



Bringing Local Enterprise Partnerships and the Work Programme together

A high-level view of the opportunities for Prime Contractors and local partners

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1. Introduction

This short paper explores the opportunities to join those Prime Contractors which are successful in bidding to deliver the Work Programme with the emerging Local Enterprise Partnerships (LEPs), the Government's proposed vehicle for local economic development.

A contracting framework for the Work Programme is currently being developed at national level and may be used in some areas for the commissioning of additional employment and skills provision such as the European Social Fund.

Local Enterprise Partnerships are envisaged as public/private partnerships designed to drive local/sub-regional economic growth. There is a pressing need for the Prime Contractors under the Work Programme and developers of LEPS to work together.

2. Setting out the challenge

The emergence of 56 bids¹ from partnerships across England to take control of their local economies presents an interesting dilemma for both Government and its partners - how to ensure a good fit of nationally commissioned programmes, like the Work Programme, with the needs of different local (sub-regional) areas?

- To be successful Prime Contractors must reflect local economic circumstances in their bids and delivery but it is currently unclear as to how this will be assessed;
- The Government wants to rebalance local economies and focus investment on generating private sector jobs. Work Programme approaches will need to be innovative in meeting sustained employment outcomes, as well as the demands of local economies;
- There needs to be a process for informing on-going delivery and performance of the Work Programme at a local/sub-regional level so that it can respond to changing local economic circumstances.

The recent announcement of the scrapping of the proposed devolution of powers for employment provision, which was set out in a DWP White Paper only in 2008,² only serves to highlight the need for dialogue between aspiring LEPs and Prime Contractors who are successful in getting onto the Work Programme Framework.

Whilst some of the 56 LEP bids may not get approval, many are likely to become operational quite quickly, not least because Government needs to have structures in place to take on the role of Regional Development Agencies as early as spring next year. London remains undecided as to whether there will be LEP structures in the region.

Some LEPs are poised to take control of functions within the next few months, although the degree of influence and control they will have over investment and policy is still unclear.

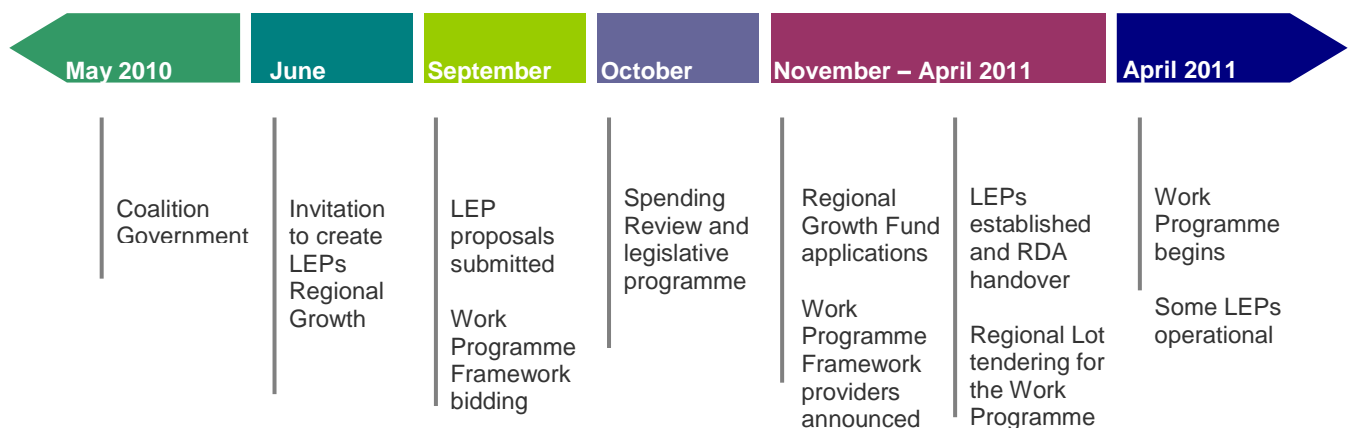
¹ Announcement of LEP Proposals from BIS 7/9/10
<http://nds.coi.gov.uk/content/Detail.aspx?ReleaseID=415344&NewsAreaID=2>

² White paper – Raising Expectations and Increasing Support – DWP 12/08
<http://www.dwp.gov.uk/docs/fullversion.pdf>

One financial instrument that will be available to some is the Regional Growth Fund³ announced in July and open for bidding in December. This will be focussed on driving investment in the private sector – particularly in areas where there is a high dependence on public sector employment. However, the Fund is time-limited and relatively small in comparison to the potential spend on employment through DWP's Work Programme⁴ which would amount to £12 billion over four years.

The proposed changes to funding and infrastructure are happening along similar timelines, but are being pushed through three government departments: BIS, CLG and DWP.

2010-2011 Development timeline



3. Issues for Prime Contractors

The Work Programme is being commissioned through Lots at a regional level (plus Wales and Scotland), yet it seems likely that regions will have to be broken up into contact package areas, given the scale of delivery and financial viability required of Prime Contractors to deliver the programme. It is highly unlikely that these areas will mirror proposed LEP boundaries, so how can future Prime Contractors ensure that their investment complements LEP priorities?

3.1 Finding the evidence to support bids

Not knowing what the 'contract package areas' will look like under each regional lot is probably the biggest challenge currently facing bid teams. However, many Prime Contractors are investing in developing relationships with potential supply chains and local stakeholders.

³ Announcement of the Regional Growth Fund – Cabinet Office 29/7/10
http://www.cabinetoffice.gov.uk/newsroom/news_releases/2010/100629-regional-growth-fund.aspx

⁴ Detail on the Work Programme Framework – DWP - <http://www.dwp.gov.uk/supplying-dwp/what-we-buy/welfare-to-work-services/work-programme/>

Each local authority area either already has, or is currently undertaking, an assessment of their local economy as part of its current statutory responsibility. The Local Economic Assessment (LEA) should provide the evidence base for what each local economy looks like, its strengths and weaknesses, economic linkages and functional area. In many cases where there has been a history of sub-regional working – assessments have been done at the sub-regional level.

Areas that secured Future Jobs Funding under the previous Government will also have developed a Work and Skills Plan, which would have set out what local areas needed in terms of employment and skills provision. This material can provide much of the backdrop and evidence for bids, but more importantly help Prime Contractors identify the kinds of provision (level, location and quantity etc) they will need to design and deliver.

Much of the same evidence will have been used to inform LEP submissions, so it is important that bidding teams also scrutinise LEP proposals. All of this information should be publicly available.

3.2 Meeting employer demand

As part of the Local Economic Assessment, many local authorities have conducted surveys to provide up-to-date information on the needs of local businesses. The results should be available as part of the LEA evidence base, providing a rich source of quantitative and qualitative feedback from local businesses.

The requirement to deliver sustained employment outcomes (with payment largely on results) will place significant emphasis on the quality of relationships Prime Contractors can develop with employers. For example:

- In work support will invariably depend on the particular needs of an employee, but likely to focus on addressing personal issues around for example debt management and childcare. There is an opportunity for Prime Contractors to focus their interactions with employers to add value, where both the employer and employee benefit. This could be around helping employers to create career pathways for individuals, accessing additional skills provision (negotiating with colleges/other providers), providing mediation and support. Previous employment programmes have often been too focused on the individual. The Work Programme offers an opportunity for Prime Contractors to develop provision that moves from being a reactive recruitment resource to a proactive business focused initiative.
- Recessions have often provided the impetus for individuals to start up their own business. Details about how the Work Programme might finance self employment options remain unclear. Providers should think about developing their self-employment offer and take advantage of the National Insurance Contribution⁵ holiday scheme available for start-ups and small businesses (outside the South East) over the next three years.

⁵ Technical note on National Insurance Contributions holidays – HMRC – August 2010
<http://www.hmrc.gov.uk/budget2010/nics-hol-new-bus-tn.pdf>

4. Issues for Local Enterprise Partnerships

4.1 Giving Prime Contractors a seat at the LEP table

Prime Contractors employ a lot of people and oversee many others through their local supply chains. If successful in winning Work Programme they will be significant investors in local areas, with a big role to play in driving economic growth. On this basis, Prime Contractors should be offered a seat at the LEP table. But the practicalities of this may be more difficult, especially if LEPs acquire some degree of influence over commissioning and Primes' representation could present conflicts of interest.

However, it is unlikely that LEPs will get these powers in the short term and in giving Prime Contractors a seat at the table, LEPs will have a real opportunity to shape and influence programme delivery. Prime contractors will need to be prepared to be open about performance and achievements and take criticism on the chin. Their level of representation will need to be at a senior level.

4.2 Influencing the Work Programme's delivery

The next few months are likely to be an uncertain time for LEPs:

- will they/won't they get approval?
- how will they move forward?
- how will they be resourced?

Resources for LEP development are certain to be tightly constrained and there is limited scope for investing lots of time and energy in the Work Programme as negotiations with Government and local partners play out in the coming months. However, the window of opportunity to influence the Work Programme is narrow. The Programme is due to launch in April 2011, with procurement from those organisations which are successful in getting onto the Framework taking place over the next five months. Many LEPs have asked for commissioning powers over employment and skills, but this is unlikely in the short term and in the interim it is critical that partnerships make time to work with potential Prime Contractors.

Providing data and information is important, but so is intelligence and insight about the area that cannot be illustrated by data alone. Creating space and time for conversations and dialogue is equally important. Some areas are being proactive and building the capacity of the supply chain and connecting them to Prime Contractors to make sure that Work Programme delivery fits local circumstances. This also ensures that the area retains an effective and trusted supplier base.⁶

A quick solution might be for partnerships to spend some time setting out their ambitions for jobs growth within a Prospectus, as one or two of the city-regions have done, which Prime Contractors can then refer to and use as part of their bidding and programme delivery.

Beyond the spring of next year, LEPs will need to consider how:

- successful Prime Contractors might work within their governance and management arrangements; and,
- how to work with neighbours where Work Programme contract package areas cross LEP boundaries.

⁶ West London Working Provider Confederation <http://www.westlondonworking.org.uk/index.php?miid=1669>

Further Information

Rocket Science is a public policy consultancy with offices in London, Newcastle and Edinburgh. The company has a particularly strong track record working with clients at national, regional, sub-regional and local levels to address the challenges of unemployment. We are currently managing the City Strategy Learning Network (coordinating the 15 City Strategy Pathfinders across the UK) on behalf of the Department for Work and Pensions. We also work with private, public and voluntary sector providers, both as individual clients, or collectively such as advising the Tyne and Wear City Region Employment and Skills Board, or facilitating the West London Working 300 strong provider confederation.

We have recently conducted independent consultation with over 100 local authorities on the role and function of Local Enterprise Partnerships. You can access the survey through this link:
[http://www.rocketsciencelab.co.uk/pdfs/LEPs Views from Local Authorities Key Findings.pdf](http://www.rocketsciencelab.co.uk/pdfs/LEPs%20Views%20from%20Local%20Authorities%20Key%20Findings.pdf).

You can read our submission to the BIS Select Committee on LEPs which makes the case for influence over the Work Programme and the role of the Local Economic Assessment.
<http://www.rocketsciencelab.co.uk/pdfs/Letter%20to%20BIS%20Select%20Committee%20-%20LEPs%20-%20Rocket%20Science%20and%20Rose%20Regeneration.pdf>

We have also recently published on behalf of the City Strategy learning Network, lessons from City Strategy which highlights the achievements of partnerships and how lessons could be applied to the Work Programme.
<http://www.rocketsciencelab.co.uk/pdfs/Learning%20the%20Lessons%20from%20City%20Strategy.pdf>

Should you wish to discuss any of the issues covered in this paper please contact:

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