

# Guidance for towns and cities invited to submit an expression of interest for DWP's City Strategy

## 1. Introduction

1.1 In its Green Paper, *A new deal for welfare: Empowering people to work*, the Government set out far-reaching proposals for welfare reform aimed at moving towards its national aim of an 80% employment rate for the working age population. A central element of these proposals is a new strategy to tackle the highly localised pockets of worklessness, poverty, low skills and poor health that can be found across the UK, many of them within major towns and cities. A significant proportion of all people on benefits live in these areas, so reducing deprivation and social exclusion within them will be key to the achievement of national employment targets. Ensuring that everyone who can work has the help and support they need to do so will also be critical to the Government's aim of halving child poverty by 2010, and ending it by 2020. DWP, together with DfES, DoH, DCLG, the Scottish Executive and the Welsh Assembly Government, is committed to tackling this issue, building on the work begun under initiatives such as the New Deal for Towns, Cities and Regions, and Local Area Agreements.

1.2 To make improvements of the order needed to make a real difference to the rate at which disadvantaged people move into employment, we need to try something new. The City Strategy is based on the premise that local stakeholders can deliver more if they combine and align their efforts behind shared priorities, and are given more freedom to innovate, and to tailor services in response to local needs. This is a new approach to tackling welfare issues, and needs to be tested before we commit to wider roll-out. Importantly, however, the strategy has the potential to develop into a major shift in the way that employment and skills provision is delivered on the ground.

## 2. Aim, objectives and context

2.1 *The purpose of this initiative is to deliver a significant improvement in the working age employment rate, particularly for disadvantaged groups such as benefit claimants, lone parents, disabled people and those with health conditions, older people and people from minority ethnic groups. We need to ensure that more of these people are helped to find and remain in work, and to improve their skills so that they can progress in employment, beginning with areas with the highest concentrations of disadvantage.*

2.2 In order to deliver against this challenging agenda, the City Strategy invites the key stakeholders from the public, private and voluntary sectors to come together into a concerted local programme – a 'consortium' – to improve the way support for individual jobless people is coordinated and delivered on the ground.

2.3 Consortia should provide the drive and focus for coordinating activity to help jobless residents, particularly the most disadvantaged, to find and progress in work. This is about agencies coming together with other partners including employers and, where appropriate, voluntary sector groups and providers, with

the ability and willingness to use the resources at their disposal flexibly, in ways that reflect local needs, support the consortium's overall plan, and combine effectively with the money being spent by partner agencies. Each consortium should explicitly aim to deliver *a measurable improvement in the proportion of local people who can find and progress through work* – and this will be the principal factor against which central government will measure a consortium's success.

2.4 The key principle is that all partners within consortia should integrate their efforts to maximise outcomes for disadvantaged clients. Where existing structures or processes – at either local or national level – constitute a barrier to this alignment process, the city strategy process invites consortia to identify ways of overcoming these barriers in order to meet local needs. *The focus will be on results, not on prescribed process, and reward funding will be paid to consortia that reach their targets.*

2.5 The main features of the consortium process can be summarised as follows:

- Key stakeholders with a role to play in helping disadvantaged people into work come together to form a consortium, building on existing partnership arrangements with the specific aim of raising local employment rates. In building consortia, towns and cities should *ensure appropriate involvement of employers, as the providers of opportunities* for those currently locked into benefit dependency, and of the voluntary sector.
- Consortia work initially to identify and agree local priorities, then to develop an evidence-based delivery plan for tackling them, including any additional flexibilities needed to overcome barriers to delivery. The delivery plan should aim to ensure that *the relevant funding for which consortium members are responsible is spent in an integrated, work-focused and locally-responsive way.*
- *Consortia agree stretching outcomes and targets with government,* focussing on the contribution consortia will make towards raising employment rates. These targets will form the basis for reward funding, if met.
- These plans and targets will first be set down as a short Expression of Interest (EOI) via the attached proforma then, in chosen pathfinders, developed in more detail in conjunction with DWP and other relevant departments.

2.6 We expect the consortium to be the lead partnership for tackling employment issues for disadvantaged people, nested within the local family of partnerships, and to have responsibility for the development and delivery of outcomes and targets to tackle localised pockets of persistent worklessness. *In England, consortia should develop targets to be included in the Local Area Agreement, supported by the LSP to avoid duplication or contradiction with others*

*parts of the LAA.* As LAAs will already contain employment targets, the LSP and consortia will need to agree arrangements for how these will be taken forward.

2.7 Similarly, *in Scotland* we expect that proposals will build both on existing Community Planning Partnerships and on work being taken forward on Regeneration Outcome Agreements and shared or integrated service delivery. *In Wales*, proposals should be linked to Welsh Assembly Government initiatives such as the Wales Spatial Plan, and should build on existing local partnerships and projects. Further guidance on the fit with devolved policy areas will be provided by the devolved administrations.

### **3. Choosing pathfinders**

3.1 The strategy is intended as a collaborative, bottom-up process, with an initial focus on areas that are currently furthest from the government's 80% employment rate aspiration, and the possibility of expansion to other areas subject to results.

3.2 *The number of first phase pathfinders will be small, and dependent on the number and quality of expressions of interest received.* In order to avoid an overly intensive process we are inviting a group of the most disadvantaged towns and cities in Britain to submit expressions of interest (EOIs) using the enclosed proforma.

3.3 *We have high ambitions for this initiative: we want to push the boundaries of flexibility and devolution to the local level,* in a way that best meets the needs and circumstances of individual towns and cities. To do this, we need to move away from the usual contracting process. Rather than set out in detail what we want cities to do, we are using this EOI exercise to ask some basic questions about the problems disadvantaged towns and cities face, how efforts can be aligned behind these priorities, and what extra this would enable towns and cities to deliver for their most disadvantaged residents.

3.4 Once we have assessed EOI submissions, we expect to engage with each of the successful towns and cities, working with them as they develop their proposals. This will include a negotiation process as we work to remove or diminish the barriers that towns and cities identify as holding them back from achieving the full potential for disadvantaged residents.

3.5 This EOI guidance is therefore rather lighter than usual: we want to see your ideas and innovations, and then work with you to see how far toward those we can go.

### **4. Delivery principles**

4.1 The city strategy is about improving outcomes for disadvantaged people, by building on and improving local partnerships and empowering them to identify and respond to local problems. We therefore do not intend to prescribe a detailed model. Instead, we encourage towns and cities to come forward with proposals

tailored to their local situation, both in terms of the target groups they seek to tackle, and the partnership and delivery arrangements they propose in response.

4.2 That said, there are a number of delivery principles which towns and cities will need to take account of in putting together an expression of interest:

- i. The key objective is a measurable improvement in employment rates. As consortia develop their plans they will need to consider, in the broadest sense, the reasons why local people do not get, and keep, jobs. They will need to develop appropriate responses to these issues - which may include support to help people become active in the jobs market; training for skills needed for work and progression; establishing recruitment channels to link disadvantaged communities to vacancies; and addressing unfair or inefficient recruitment practices by local employers. Towns and cities will need to strike an appropriate balance, based on their analysis of local need, between helping people find employment, and retention and advancement in work.
- ii. *The strategy puts a strong emphasis on aligning local efforts on employment and skills behind shared priorities.* We recognise that towns and cities are already working to improve joint working on employment and skills through a number of strategies and initiatives, at a variety of levels. The city strategy does not seek to cut across any of this work, but rather to build on it and to focus it more tightly on delivery of better outcomes for disadvantaged groups.

LSPs may have economic and employment thematic partnerships, and these should provide a starting point to draw consortium members together – but we would emphasise that we want towns and cities to look at this issue afresh, according it a new priority and assessing who needs to be involved to fulfil the specific objectives of the city strategy. We are looking for towns and cities to build upon their current arrangements and to improve them in innovative ways, not simply to re-package them as proposals for consortia.

Cities that have begun work on employment and skills through the New Deal for Towns Cities and Regions should use the relevant part of their NDTCR business case, taking care to ensure that it addresses the questions it needs to in order meet the criteria for the EOI process. Where those cities are invited to become pathfinders, they will be able to develop the two initiatives in a complementary way.

- iii. Each consortium will be different, *and it is up to towns and cities to propose an appropriate structure, membership and leadership for their own area* – but partners may include:
  - a. Jobcentre Plus and the Learning and Skills Council (or equivalent bodies in devolved areas), as the key public delivery agencies for employment and skills

- b. Local Authorities, as locally elected and accountable community leaders.
  - c. Key employers, as providers of jobs and in-work development opportunities, as owners of recruitment and retention practices, and to ensure that provision is relevant to local demand
  - d. Voluntary and community organisations, as sources of expertise with disadvantaged groups, and links to disadvantaged communities
- iv. We do not envisage consortia as statutory bodies in their own right, but rather as associations of organisations brought together by a shared aim of improving outcomes for priority disadvantaged groups. It is likely, therefore, that the principal impact of consortia will come through joining up and influencing the spending decisions of member agencies, developing a joint plan in order to ensure that efforts are integrated and aligned behind recognised local priorities. This will be supported by clear messages from central government to local employment and skills delivery agencies, encouraging them actively to participate in consortia, and to flex their own resources as much as possible.

Where consortia wish to go beyond alignment of funding, we will discuss proposed governance and accountability arrangements.

We recognise that either pooling or alignment of funding will raise a range of issues around planning and procurement processes and cycles, and will work with pathfinders to discuss their proposed solutions to these issues.

- v. The city strategy is not a major source of new money. In principle, we expect consortia to make better use of existing resources, aligning the efforts of all local stakeholders, encouraging innovation and sharing best practice. However, *we will be making around £5m of 'seed-corn' funding available, split between the pathfinders, to kick-start the development of each consortium*, helping to build capacity, bring partners together and produce a delivery plan.

*Consortia will also have access to a flexible pot of money which partners may use to procure whatever additional or innovative support they feel is appropriate* in their local area, taking account of the pattern of existing provision for which consortium members are responsible. This flexible pot will comprise a share of DWP's new Deprived Areas Fund (DAF), with the budget for each pathfinder determined principally on the basis of relative labour market disadvantage. The agreed provision may be procured via Jobcentre Plus, or via another of the partners participating in a consortium, but the nature of that provision should be agreed amongst all consortium members.

For an indication of likely funding for your own town or city, please contact the cities strategy project team at the Department for Work and Pensions (see end for contact details).

- vi. *We encourage towns and cities to take advantage of this opportunity to innovate*, and to look across the proposed activity of their consortia at how processes, programmes and structures could be improved. We recognise that there may be instances where national policy measures cut against local priorities, or where national practices hinder local joint working. Where this is the case, consortia are invited to set out what the barrier is, what change they wish to see, and what results they would expect in terms of improved outcomes.

We know that freedoms and flexibilities, or enabling measures, have been requested previously, with mixed success. However, at this stage, we do not want to rule anything out, and certainly not on the basis that it has not been possible in the past. It is important that towns and cities provide a precise and concise business case to back up their requests, and consortia should bear in mind that the more they ask for, the more information they will need to provide regarding the impact of the barrier on their consortium proposals, and the effect of removing it.

We will engage with those towns and cities that are successful in the EOI exercise to examine carefully each barrier, to determine whether and how it can be overcome, or at the very least, diminished. Consortia should bear in mind that flexibilities involving changes to primary or secondary legislation will need to be very persuasive and, where they can be agreed, may take time to achieve.

Details of freedoms and flexibilities previously raised through the LAA process, and guidance notes produced in response, can be found on the DCLG website: <http://www.odpm.gov.uk/index.asp?id=1163512>

- vii. The city strategy is focussed on outcomes, not processes. *It is designed to test the impact not of individual flexibilities, policies or interventions, but of devolving more responsibility to local partnerships to identify and tackle local priorities.* Towns and cities will need to develop robust, stretching targets and indicators, and central government monitoring will then focus strongly on delivery against those outcome targets. Successful consortia will be rewarded with outcome funding based on achievement against these targets.

To manage programmes, track client progress and report performance, consortia will need to develop robust performance management systems to track progress, and oversight processes which are appropriate to the level of devolution and flexibility sought. In England this system will need to be consistent with the arrangements for the six monthly LAA performance reviews.

## **5. What does an EOI need to include?**

5.1 The enclosed EOI proforma is designed to ensure that you provide all the information we need at this stage. However, the following may also be useful as a guide to what an expression of interest should include:

- i. *details of the geographical coverage of the consortium* – whether it will operate at town/city level or at the level of the city-region or travel-to-work area – and the rationale for this. You should bear in mind that the city strategy is intended to focus on areas of greatest disadvantage, as well as practical questions such as the appropriate level at which different stakeholders will need to be engaged. In order to enable us to calculate the amount of DAF funding available for individual pathfinders, please also include a list of wards covered by your consortium.
- ii. *a brief overview of labour and skills demand* within your chosen geographical area, in the context of the wider travel-to-work area, including any significant trends in future demand.
- iii. *identification of priority groups to be tackled by the consortium*, and an insight into the scale and nature of the labour market and skills issues faced by those groups. In most cases these should be drawn from the list of groups published in the Green Paper: benefit claimants, lone parents, older people and people from ethnic minority groups. If you wish to focus on other disadvantaged groups, you must demonstrate that those groups constitute a local priority. There is a wealth of local information or analysis available to help areas in this process – for example at <http://asp.ccsr.ac.uk/dwp/>
- iv. *an early indication of who would be involved in the consortium*, including how you plan to involve employers and, where appropriate, the private and voluntary sectors. Where possible, please indicate sectors whose involvement you expect to seek, but which have yet to sign up, and state how you intend to take account of the views of local people and service users. You should bear in mind issues of propriety, and potential conflict of interest involving providers.
- v. *proposals to integrate the efforts of all consortium partners, maximising use of existing resources in order to drive up performance and improve outcomes* for the priority groups identified. You should focus on:
  - a. what will be different under the consortium;
  - b. what relationships will change;
  - c. how different funding streams would be affected;
  - d. what will change in terms of delivery; and
  - e. how this will all drive improved performance.
- vi. *details of any barriers to partnership working or more efficient delivery of services, caused by national policy or practice, including how you would propose to overcome these barriers, and an estimate of the resulting impact on outcomes*. As per paragraph 4.2.iv above, please bear in mind that the higher the level of flexibility sought, the more convincing a case will need to be made as to the impact of the current barrier, and the greater an impact on outcomes we will expect. Proposals will benefit from an indication of alternative ways in which the barriers highlighted could be overcome.

- vii. *the outcome targets and indicators for your consortium, and an estimate of the quantified improvements your consortium would expect to deliver.* This should include an indication of the degree of 'stretch' against existing targets, and proposals to ensure clear accountability for delivery against those targets.
- viii. *an outline of a robust performance management system* designed to capture the management information data necessary to track progress against indicators and targets. You may wish to use an existing performance management system, such as a system currently operated by one of the consortium partners. This system will need to be compatible with the LAA process.
- ix. *the impact of proposals and outcomes on the wider LAA* (or LAAs if covering more than one local authority area) and other existing employment and skills strategies and initiatives.
- x. *any new or adapted governance and oversight arrangements* required to support new ways of working – for example, setting out decision-making arrangements within the consortium - including nesting new structures within the existing framework at local/city/regional level

## **6. Criteria for selection**

6.1 In assessing expressions of interest, we will focus on the following:

- i. degree of disadvantage. Because we are targeting this first round on disadvantaged areas, we will give priority to expressions of interest from more disadvantaged towns and cities in terms of employment rates and benefit receipt.
- ii. anticipated, credible, performance improvement, and robust performance monitoring arrangements.
- iii. partner buy-in – or robust strategies for engagement of partners – including anticipated levels of match-funding, and evidence of employer engagement in strategy and delivery, and in improving recruitment and retention practices.
- iv. fit with existing partnerships and structures at local, sub-regional and regional levels.
- v. innovation – in use of resources, in client interventions, and in overcoming barriers.

## **7. Next steps**

7.1 Expressions of interest must be submitted by 12.00pm on 3<sup>rd</sup> July 2006. Please email your completed EOI to [city-strategy@dwp.gsi.gov.uk](mailto:city-strategy@dwp.gsi.gov.uk). Alternatively, you may send two hard copies of your EOI, clearly labelled 'City Strategy Expression of Interest' to:

City Strategy Project Team  
Department for Work and Pensions  
Area 5, 2<sup>nd</sup> floor, The Adelphi  
1-11 John Adam Street  
London, WC2N 6HT

7.2 Late submissions will not be accepted. If you are submitting hard copies, we advise you to retain some form of proof of delivery.

7.3 We will assess expressions of interest as quickly as possible, and expect to announce the successful areas on or around 24<sup>th</sup> July 2006. The best will be invited to continue their work, drawing up a more detailed delivery plan for their consortia as a basis for going live early in 2007. As per section 3 above, we expect to work closely with each town or city during this phase.

7.4 Other areas will be able to prepare themselves for a later extension of the initiative, which will depend on the results of the pathfinder stage, or to learn from good practice in the pathfinder areas by taking forward work towards local implementation of some of the ideas and principles within the city strategy.

## **8. Contact details**

8.1 Because we want the city strategy to encourage innovation and local solutions, this guidance is deliberately light-touch. We appreciate, however, that this means you are likely to have some questions. If so, please do not hesitate to get in touch with the project team:

Simon Wood	-	020 77122053
Lynn Cooper	-	020 79628315
Liz Fursedonn-Wood	-	020 73404173
Carole O'Callaghan	-	020 77122597

Scotland		
JulieAnn Bilotti	-	0141 2425898

Wales		
Polly Davies	-	029 20826571