devolving employment support would allow combined authorities/local authorities to leverage their expertise and respond effectively to local job markets, this in turn would increase local ownership and foster innovation and responsiveness. A decentralised system could integrate employment support with other services, such as healthcare, education, and housing. This comprehensive approach would address multiple dimensions of poverty simultaneously.

The ability to align employment support with skills is an additional opportunity for further devolution, ensuring that job seekers can upskill as needed for their intended employment destination. Currently, DWP prioritises getting people into work quickly, with the suggestion of taking 'any job'. Lengthy or intensive training can be discouraged and can result in loss of benefit. Within the ever-changing employment landscape, individuals need to upskill to be able to fully participate in economic activities.

Full devolution of employment support would be the natural next step in delivering a system that is both fit-for-purpose and that can realise its full potential as a route to fulfilling the needs of both regional and local priorities. Labour market changes such as automation, digitalisation, electrification and moves towards net zero require skills which individuals may not have obtained previously. Economic development relies heavily on having a suitably skilled workforce, yet DWP practices can hinder this process.

However, this approach would require sufficient resources to commission provision and then ensure monitoring, coordination, and collaboration of delivery at a local level. This would give the opportunity to consider other metrics to monitor outcomes for individuals based on local need, such as the ability to focus on providing a shift change from short term outcomes to long term sustainable impact in the labour market.

## **3. What might be some of the unintended consequences of devolving employment support?**

Despite the opportunities associated with further devolution, if not managed effectively more funding and responsibility could result in a confused and fragmented system. Ensuring that combined authorities receive sufficient resources to implement effective programmes is crucial, along with balancing local autonomy with national standards to maintain consistency and fairness. There is also a risk of increased unit cost resulting from the potential loss of economies of scale. Combined authorities are best placed to address these challenges with strong leadership and strategic direction via their convening role.

There is also the potential risk of disconnect between employment support and benefit regimes leading to disengagement by some people not in work. However, strong collaborative working between local DWP and combined authorities will ensure these issues are addressed.

**4. What impact could greater devolution of employment support have on the consistency and quality of scheme delivery? How could consistency be maintained across a more devolved system?**

Devolved programmes are continuing to show signs of success and development of more local employment support, that is more responsive to local need, has the potential to result in much better outcomes and move more people into employment. Devolution would enable further utilisation of combined authorities' convening powers to bring together key stakeholders to consider labour market information, develop commissioning plans, and use existing monitoring and performance management processes to ensure quality of delivery.

Further devolution could be subject to supply chain diversity and spread, resulting in a varying consistency and quality, particularly when managing risk profiles to ensure continued commercial viability of delivery for providers.

**5. How might devolving employment support impact the relationship between jobseekers and DWP?**

It is widely accepted that many people experience a perceived stigma associated with attending Job Centres to claim benefits for a variety of reasons, such as personal pride or perceived lack of a personalised approach. Creating a separation between benefit entitlement (welfare state) and the provision of employment support would lead to a greater willingness to engage from jobseekers, and potentially enable more positive relationships to be developed between job seekers and key workers, mentors, and coaches.

This approach would lead to a better and more defined role for DWP building the relationship between DWP and local flexible employment support provision to deliver better outcomes.

**Structure**

If employment support were to be further devolved:

**6. Upon what basis should funding be allocated and why?**

Combined authorities and their partners have a better understanding of issues existing at a local level and are well-placed to address multiple factors affecting people's ability to find good work (health, education, skills, labour supply, transport, and employment support) at a strategic level. Combined authorities are best placed to allocate on basis of need, along with recognition of geographic or demographic hot spots to ensure that there are no gaps in support and reduce the likelihood of a post code lottery in terms of support available.

**7. How should the boundaries of devolved areas be delineated?**

Devolved boundaries should focus on combined authority areas which are currently widely accepted as functional economic areas able to effectively deliver devolved activities, with strong links to existing local authority areas. However, this needs to be supplemented by adopting soft boundaries to ensure nobody is refused support when needed, but with a balance of ensuring support is targeted at areas of need.

**8. How would a more devolved system function in rural areas?**

Devolution of employment support should be included as part of a devolution settlement for those areas.

The North East has a mix of rural and urban areas, therefore current employment support provision is adapted to meet the needs of a range of diverse rural communities. Devolution of employment support could exacerbate disparities if some authorities lack capacity or resources. Ensuring equity across the new North East Combined Authority will be a challenge, and safeguards must be in place to prevent a postcode lottery of support.

**9. What role should DWP play under a more devolved system? For example, in terms of setting objectives, providing oversight, sharing data and establishing a framework for local areas?**

DWP's role should focus on:

- a strategic role in terms of the design, commissioning, and implementation of a locally commissioned employment support
- ongoing coordination of employment support on a regional and local level
- national delivery with employers who want to engage at that level
- data sharing to assist in activities to coordinate employment support that is available
- implementation of benefit rules
- key stakeholder representation in combined authority and local government governance structures
- ensuring oversight and framework are influenced by whether participants are solely Jobcentre Plus (JCP) customers
- remaining the gateway to the majority of participants

**10. What balance should be struck between national employment support schemes and locally delivered schemes?**

There will be the need to retain some national-level programmes, especially to support national employers, however most of the support should be given to locally commissioned and delivered schemes. At present, DWP makes decisions about national delivery and expects local provision to shift to avoid duplication.

**Jobs and providers**

**11. What impact might devolving employment support have on the success and quality of job matching? How might it affect jobseekers with additional needs, such as people with health conditions, disabilities, and hard to reach groups?**

Job matching will be undertaken with a better understanding of the local economy including local needs, recruitment challenges, issues faced by employers, sectors, and industries. Support delivered to those with additional needs will have a similar understanding of local areas, but also of existing local support and will be better joined up with other support services such as health, housing etc. There will be a positive impact on personalised 121 matching, particularly as recruitment is increasingly shifting towards digital methods for employers.

**12. What impact would devolving employment support have on employers and providers?**

Devolution of employment support would enable employers to co-design activity to support their needs, aligned to the local labour market challenges. This would include:

- being more responsive to local needs, demand, issues, and barriers to employment
- more joined up, tailored, bespoke support based on a better local understanding of conditions and circumstances
- local coordination of support including more clearly defined referral routes and joined up working with other providers and wider partners

However, this may impact:

- the perception of an increasingly crowded marketplace by employers – more organisations ‘knocking on the door’ with asks as account management will be diluted
- the attraction and retention of provider workforce due to differences in pay and conditions between supply chain partners spanning public, private and third sector organisations
- the differentiation in the commercials and risk profiles for providers

## **Lessons learned**

### **13. What lessons can be learned from employment schemes already devolved to local government?**

Please refer to Appendix 1 for summaries of 3 programmes/projects delivered across North of Tyne area and 1 delivered in Gateshead local authority area.

- Gateshead Council: Make a Change Project.
- North of Tyne Working Homes project, Return to Work (Carers) and Employment Partnerships

### **14. Are there any international comparators the Committee should consider in our inquiry?**

- Netherlands - more local employment support systems including Local Authority management of Jobcentres.
- Australia - Skills Ecosystems in response to recruitment and skills needs of particular sectors in local areas.

### **Gateshead Council: Make a Change project.**

Make a Change was funded by ESF with the DWP as the managing authority. The project aimed to support people to 'make a change' in their lives to help them move into work or closer to the labour market. The project aimed to provide employment support for 260 Gateshead residents with protected characteristics and for workless housing tenants who faced a range of barriers to employment and economic inclusion.

Participants received employment support for 12 months by one of a team of five Change Coaches following a personalised employment support plan. An external evaluation of the project stated that from their experience of evaluating employability projects, that this key worker approach can be central to gaining positive outcomes. Consequently, a recommendation for future projects would be to continue with this type of one-to-one person-centred and holistic approach. It would be valuable to understand the coaching techniques that are most effective and to define and implement what 'makes an effective Change Coach'.

**A copy of the interim external evaluation of this project is available on request.**

### **North of Tyne: Working Homes**

The Working Homes programme was designed to engage hard-to-reach social housing tenants in the North of Tyne area and devise effective ways of supporting them both to enter employment and maintain tenancies through an integrated approach to support. At the core of the model for the programme and the partnership approach is the integration of employment support with wider tenancy management services. The programme planned to test new ways of engaging with participants who might otherwise not access employability services.

Working Homes was a partnership of seven delivery partners and the programme was funded through DWP ESF funding, match funded with Housing Revenue Account (HRA) funds, provided by each of the delivery partners. The total value of the programme was £5,168,081. The programme was locally co-designed with partners, with the specific purpose of realising the NTCA Inclusive Economy Policy ambition to 'support more North of Tyne residents to become economically active and move into work'.

From the social return on investment model, the Working Homes has produced a total net benefit of £14,325,262 and a benefit-cost ratio of 3.68. This means that for every £1 invested, £3.68 of benefits were produced. The Working Homes model was not prescriptive and enabled each of the partners to deliver in the way that met participants needs and fitted within their own organisational structure. An external evaluation undertaken of the project found that Working Homes has performed well, and the integration model of housing and employment support should be considered successful particularly on the basis that the programme performed well in engaging economically inactive participants, which is historically a difficult cohort to engage.

**A copy of the final external evaluation of this project is available on request.**

### **North of Tyne: Return to Work (Carers)**

The project was in part driven by the commitment in the North of Tyne Devolution deal to 'explore ways to support those returning to the labour market after time out of paid employment to care for children or other family members. Delivery was aimed specifically at moving unpaid carers towards and into paid, sustainable employment, supporting residents

disengaged from the labour market to engage with local employers offering a range of inclusive routeways to work, such as internships and work experience with training.

The project was delivered by three local carer organisations who were actively supporting carers in the North of Tyne area, many of whom are economically inactive or unemployed. The project has received positive feedback throughout its lifetime. Participants have felt they received the support they required with limited suggestions of how the project could have better supported their journey into work. Participants also felt that they would not be able to get the bespoke support elsewhere. This is evident in that most carers have maintained contact with advisors or would return to the programme should they need further support. Similarly, almost all carers surveyed indicated that they would recommend the support to others.

**A copy of the final external evaluation of this project is available on request.**

### **North of Tyne: Employment Partnerships**

The Employment Partnership programme provides a new framework to add value to and enhance the coherence of the existing employment support eco-system across North of Tyne. Entirely funded by NTCA the project provides funding for 6 delivery staff, with each local authority charged with developing an Employment Partnership for their area; and employing an Employment Partnerships Coordinator and an Employer Engagement Coordinator, who are each charged with working with their Local Authority colleagues, NTCA, DWP and other providers to 'develop and implement a coordinated employment and skills offer to improve the job prospects of residents in North of Tyne'.

Therefore, while the project directly funds a number of posts, its purpose is to help bring together, coordinate and maximise existing provision to enhance the collective impact and coherence of existing and emerging employment support interventions being delivered across North of Tyne; and also to help inform the commissioning and designing of activities to address gaps in the support eco-system.

**A copy of the interim external evaluation of this project is available on request.**

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