

Written evidence from the Labour Market Partnerships DES0043

Background

The submission below is presented on behalf of all the Labour Market Partnership's across NI in response to the inquiry conducted by the Work and Pensions Committee regarding the devolution of employment support to local areas, aiming to enhance employment opportunities and sustain job retention, thereby fostering growth within local businesses and communities. Labour Market Partnerships operate under the jurisdiction of Local Councils in NI and adhere closely to the various councils' community planning responsibilities, which include:

An aim to improve the connection between all the tiers of Government and wider society through partnership working to jointly deliver better outcomes for everyone. Community plans identify long-term priorities for improving the social, economic and environmental well-being of districts and the people who live there¹.

In 2022, Labour Market Partnerships (LMPs) were initiated with funding allocated by the Department for Communities (DfC) to the 11 local authorities of Northern Ireland, replacing the previous regional Steps to Success programme. The funding was designated to establish partnerships capable of facilitating an integrated strategy to tackle labour market obstacles. These partnerships aimed to amalgamate local knowledge and expertise into a unified body, operating in a comprehensive, efficient, and coordinated manner to address labour market challenges.

LMPs generally includes representatives from the following bodies:

- Council
- Department for Communities
- Department of the Economy
- Invest NI
- Jobs & Benefits Office
- Health & Social Care Trusts (Condition Management Programme)
- Local Chambers of Commerce
- Local Further Education Providers
- Employer bodies such as CBI, Federation of Small Businesses NI or Trade Associations.
- Local Employers (where relevant)
- Community & Voluntary sector representatives.

¹ <https://www.communities-ni.gov.uk/articles/community-planning>

DfC has entrusted LMPs with several key responsibilities, including conducting a strategic assessment of their respective local labour markets. Additionally, they are mandated to engage regularly with local communities, employers, statutory bodies, and voluntary sectors to ascertain priority issues and concerns. Subsequently, LMPs are required to develop an Action Plan encompassing priority projects and programmes aimed at addressing these issues.

Context

Economic inactivity poses a significant strategic challenge to the future economic and social well-being of Northern Ireland. Presently, the region exhibits the highest economic inactivity rate among all UK regions, standing at 27%². Despite having the lowest unemployment rates in Northern Ireland compared to other UK regions, a considerable portion of individuals not engaged in the workforce are distanced from labour market participation, thus presenting challenges for employers in filling job vacancies. The onset of the Covid-19 pandemic has further exacerbated labour market dynamics, leading to an increase in economic inactivity, primarily attributed to elevated sickness rates. Specifically, the proportion of the 16-64 population categorized as economically inactive due to sickness has risen, reaching 11.2% in Q2 2023. This disparity of historically low unemployment rates juxtaposed with high economic inactivity underscores the primary challenge confronting the Northern Ireland labour market.

The intricate and formidable issues surrounding economic inactivity underscore the necessity for collaborative efforts among Northern Ireland government departments to allocate resources and implement programmes aimed at tackling this issue. LMPs serve as a well-established mechanism to address economic inactivity and should be adequately resourced and supported. By leveraging their local knowledge and expertise, LMPs can customize solutions tailored to address the specific issues and concerns within their respective communities at a micro-level. Thus, supporting and empowering LMPs is essential for effectively combating economic inactivity at the local level.

Labour Market Partnerships

Northern Ireland boasts 11 Labour Market Partnerships (LMPs), each overseen by local councils, with the primary objective of convening relevant stakeholders to address local labour market challenges and opportunities. While these partnerships share similarities, they also exhibit unique membership compositions and areas of focus. Notably, employer representation is prevalent across all 11 LMPs, a few of whom are chaired by local employers, thereby bringing distinct perspectives to partnership endeavours. Government departments are also represented within the LMPs, although their levels of involvement vary. The Department for the Economy, responsible for further education and skills

² NISRA Labour Market Report (Labour Market Structure November 2023 – January 2024).

development across Northern Ireland, has notably demonstrated commitment by allocating funding to LMPs for the delivery of skills programmes, a commendable initiative.

The six Further Education colleges play a crucial role as members of LMPs, serving as a direct link to local further education and skills provision. A notable success of the evolving LMP program lies in the active engagement and membership of Jobs & Benefits Offices (JBOs). With 34 JBOs spread across NI, tasked with frontline delivery of employment and careers services to jobseekers, their collaboration with LMPs has proven highly effective. Strong relationships have been forged, supported by shared intelligence systems, enabling both entities to provide alternative pathways back into employment for clients. This includes initiatives such as employment academy programmes, job fairs, and heightened engagement with employers through mainstream government services.

Moreover, the involvement of the community and voluntary sector within LMPs ensures a more robust connection with the 'hardest to reach' individuals. This involvement not only facilitates better outreach but also aligns LMP programmes with local service delivery, including the 18 Shared Prosperity Programme funded projects currently underway across NI. Such collaborative efforts demonstrate the collective commitment to enhancing employment opportunities and fostering economic prosperity within local communities.

The initial two years of program delivery have encountered notable challenges. Delays in receiving letters of offer with funding commitments from the Department have led to year-long programmes being condensed into shorter periods, consequently affecting their effectiveness and ability to meet targets. Compounding these challenges, this same period coincided with the absence of a functioning Executive at Stormont, resulting in a lack of political direction and leadership. Additionally, the ongoing impact of the pandemic, the cessation of European Social Funds, and the introduction of Shared Prosperity Programme funds have collectively contributed to creating an unstable environment for the delivery of employment support services. These factors have posed significant hurdles for service providers in their efforts to deliver effective and consistent support to those most in need.

However, strong foundations have been laid, and with greater certainty about LMP funding and the establishment of the NI Executive the future looks bright for the LMP model. This was recognised within the 'Interim report of the commission on the future of employment support'³ which stated:

Closer to home, the approach taken in Northern Ireland was also noted as a potential model that other nations in the UK (or areas within England) could follow. Until about a decade ago, the Northern Ireland government broadly reflected the approach taken in the wider UK. More recently however, it has started to use its powers to do things differently – in particular

³ <https://www.employment-studies.co.uk/system/files/resources/files/Work%20in%20Progress-%20Interim%20Report%20of%20the%20Commission%20on%20the%20Future%20of%20Employment%20Support.pdf>

by establishing Labour Market Partnerships (LMPs) in each council area, which bring together key local partners and have responsibility for:

- *Local leadership, coordination, and integration of relevant services.*
- *Developing and agreeing local area plans, including performance targets.*
- *Managing devolved funding for employment programmes; and*
- *Managing arrangements for the evaluation of local interventions.*

This new approach is intended to strike a balance between national and local level responsibilities, and to support more effective co-ordination, partnership working, service design and delivery, and engagement of residents and employers within areas.

The LMPs represent an established labour market partnership model already operational across Northern Ireland. An alternative approach could involve leveraging the framework provided by the four city and growth deals, established to administer a £1.2 billion capital investment programme. Notably, skills development and employability are integral components of the city and growth deal model, fostering synergy and alignment with capital programme expenditure. While there is limited prior experience in delivery, the city and growth deals are spearheaded by local councils. Therefore, a lead council could be designated, mirroring instances such as the Northern Ireland business start program (Go Succeed) managed on behalf of all 11 local authorities by Belfast City Council's Economic Development Unit. This approach capitalizes on existing structures and resources to further enhance collaboration and effectiveness in addressing labour market challenges.

Devolution of employment support

We concur with Greater Manchester Poverty Action who highlighted the importance of taking a local approach to employment support (Plan for Jobs and Employment Support):

Our work has highlighted the importance of devolution, employment support is best delivered at a localised level rather than a centralised, one size fits all approach. Local authorities have wider influence over local employers and have insight into local economic and community needs.

The LMP model has proven to be effective. LMPs provide the vehicle to address deficiencies within current provision (lack of trust, poor engagement, need for wrap around support) as well as the ability to design and test new tailored approaches to address economic inactivity and long-term unemployment.

We would bring to your attention the following areas which we believe the LMP model delivers on:

Connectivity

The LMP model plays a pivotal role in enhancing connectivity within local authority areas by facilitating coordination among service providers. This coordination helps to prevent

duplication and unnecessary competition among providers, ensuring a more streamlined and efficient delivery of services. Importantly, the LMP model bridges the gap between citizens and service delivery, a connection that is often lacking in central government services. Unlike services delivered from government offices, which are sometimes met with mistrust by many citizens, the LMP model fosters a sense of trust and accessibility among those who stand to benefit the most from the services provided.

Flexibility

The previous model of service provision (Steps to Success) relied on a regional, 'one-size-fits-all' approach, which often led to a rigid framework that failed to account for the diverse needs of customers. This approach disregarded the unique circumstances of individuals, particularly those classed as economically inactive and seeking support to re-enter the workforce. In contrast, the LMP model promotes greater flexibility and customization in service delivery, leveraging local insights into labour market needs. By tailoring services to local requirements, the LMP model ensures a more responsive and effective approach that better addresses the specific challenges and opportunities within each community.

Partnership work

In today's labour market, characterized by its complexities and challenges, fostering greater partnership among various stakeholders is imperative. Collaboration across government departments, local authorities, employers, and service providers is essential for devising effective solutions. Moreover, it's crucial to prioritize the involvement of health professionals in service delivery aimed at addressing economic inactivity. This is particularly significant due to the substantial percentage of inactive clients grappling with health issues, notably mental health-related concerns. By ensuring that health professionals are at the forefront of such service delivery initiatives, we can better address the multifaceted needs of individuals and enhance their prospects for re-engagement in the workforce.

Employers

LMPs have demonstrated remarkable success in engaging employers and prioritizing their needs when shaping local employment services. Their Employment Academy models exemplify this approach, as they involve collaborating with employers to design tailored training and employment packages. A key feature of these programmes is the assurance of an interview upon successful completion, which has yielded outstanding results across various sectors such as Technology, Construction, Professional Services, Hospitality, Logistics among others, with employment rates surpassing 70%. Moreover, the sustained employment rates remain high, underscoring the effectiveness of LMPs in providing in-work support services that benefit both employees and employers alike.

Recommendations

1. Further devolve employment services and budgets to LMPs, particularly targeting programmes aimed at addressing economic inactivity, represents a crucial step in empowering local communities to tackle labour market challenges effectively. By decentralizing decision-making and resources to LMPs, we enable them to tailor interventions to the specific needs and nuances of their respective areas. This localized approach fosters a deeper understanding of local labour market dynamics, allowing for more targeted and impactful initiatives aimed at engaging and supporting those facing economic inactivity. Moreover, devolving employment services and budgets to LMPs enhances accountability and responsiveness, ensuring that resources are allocated efficiently to address the most pressing issues within each community. This shift towards greater local autonomy not only promotes innovation and flexibility but also strengthens partnerships between stakeholders, ultimately leading to more inclusive and sustainable solutions for promoting workforce participation and economic prosperity.
2. Designating LMPs as the primary delivery mechanism for future Shared Prosperity Fund (SPF) funds holds promise for maximizing the impact and effectiveness of these resources in driving inclusive economic growth. Leveraging the existing infrastructure and collaborative ethos of LMPs, such an approach ensures that SPF funds are channelled directly to the grassroots level where they can have the most significant impact. By entrusting LMPs with the administration of SPF funds, we capitalize on their local expertise and networks to identify and address the specific needs and opportunities within each community. This not only enhances the relevance and responsiveness of SPF initiatives but also fosters greater ownership and engagement among local stakeholders. Moreover, utilizing LMPs as the delivery mechanism for SPF funds promotes alignment with existing local employment and economic development strategies, thereby facilitating synergies and amplifying the overall impact of these investments on job creation, skills development, and community resilience.
3. Continuing to strengthen and nurture the role of employers within LMPs is paramount to fostering a dynamic and inclusive labour market ecosystem. Employers are pivotal stakeholders whose engagement and collaboration are essential for the success of employment initiatives at the local level. By enhancing and supporting their involvement within LMPs, we create opportunities for employers to contribute their insights, expertise, and resources towards addressing local labour market challenges.

Moreover, fostering closer partnerships between LMPs and local businesses can lead to the co-design and implementation of workforce development initiatives that align with industry needs and promote skills development tailored to local job

opportunities. This collaboration not only benefits employers by ensuring they have access to a skilled and qualified workforce but also strengthens the overall resilience and competitiveness of the local economy.

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