



House of Commons
West Midlands Regional
Committee

The effect of the economic downturn on the people in the West Midlands

First Report of Session 2009–10

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written evidence*

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The West Midlands Regional Committee

The West Midlands Regional Committee is appointed by the House of Commons to examine regional strategies and the work of regional bodies.

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Summary

In June 2009 we announced that we would be carrying out an inquiry into the effect of the downturn on the people of the region.

Our terms of reference are:

1. what problems exist and how their effects can be minimised in advance of an economic upturn;
2. how effectively Government agencies and other regional bodies are addressing these problems; and
3. what advice and assistance people need to help them live more sustainable lifestyles in future.

Long term effects

We think that it is important to note that, even though the regional economy is improving, and is expected technically to move out of recession, the downturn will continue to have an impact on people's lives for some time to so come. The issues that we raise here are therefore still current, and important for a large number of people in the region.

Response to the downturn

Support to people affected by the downturn has primarily been delivered by local bodies, both from the public and voluntary sector. It is right that regional bodies, including the Taskforce, do not duplicate local efforts. However, the Committee supports the role that the Taskforce has taken to share information and co-ordinate activities. In particular the Taskforce should continue to disseminate information from Government to local bodies in the region and feedback issues from the region to central Government. It is also important to ensure that the impact and outcomes of public investment to assist those who have been affected by the downturn are effectively monitored and measured.

Jobs and redundancy

Outflow from the Jobseekers Allowance register in the region is lower than expected. 51. The evidence from the Jobseekers' Allowance register demonstrates how severely the downturn has impacted people in the West Midlands, and that support will need to be provided to some individuals for longer than they might ordinarily need. We support the initiatives that have been taken by Jobcentre Plus in the region to meet additional demand for its services. We encourage Jobcentre Plus to extend its reach by opening new sites as soon as possible and extending opening hours for as long as demand continues.

The current downturn has seen professionals and long-term employed people made redundant in greater numbers than previous recessions. The support that they require to re-enter employment may differ from that usually provided by Jobcentre Plus and its partners. Lessons identified from talking to a cohort of 120 such people should be disseminated to all regional jobcentres as soon as possible, so that the needs of these individuals can be met.

Housing

The Supporting Individuals and Communities workstream of the Taskforce should collect evidence from regional bodies to evaluate which Government housing support initiative has been most beneficial to households in the region. This information will allow the Taskforce to make informed representations to Government if any changes are proposed to the schemes that will adversely impact the region. The Taskforce should examine how it can help to disseminate information efficiently on new Government initiatives to regional delivery bodies, including the third sector.

Local Authorities and Housing Associations in the region have received further funding allocations from DCLG to build or regenerate affordable homes, including £46 million to Housing Associations to build 933 affordable homes, and £21 million to seven local authorities to build 404 new homes.

We support the efforts of the region to obtain the maximum Government funding possible to increase the supply of affordable housing in the West Midlands and support the construction industry and welcomes the additional funding from Government which has recently been announced. Our first Report, published in July 2009, highlighted the importance of stimulating the housing and construction sectors to regional recovery. The evidence presented to this Inquiry underlines this point.

We are concerned, however, that some of the areas that would most benefit from the additional funding in the region may not have the capacity to bid for it. We encourage the Homes and Communities Agency and other partners to work with these areas to ensure that they benefit from the additional funding that is available.

Community finance

Advantage West Midlands has focused on ensuring that all parts of the region are covered by Community Development Finance Initiatives (CDFIs), which provide loans and support to businesses as well as individuals who have had trouble getting finance from banks and building societies. We support the work that Advantage West Midlands has undertaken to ensure regional coverage by CDFIs. However, this financing can be expensive for small businesses and individuals due to EU state aid rules.

Regional bodies such as Advantage West Midlands and the Regional Taskforce should examine what further work is needed to promote Credit Union coverage in the West Midlands. We welcome the funding that has already been provided to increase the reach of credit unions, and we urge Ministers to do all they can to promote their continued expansion.

Learning and skills

A number of witnesses were concerned about the impact of reorganising learning and skills provision during a recession. We believe that short-term activities responding to economic shocks should complement the long-term strategy for regional economic development. We support activities the region has introduced that meet both short and long-term skills needs, such as the West Midlands Graduate Internship Programme. We encourage the

region to design future initiatives to deliver both a short-and long-term benefit.

We share the concern of witnesses that the changes to the system for learning and skills have been insufficiently developed. We believe there is a significant risk the changes will adversely impact on skills delivery in the region when they are introduced in April 2010. We recommend that regional bodies work closely together, through organisations such as the Taskforce, to limit the impact of the change. Ideally, Machinery of Government changes should be limited during the downturn, as such changes increase the risk that services will not be delivered effectively when they are most needed.

What regional bodies can do

Three ‘Total Place’ pilot projects are taking place in the region funded by the Department for Communities and Local Government. These projects—in Birmingham, Coventry and Solihull, and—are said to be looking at total public spend in a particular area and how the public sector can be more efficient in relation to the delivery of services and making them more user-friendly. We encourage public sector agencies in the West Midlands, particularly Local Authorities, to adopt the procurement documentation being developed by the Economic Inclusion Panel allowing public sector contracts to deliver additional local employment benefits. We also encourage the Economic Inclusion Panel in its efforts to roll the documentation out to private sector businesses in the region. Lessons for more efficient and innovative public service delivery should be identified from the three Total Place pilot projects, and disseminated throughout the region, independently of formal reporting on the project by HM Treasury.

We support collaboration on common goals across the regional public sector and with the voluntary sector. We recognise that some of these bodies are required under statute; however, we are concerned that the number of organisations is inhibiting effective joint working. The complexity of co-ordination of activity at a regional level raises the question of which body decides and drives the regional agenda, and whether there are proper lines of accountability for their decisions.

We support the approach taken by the Regional Taskforce of commencing meetings with “a summary of the situation in the West Midlands as that time”. This achieves a common understanding of the situation based on agreed, up-to-date data. We encourage the region to adopt this approach more extensively by agreeing a common set of measures that reflect the state of the region across the board, which can be measured centrally—for example, by the West Midlands Regional Observatory.

We remain concerned that some of those areas most in need of additional Government assistance may not be aware of new funding that is available and do not have the capacity to bid for it. Need must be a major determinant in the allocation of resources, and authorities and organisations in deprived areas of the region must be given help as necessary to ensure their effective participation in bidding processes.

Future role and shape of the Taskforce

We understand that the Taskforce should not be seen as the answer to every problem in the region and recognise that it was set up to focus on the initial economic impact of the

downturn. However, the Taskforce has reach within the region and uninhibited connection to Whitehall.

We believe that other activities performed by the Taskforce, such as co-ordinating activity and disseminating good practice throughout the region, would be beneficial to the region in the longer term. Witnesses also identified that communication with Whitehall through the Taskforce worked well. To do this effectively on more social issues the membership of the Taskforce may need to change or mechanisms established to capture information from public sector and voluntary bodies.

Third sector

We recognise that we have not engaged as fully with the region's third sector in this inquiry as we had hoped would be possible. Although, we received both written and oral evidence from Citizens Advice Bureau and the National Housing Federation, we received less data and evidence on how the recession is affecting the people of the region than we believe is available. We recognise that there are considerably more voluntary organisations that provide support to people in the region and would like to encourage these organisations to provide evidence to the Committee's future inquiries.

The third sector is often best placed to engage hard-to-reach communities, providing advice, education and access to services. We recognise that lots of good partnership working has taken place between voluntary organisations and the public sector to deliver support effectively to individuals affected by the downturn. Where this collaborative working has been beneficial, we are concerned that it should not be lost in the longer term. The Taskforce should collect information on successful collaborative working across the region and identify areas where continued partnership working will be of benefit to effectively deliver services to communities.

1 Introduction

Background

1. The House of Commons established Regional Select Committees in November 2008 to scrutinise regional strategies and the work of regional bodies in the eight administrative regions of England. The West Midlands Committee first met on 12 March 2009.

2. At that time the region was feeling considerable effects of the economic downturn. The West Midlands remains heavily reliant on manufacturing, comprising 14% of all employment, and a major centre for automotive, engineering, metals and ceramics. The region has 19% of the UK's employment in motor vehicle manufacturing, 24% of employment in metal work sectors and 56% of ceramics.¹ The manufacturing sector, integrated with international supply chains and markets, was hit particularly hard along with other sectors, such as construction and retail. Consequently, the West Midlands had the steepest fall in business output of any English region over the three months from January to March 2009.²

3. Businesses that had experienced growth for several years were now faced with reduced orders and cash-flow concerns. Access to finance became a major problem. The situation led to reduced hours in some firms and, in the worst cases, job losses. Consequently, the Committee's first inquiry was into the impact of the downturn on businesses in the West Midlands.³

4. While carrying out our first inquiry we understood the region would start to feel the impact of the downturn in a broader sense. Employers during a recession may have to make difficult decisions and that can mean redundancies. Unemployment can lead to issues relating to debt and housing. Those looking to find work again may need assistance retraining or negotiating the benefits system to tide them over. We wanted to find out how the downturn had started to affect the people of the region, and how the various bodies and agencies in the region had responded to their needs.

Our second inquiry

5. In June 2009 we announced that we would be carrying out a complementary second inquiry into the effect of the downturn on the people of the region.

6. Our terms of reference are:

1. what problems exist and how their effects can be minimised in advance of an economic upturn;

1 West Midlands Regional Committee, First Report of 2008-09, *The impact of the current economic and financial situation on businesses in the West Midlands Region*, HC 409-I

2 WM economic monthly update, April 2009 www.wmro.org

3 West Midlands Regional Committee, First Report of 2008-09, *The impact of the current economic and financial situation on businesses in the West Midlands Region*, HC 409-I

2. how effectively Government agencies and other regional bodies are addressing these problems; and
3. what advice and assistance people need to help them live more sustainable lifestyles in future.

Issues that the Committee is particularly interested in receiving evidence on include:

- the level of indebtedness in the population, and the assistance available to people to cope with it;
- the level of home repossessions and the adequacy of support available to those facing difficulties with mortgage or rent payments;
- the availability and appropriateness of training, both for new entrants to the labour market and for those seeking retraining in new skills;
- the adequacy of assistance to help people find new jobs; and
- social cohesion.

The deadline for evidence was 21 July 2009. We received ten written submissions and took oral evidence from West Midlands Business Council, Dudley Metropolitan Borough Council, National Housing Federation, UNISON West Midlands, Citizens Advice Bureau, and West Midlands' Leaders Board in Sandwell; and from Jobcentre Plus, Advantage West Midlands, and the Government Office for the West Midlands in Westminster. We would like to thank all those who took the time to submit evidence.

2 Effect of the Economic Downturn

Jobs and redundancy

Time delay

7. The effects of the recession are not always evident at first sight. When someone becomes unemployed, or a family reaches a crisis, their world does not always immediately fall in. Families may have put savings away for such an eventuality or there may be redundancy packages, their rent or mortgage payments, telephone and utility bills might already have been paid. They, or another family member, may find work again shortly or re-enter education. The impact is not always immediately apparent. Paul Williams from the National Housing Federation told us:

There has certainly been a time delay in feeling some of the effects [...] For example, one of the indicators that we always use is rent arrears. As has been indicated by a number of members, there has certainly been a delay in feeling their effect; but they have been saying that, while they have been supporting their customers to seek further advice at an earlier stage, they have seen an increase in rent arrears, particularly in respect of those who have been affected by redundancy. A subset of that concerns those who are working lesser hours and thus receiving partial housing benefit payments.⁴

8. In addition, people have pride and they do not always wish to admit there might be a problem. Many will show remarkable resilience and manage on their own or with the support of friends, family and their community: some do manage in the short term and only admit there is a problem if it becomes a crisis.

9. Dianne Channings, Assistant Director of Housing Management at Dudley Borough Council, said they had experience of

a lot of people who are newly unemployed who think they can resolve their own problems within a set time—I know that three months is sometimes mentioned. The tendency is not to come for help until they feel that they are in a position where they cannot resolve their own problems.⁵

For reasons such as these, there is often a delay between a business suffering, unemployment rising, and people and communities feeling the full effect.

Double impact

10. There are sub-regions of the West Midlands that have not recovered from the effects of the previous recession. Traditional industries such as car manufacturing, heavy engineering, ceramics and mining have lost thousands of jobs in the region, new jobs have

4 Q 2

5 Q 36

not always followed and in some places there remains a combination of long term problems that appear to be endemic.

11. These problems have been compounded by the economic difficulties of the last 18 months. Neighbourhoods that were deprived before the downturn will feel the impact of the recession as everywhere else will, probably worse, and may be less able to recover. Roger McKenzie, Regional Secretary for Unison, told us:

Some parts of the community [...] They do not see too many positive signs around for them. Part of that is because they are already in a bad situation. It seems a queue is being created. People already doing badly have moved even further behind, yet a number of other people have joined at the front of the queue. That worries people because they think, “Hang on a minute. We have been going through really difficult times for a long time.”⁶

12. Those areas that already suffered from long term unemployment and deprivation may have developed some coping mechanisms. Dudley Borough Council told us that they had seen rising unemployment in 23 out of 24 wards, but that the greatest levels are still in the areas of deprivation, the areas they know have problems.⁷

Unemployment

13. The West Midlands has the highest unemployment rate of the UK regions. At 10% the region’s unemployment rate is 2.2 percentage points above the UK average of 7.8%. The sections of society that have seen the greatest increases in unemployment are those aged 16–24, those with no qualifications, and males. Unemployment in the 16–24 age group was 18.6% in July to September 2008, twelve months later it is 26%.⁸ Whilst unemployment had been higher among ethnic minorities before the downturn and still remained high (unemployment among non-whites in July–September 2008 was 15.1% and twelve months later it is 19%) the most dramatic increase had been among young, white males, albeit from a lower base.⁹ Roger McKenzie made the point that while it was sometimes hard to persuade someone of 50 to retrain, it was important to find a way to involve the younger generation as they were the ones that would be at the forefront of wherever the region wanted the new economy of the West Midlands to be based upon.¹⁰

14. The West Midlands Regional Observatory carried out some work on which areas would be at risk of losing jobs, based on the proportion of their workforce employed in vulnerable sectors. The local authority places most at risk were Bridgnorth, Cannock Chase, Newcastle-under-Lyme, North Warwickshire, Staffordshire Moorlands, Tamworth and Wyre Forest. While urban areas (e.g. Birmingham, Stoke-on-Trent) had seen the largest total increases in unemployment, rural areas (e.g. Wychavon) and some market towns (e.g. Uttoxeter, Whitchurch) had experienced larger proportionate increases in

6 Q 8

7 Q 36

8 West Midlands Regional Observatory, *West Midlands monthly economic update*, November 2009

9 See Ev 70 and also Q 64

10 Q 30

unemployment. Some of the more rural wards were seen as vulnerable because of a reliance on one employer, or because of a large proportion of residents commuted to other areas and worked in vulnerable sectors.¹¹

Economic Inactivity

15. The unemployment rate had risen in the region for the three quarters before Jul–Sept 2009. This period coincided with an increase in economic inactivity or people leaving the job market. Economic inactivity is not solely caused by unemployment. Other factors such as looking after the family or home, entering education, sickness or disability account for much higher numbers of people who are economically inactive. However, in the twelve months from Jul–Sept 2008 to Jul–Sept 2009 the number of people who said they were not looking for work because they believe there are no jobs rose by 167%.¹²

Jobseekers Allowance

16. Those who become unemployed commonly move onto the benefits system and claim Jobseekers Allowance. In July 2008 there were fewer than 100,000 Jobseekers Allowance claimants in the region. By July 2009 it was 178,900, and by November it had reached 186,000.¹³ The region's claimant count rate stands at 6.7%, compared to the national rate of 5.1%.¹⁴

17. However, there are significant variations in claimant proportions across the region. Birmingham has the highest number of claimants within the region, over 51,000 in the last twelve months (a claimant rate of 8.1%). The highest claimant rate in the region is 8.2% in Wolverhampton. There have also been very high increases in claimant levels in less predictable areas. Cannock Chase had had an increase near 200% since April 2008.¹⁵ Tamworth had a rise in claimant level of 170% and Wychavon had an increase of 162% in the twelve months up to June 2009.¹⁶

18. There are further variations in the type of job that people newly claiming JSA have vacated. For example, Margaret Tovey from Jobcentre Plus acknowledged that they were receiving a larger number of people from professional and executive backgrounds.¹⁷ Dudley Housing also told us they were receiving more visitors to their advice services who had not previously experienced unemployment and the consequent debt problems before.¹⁸

11 West Midlands Regional Observatory, *Identifying locations vulnerable to the recession in the West Midlands Region*, May 2009

12 West Midlands Regional Observatory, *Monitoring the Impact of the recession on the population of the West Midlands*, November 2009

13 West Midlands Regional Observatory, *Monitoring the impact of the recession on the population of the West Midlands*, November 2009

14 West Midlands Regional Observatory, *West Midlands monthly economic update*, November 2009

15 Ev 39

16 Ev 76

17 Q 82

18 Q 36

Housing

19. The housing market in the region is subdued. In June 2009, about 45,000 first-time buyer mortgages were agreed, which is below half the June average for the past seven years.¹⁹ Property values have dropped and households are in danger of falling into negative equity.²⁰ Some areas had experienced rapid falls in house prices, often in places that had experienced similar rapid increases before the downturn.²¹

Mortgages and Repossessions

20. The Council of Mortgage Lenders has revised its forecast for UK repossessions in 2009 from 75,000 to 48,000. It originally reduced its forecast to 65,000 in June 2009 but has since reduced the forecast again due to sympathetic lenders, government measures and continued low interest rates.²²

21. While the national picture may not be as bad as originally feared, there appears to be a distinct problem in the West Midlands. On 8 October, John Healey, the Housing Minister, announced a debt advice drive targeted on twenty two areas of the country that were found to have a higher risk of repossessions, due to the high levels of unemployment and numbers of court orders for repossessions, and over a quarter of the areas identified as being at risk are in the West Midlands.²³

22. 12,080 mortgage possession claims were issued in the West Midlands in the year to June 2009, with 2,835 issued in the second quarter of 2009.²⁴ While the number of repossessions did go down in the second quarter of 2009 (10% lower than in the first quarter), they were 14% higher than the same period in 2008. Nationally, the number of mortgages in arrears by at least 1.5% of the outstanding loan value fell in the three months to September 2009, but remain 16% higher than in September 2008.²⁵

Housing related debt

23. Citizens Advice told us the increase in repossessions has led to an increase in demand for their services. Demand for mortgage and secure loan arrears advice has increased by 35% in the two years to March 2009, people seeking help for issues relating to council tax debt was up 25% and fuel bill arrears by nearly 40% between December 2008 and March 2009 (compared to the preceding quarter).²⁶ The National Housing Federation stated that

19 Q 38

20 Q 46

21 West Midlands Regional Observatory, *Identifying locations vulnerable to the recession in the West Midlands Region*, May 2009

22 Council of Mortgage Lenders, *CML cuts 2009 repossession forecast to 48,000*, 12 November 2009

23 DCLG, John Healey launches debt advice drive to hit repossession hotspots, 8 October 2009. The full list of housing hotspots is: Barking and Dagenham, Corby, Knowsley, Salford, Newham, Walsall, Redditch, Halton, Sandwell, Wolverhampton, Nottingham, Birmingham, Manchester, Bolton, Liverpool, Sunderland, Reading, Wigan, Swindon, Northampton, Kingston-upon-Hull, Cannock Chase.

24 Ministry of Justice Mortgage Possession Claims Issued in England and Wales 2009 Quarter 2 Statistics, See www.justice.gov.uk/publications/docs/stats-la-breakdown.xls

25 Financial Services Authority Statistics on Mortgage Lending, December 2009 edition

26 Ev 59

their members who offered shared equity schemes had reported an increase in repossessions and households requesting reductions in their equity stake,²⁷ and an increase in the number of people approaching them about rent arrears particularly in relation to redundancy.²⁸ Dudley Housing said they recognised the risk of tenants falling into rent arrears.²⁹ Local authorities were experiencing increased numbers of applications for housing benefit, up by about 30%, and the number of people going into housing advice centres to explore options was up around 50%.³⁰

Debt

24. UK consumers owe £1.4 trillion to banks and financial institutions.³¹ The majority of consumer debt is in the form of housing mortgages but £230 billion is in the form of personal loans, credit and store cards and other lending. There are trends for consumers to reduce their exposure to debt in 2008, however, personal insolvencies grew by about 5% during 2008 to just under 130,000, with the first quarter of 2009 showing a further quarter-on-quarter rise of 5%, this is despite historically low interest rates.³²

25. Citizens Advice Bureau told us that their debt advice had increased by 27% between December 2008 and March 2009. The increase meant 180,000 inquiries about debt in April to June 2009 which represents a huge increase compared to the same period 12 months ago.³³ Concerns about hire-purchase arrears saw the greatest increase in the quarter (up 49%) but queries about mortgage and secured loan arrears, unsecured loans and bankruptcy advice had all increased by at least 35%. A survey of the bureaux in the region showed the average levels of debt per client ranged from £15,000 to £30,000. Despite increased Government and Local Authority funding to Citizens Advice Bureau, 81% of those surveyed in the region reported that waiting times to see a debt advisor had increased and nearly half reported an increased waiting time to see a general advisor.³⁴

Customer profile

26. Since the recession has started, the CAB said they had not noticed a significant change in who comes to them for advice. Their typical customer, in the region, remained most likely to be a white female between the age of 35 to 49, tend to be from lower social classes, and may have lower than average levels of literacy and numeracy. Up to 20% of customers tend to identify themselves as having a disability. This can have implications for understanding the terms of credit or negotiating the benefits system.³⁵ The one area in which they did recognise a change in the profile of their visitors was that they have received

27 Ev 55

28 Q 2

29 Q 36

30 Q 36

31 Credit Action, *Debt Facts and Figures*, October 2009

32 Department for Business, Enterprise, and Regulatory Reform, *A Better Deal for Consumers: Delivering Real Help Now and a Change for the Future*, CM 7669, July 2009

33 Q 2

34 Ev 62

35 Q 25

an increase in inquiries about employment issues. CAB said this was because the extended opening hours had enabled those still in employment to access their services.³⁶

Rogue lenders and access to credit

27. The options for access to good financial advice and loans are not always open or available to everyone, particularly the unemployed and those on benefits. As the choices are limited, the chances of relying on unscrupulous or illegal money lenders become higher. The problem of such door step lending and loan sharks is prevalent in the region, as indicated by Birmingham City Council setting up an Illegal Money lending Team.³⁷

28. We were told one example of a single person on income support, responsible solely for her grandchild, who had been “helped” by a loan of which would take her until she was 109 years old to pay off.³⁸ Even so, CAB still maintained that when choices and cash becomes limited, a loan shark is not the best choice but:

for some people, access to credit is really, really difficult. It [doorstep lending] is a line of credit—a bad line of credit, but it is a line of credit. If that is all you have available in your local—I am not, by any means, saying that they are a good thing that should be encouraged—we need to think about what the alternative is.³⁹

Credit Unions

29. Credit Unions were given as an alternative to doorstep lending if the client knows what a credit union is, and that it is available locally and accessible. However, there is limited and patchy coverage across the region, particularly in rural areas.⁴⁰ The National Housing Federation said they had a good relationship with credit unions. It also said that they provided a good alternative source of funding for clients who have either exhausted the social fund or for whom the social fund is just not appropriate.⁴¹

Combination effect

30. These problems do not commonly act in isolation, and it can be difficult to disaggregate the issues or identify specific causes and effects. Redundancy or reduced working hours reduces household income. In turn, this increases demands on the benefits system, more people want to contact the Jobcentre, or get advice from the local authority about their Council tax. Mark Barrow pointed out that applications for “free school meals, school uniforms and those sorts of things” have increased.⁴² It may also aggravate wider health and social issues,⁴³ and this can add to the pressure on other public services.

36 Q 3

37 *Councils Target Loan Sharks*, 28 May 2009, www.lga.gov.uk/

38 Q 13

39 Q 15

40 Qq 15–16

41 Q 16

42 Q 36

43 West Midlands Regional Development Centre, *Staying Mentally Healthy Following Redundancy*, September 2009

31. Identifying that problems exist, and then attributing resources to address the problems is a difficulty. Knowledge that a problem exists is not always transferred to the organisation with the resources or ability to address the problem. As we have commented earlier, areas of the region that showed a high degree of deprivation before the recession have commonly deteriorated further, but there are also areas of the region that have shown themselves to be newly vulnerable.⁴⁴ These places may not have the same historical or cultural mechanisms for coping and understanding the full picture can be the biggest challenge.

Crime

32. We received evidence that there had been a small increase in ‘acquisitive and economic crimes’, such as robbery being up near 10% and that there was patchy evidence for an increase in some car crimes.⁴⁵ The West Midlands Business Council⁴⁶ said there had been an increase in bank online fraud of approximately 55%, that malicious damage was up 14%, arson up 23% and breaking and entering by around 13%. They also referred to a GOWM assessment that had valued the cost of crime to business in the region at £14,000 per hour.⁴⁷

Social cohesion

33. Birmingham had hosted a conference on the reasons for underperformance of young white boys in school, and the potential for this group to be recruited by right wing groups.⁴⁸ At a similar time, there had been violence in Birmingham City Centre between groups of predominantly white and Asian males.⁴⁹ We asked the Leaders’ Board if they thought the local authorities were encountering problems with social cohesion as a result of the recession. Mark Barrow said:

In terms of racial tensions, it was no coincidence that when Europe came out of the great depression of the ’30s every poor European country was managed by a dictator. There is a strong evidential base that when communities feel disaffected it is an opportunity to highlight difference rather than similarity across communities. Tensions rose earlier in the year around the Lindsey oil plant. We all saw that but I don’t think that is quite the story in many communities. There is certainly no evidence in my part of the world, where we have a very strong BNP representation but we do not see that community cohesion breakdown that the media want to tell us a story about, if I am honest with you. [...] we are not seeing it in that way.⁵⁰

44 Q 36

45 Q 36

46 The West Midlands Business Council is an umbrella body for 26 business representative organisations www.businessvoice.org.uk

47 Ev 47

48 Birmingham Post, *Birmingham hosts conference on the underachievement of white boys*, 22 September 2009

49 The Guardian, *Police arrest 90 after clashes at rightwing rally*, 6 September 2009

50 Q 67

Long term effects

34. We also think that it is important to note that, even though the regional economy is improving, and is expected technically to move out of recession, the downturn will continue to have an impact on people's lives for some time to so come. The issues that we raise here are therefore still current, and important for a large number of people in the region.

Gaps in our evidence

35. We are aware that we did not receive written evidence in some areas that we thought we might and acknowledge there are several reasons why this might happen. It may be that the full impact of the economic downturn has not hit home fully, it may be that the evidence has not been collated yet, it may be that news of our inquiries do not yet reach those organisations that are working in the areas that we want to hear from. We will try to address this issue in future inquiries, and in particular will seek to improve our contact with the voluntary and community sector.

3 Response to the downturn

Regional response

36. The Regional Minister set up the WM taskforce to co-ordinate the region's response to the economic downturn in December 2008.⁵¹ While its main focus is providing support for business it did establish a Supporting Individuals and Communities workstream in January 2009. This work is chaired by Mark Barrow, Chief Executive of Newcastle under Lyme Borough Council, with administration provided by the Leaders' Board secretariat,⁵² and has focused on three areas:

- examining intelligence on the vulnerability of different places to the recession to assist partners in their actions to tackle the recession,
- overseeing an in-depth pilot project with Cannock Chase District Council, which has experienced a nearly 200% annual increase in Jobseeker's Allowance claimants since April 2008. The aim of the project is to identify the impacts being felt on local communities and ways in which agencies can work closer together, and
- worked with partners to bid for and use Communities and Local Government Empowerment and Participation funding with a view to supporting vulnerable locations.⁵³

37. Mark Barrow explained that the value of the Supporting Individuals and Communities workstream came from sharing information and resources between local and regional bodies:

I think we have done incredibly well in terms of sharing information and co-ordinating immediate actions that are supportive where possible. That was not just across local authorities—we have done a range of in-house sharing of good practice—but with agencies such as the Learning and Skills Council, Jobcentre Plus, Advantage West Midlands and the Home and Communities Agency. We ask, "Where are our priorities? How can we align resources to deal with them?" I think we have achieved a huge amount.⁵⁴

38. The workstream's data gathering has involved mapping 18 indicators at local authority and ward level to identify areas that have been hardest hit, separately identifying localities that have had long-term disadvantage against those that are newly vulnerable. This demonstrated that the recession has impacted communities across the region: "If you look at the local authority level, the usual areas of disadvantage come out in, if you like, a red scale, and some in green, but when you go to the ward level there are red spots all over the region".⁵⁵ Advantage West Midlands stated that some of the areas identified as hardest hit

51 The Taskforce is made up of regional government agencies, local authorities, business groups and trade unions

52 The Leaders' Board is a replacement for West Midlands Local Government Association comprising all 33 local authority Leaders in the region

53 Ev 73

54 Q 55

55 Q 36

“are a surprise to us and have never featured on the radar ... We are collaborating with the Taskforce and our partners to target those areas.”⁵⁶

39. As described in the earlier chapter, local authorities and the voluntary sector in the region have reported increased demand for their services in areas such as housing and debt advice, and grant applications.⁵⁷ Local bodies may be best placed to provide support to people because “a central role of local government is to routinely support individuals and communities across a range of needs and activities such as children and young people, social care, housing, employment and the like.” Co-ordination between partner agencies occurs at a local level, through Local Strategic Partnerships, Local Area Agreement targets and other specific arrangements. The Leaders’ Board stated that the Supporting Individuals and Communities workstream of the Taskforce “has an important role to play in sharing information and co-ordinating activity regionally” to try and avoid duplication.⁵⁸

40. The most deprived local authorities in the region have received additional Government support. Five local authorities have been awarded additional Working Neighbourhoods funding of some £6 million between 2008 and 2011 to help long-term unemployed families.⁵⁹ In addition, three neighbourhoods in Birmingham and two neighbourhoods in Stoke-on-Trent were selected to receive Connecting Communities funding, with up to a further 15 neighbourhoods in the West Midlands expected to be announced in the coming months. Total Connecting Communities funding to be shared by 100 neighbourhoods nationally is £12 million. Its purpose, as described by the Government Office is: “about trying to empower those areas where the communities have perhaps lost their confidence and are perhaps not as cohesive as they might be to get leadership. It is about giving people a voice and an opportunity for increased support across those communities to get them more engaged, both in the democratic process and in service provision in their areas.”⁶⁰ Local strategic partnerships in the selected areas are developing plans of what they wish to do which will determine how much money will be allocated to each neighbourhood.

41. We are aware that in some areas there have been criticisms of the pace and extent of the distribution of funds, and the Government Office for the West Midlands has been asked to report on how matters progress. We look forward to seeing the outcome of that examination.⁶¹

42. Advantage West Midlands has a small role to play in supporting individuals and communities as its funding is primarily for supporting businesses and the regional economy. Its annual resources of approximately £300 million “are dwarfed by those that

56 Q 110

57 See Ev 59 and Ev 77

58 Ev 77

59 Department for Communities and Local Government, *£40 million to lift long-term jobless back into work*, 13 November 2009. The five local authorities are: Birmingham, Sandwell, Stoke-on-Trent, Walsall and Wolverhampton

60 Q 132

61 *Brum criticised over work funding*, 9 November 2009, <http://www.regen.net/bulletins/economic-development-bulletin/news/964837-Brum>;

the Homes and Communities Agency, local government, the LSC, the DWP and Jobcentre Plus have to spend on individuals and communities.”⁶²

43. Where the Supporting Individuals and Communities workstream of the Taskforce has done targeted work in one area, such as in Cannock Chase, it should identify if lessons learned are more widely applicable across the region and take responsibility for disseminating information on what has worked well.

44. Support to people affected by the downturn has primarily been delivered by local bodies, both from the public and voluntary sector. It is right that regional bodies, including the Taskforce, do not duplicate local efforts. However, the Committee supports the role that the Taskforce has taken to share information and co-ordinate activities. In particular the Taskforce should continue to disseminate information from Government to local bodies in the region and feedback issues from the region to central Government. It is also important to ensure that the impact and outcomes of public investment to assist those who have been affected by the downturn are effectively monitored and measured.

Jobs and redundancy

Jobcentre Plus

45. Jobcentre Plus has taken a number of steps in the region to respond to increased demand for its services, including:

- employing an additional 1,100 staff, against a target of 1,300, most of which are for front-line services,
- considering 16 new sites in the region for temporary premises,
- increasing the space used for front-of-house operations in its existing 63 jobcentres in the region, and
- extending opening hours—opening on weekends and in the evenings.

46. Some of these initiatives, such as extended opening hours, are being piloted nationally but have had to be implemented in the region because of the severity of the downturn on the region’s economy. Nationally, the Government has increased funding to Jobcentre Plus by £1.3 billion over three financial years to March 2011.

47. A virtual contact centre network has been established across Jobcentre Plus offices. This means that people making a claim for Jobseeker’s Allowance can be dealt with by an operator anywhere in the country, with a follow-up appointment at their local jobcentre within three days. Jobcentre Plus told us feedback from customers was positive: “they [customers] are so pleased that they have got through on the phone and that they are able to make their claim quickly ... all the time, we are trying to lessen the time that somebody has to wait between seeing us and getting their benefit paid, if that is their priority—and it

often is—and getting help with a job.”⁶³ In May 2009, Jobcentre Plus reported that 84% of customers saw a personal adviser within three days of making a claim for Jobseeker’s Allowance, and first payments for new claims were made in 10 days in the region, within the national target of 11.5 days.⁶⁴

Rapid Response Service

48. Employees at risk of redundancy, or who are made unemployed through redundancy, receive support from the Rapid Response Service, a partnership between Jobcentre Plus and the Learning and Skills Council. Support, such as CV writing, interview techniques and access to job vacancies, is delivered on site where possible. Nationally, the service is available when an employer informs the Department for Business, Innovation and Skills that they intend to make at least 20 employees redundant. These rules have been relaxed in the West Midlands, as Margaret Tovey, the Regional Director of Jobcentre Plus, explained: “In the West Midlands, we have said that basically anybody can come along for it”.⁶⁵ Jobcentre Plus has also developed links with regional insolvency practitioners and administrators so that they receive advance warning allowing them to provide a support service on site. This flexibility avoids the problem of Jobcentre Plus not being able to provide support to an individual or company at risk of entering administration, rather than waiting for the company to inform BIS.

49. Most people helped by the Rapid Response Service undertake training, which is funded by Jobcentre Plus or Unity, the LSC’s regional pre-redundancy contractor. Jobcentre Plus only track individual outcomes, such as how many people return to gainful employment, when there are a large number of redundancies from one employer. The 800 people who were made redundant as a result of LDV’s administration in June 2009 will be followed up in this way. The effectiveness of Jobcentre Plus support is measured by the outflow from the Jobseekers Allowance register. However, Jobcentre Plus does not measure the effectiveness of specific interventions, such as the Rapid Response Service.⁶⁶

50. Outflow from the Jobseekers Allowance register in the region is lower than expected.

If you look at the people on 13 weeks’ unemployment, ordinarily we would expect 56% of them to have come off the register. In the West Midlands, we are seeing 47.8% going off the register. So, the numbers are low, but they are still holding up well. Equally, at 26 weeks, we would expect to see 78% coming off the register. Currently, we are seeing 69.7%. At the 12-month stage, we would expect to see 92%, but we are currently seeing 89%.⁶⁷

51. The evidence from the Jobseekers’ Allowance register demonstrates how severely the downturn has impacted people in the West Midlands, and that support will need to be provided to some individuals for longer than they might ordinarily need.

63 Q 88

64 Ev 66

65 Q 96

66 Qq 93–94

67 Q 93

Customer Profile

52. Jobcentre Plus noted that the profile of its customers had changed in the downturn: “we’ve definitely seen a larger number of people from professional and executive backgrounds coming into the unemployed cohort.”⁶⁸ They recognised these individuals needed different types of support and had worked with a cohort of over 120 such unemployed professionals across the region to ask what support they wanted from the organisation. AWM and Jobcentre Plus are considering how they can disseminate what they have learnt across the region, which they hoped to have in place within six months. This has further relevance because of the difficulty the region has in retaining graduates.⁶⁹

53. Advantage West Midlands is providing £500,000 funding to support market towns during the recession, many of which have experienced high increases in Jobseekers Allowance claimants. AWM’s support targets larger private-sector employers and independent retailers directly, and by promoting events to increase visitor numbers. As part of the programme, Citizens Advice Bureau received £150,000 funding from Advantage West Midlands to extend its services in the worst hit market towns.

54. We support the initiatives that have been taken by Jobcentre Plus in the region to meet additional demand for its services. We encourage Jobcentre Plus to extend its reach by opening new sites as soon as possible and extending opening hours for as long as demand continues.

55. The current downturn has seen professionals and long-term employed people made redundant in greater numbers than previous recessions. The support that they require to re-enter employment may differ from that usually provided by Jobcentre Plus and its partners. Lessons identified from talking to a cohort of 120 such people should be disseminated to all regional jobcentres as soon as possible, so that the needs of these individuals can be met.

Flexible New Deal

56. Flexible New Deal was officially launched in the West Midlands in October 2009 for people who have received Jobseeker’s Allowance for 12 months. Contracted providers provide tailored support, including work experience and training to help individuals find a job. Jobcentre Plus has already made referrals to the region’s contracted providers and has shared information about local employers. Witnesses reported that the reception of employers and the third sector to Flexible New Deal and engagement with its providers is mixed, although we did not receive evidence directly from representatives of business on this issue.

57. The Committee is concerned about the level of engagement between Flexible New Deal providers and local employers and the third sector. It is important that potential employers are supportive of the scheme as they are key to returning people who have been long-term unemployed to productive employment.

68 Q 82

69 Q 111

Training flexibilities

58. From September 2008, the West Midlands piloted additional support to people unemployed for six months or more allowing them to undertake full-time training for up to eight weeks and still receive Jobseeker's Allowance. This training flexibility was rolled out nationally in March 2009 as part of the six month offer even though the impact of the National Voluntary Training Pathfinder pilot in the region has not yet been evaluated. Margaret Tovey, the Regional Director of Jobcentre Plus, told us: "It's too early to say how the eight-week arrangement is actually making an impact on sustainable jobs and futures for people. But, it wasn't there before and it seems to be working well."⁷⁰

59. Roger McKenzie, the regional secretary for Unison, expressed concern that the pressure to get people back into employment meant training and placements were not being targeted properly:

I think that we are in a position sometimes where we say to people who are losing their jobs that almost any job will do. Let us get them in a job. Let us get them into some kind of training, whatever we can, but we have to get them off the books somehow. I think that is understandable at one level, but on another level it is really short-sighted.⁷¹

60. He advocated retraining people, particularly young people, for the jobs and sectors that the region wants to establish in the future, such as manufacturing for the low-carbon economy, while giving consideration to the different age and skill ranges of the people being made redundant.

Graduates

61. The West Midlands Economic Strategy identifies a need to employ more graduates in the region: "to close the gap with the English average we would need a total of 70,000 more graduate-level jobs and to close the gap with one of the better-performing regions we would need to employ 3,200 more new graduates each year."⁷² Estimates suggest a further 3,000 graduate level jobs or placements are needed as a result of the recession.⁷³ A number of schemes have been funded by AWM to encourage businesses to employ graduates:

- Grad Central online service to place graduate-level people in private sector jobs,
- Graduate Advantage which places graduates in work experience,
- First Move West Midlands, a directory of graduate jobs and SMEs willing to receive graduate CVs, and
- Graduate Works, a pilot programme to develop graduates working in private businesses in North Staffordshire and the Black Country.

70 Q 118

71 Q 30

72 Advantage West Midlands, *Connecting to Success, West Midlands Economic Strategy*, December 2007

73 Ev 71

62. In response to the recession, AWM established a West Midlands Graduate Internship Programme in July 2009. Through Jobcentre Plus, graduates on the programme can receive two-weeks training and may be eligible to retain their benefits. The scheme originally aimed to find places for 250 graduates but has increased this target to 1000 graduates by March 2010.⁷⁴

63. The Committee supports Unison's assertion that activities to support people back into work should be aligned to the long-term needs of the region wherever possible. One area where this is most feasible is the graduate schemes established by Advantage West Midlands.

Housing

Support for Housing Related Debt

64. The Government has introduced a number of measures, financial and otherwise, to help households who are struggling with their mortgage or rental payments to remain in their homes and avoid homelessness. The majority of support is targeted at homeowners:

- the Financial Services Authority issued guidance in November 2008 to judges on the actions that mortgage lenders should have taken before initiating court proceedings;
- free legal advice is available to individuals on the day of their repossession or eviction court hearing. There are 23 county court desks in the region providing advice;
- a £285 million Mortgage Rescue Scheme was launched in January 2009 under which Housing Associations either provide an equity loan or purchase the property thereby reducing an individual's mortgage repayments or setting a rent they can afford;
- the terms of the Support for Mortgage Interest Scheme were changed from January 2009. Jobseeker's Allowance claimants qualify for support with mortgage interest payments after 13 weeks unemployment (a reduction from 39 weeks) on up to £200,000 of their outstanding mortgage (an increase from £100,000); and
- ten bank and building society groups signed up to the Homeowner Mortgage Support Scheme from April 2009 which allows eligible borrowers to defer some of their interest payments for up to two years following independent financial advice. The Government guarantees lenders 80% of the deferred interest.

65. Witnesses stated that the overall impact of the Government initiatives has been positive but they were unable to identify which has been most effective. Sian Evans, the Head of Housing Options at Dudley Metropolitan Borough Council stated:

Where there is such a range of different measures available to help homeowners in difficulties, it is quite difficult to establish which ones are having the most positive

effects ... but if we look overall at the effect of the initiatives, clearly they have made a big difference for us.⁷⁵

66. One beneficial outcome reported to the Committee is that the publicity generated by the launch of Government support has raised public awareness and prompted people to seek advice at an early stage. In some cases, this meant that the individuals did not need the support that the new Government schemes provide. The Government Office told us:

We are told by local authorities in particular that the availability of those schemes is ensuring that people get help and advice before they get into difficulties. They often don't then need formally to avail themselves of them because they are then routed into all the other sources of support and advice.⁷⁶

67. This view was repeated by the Citizens Advice Bureau in their evidence to the Committee. They said that the Department for Communities and Local Government had focused on homelessness prevention before the recession, and this improved how Local Authorities, Housing Associations and the third sector work together to provide people with advice.⁷⁷

68. The West Midlands has the highest number of households who have received and accepted an offer under the Mortgage Rescue Scheme of all the English regions. The number, 30, is low relative to the number of households who have approached their Local Authority with mortgage difficulties and the number of applications under the scheme.

Mortgage Rescue Scheme Applications from January to September 2009			
	Households who have approached their Local Authority with mortgage difficulties	Mortgage Rescue Scheme Applications ⁷⁸	Mortgage Rescue Scheme Accepted Offers
West Midlands	1,073	290	30
England Total	10,922	1,945	92

Source: Department for Communities and Local Government Mortgage Rescue Scheme monitoring statistics

69. The Homes and Communities Agency told us that they have used information on regional mortgage hot spots to target activity promoting the Mortgage Rescue Scheme and other support available from local authorities.⁷⁹

75 Q 40

76 Q 142

77 Q 29

78 Applications to Local Authorities or referred by their lender to a central Fast Track scheme launched on 1 September 2009

79 Q 137

70. Witnesses reported some initial problems with the Government housing support initiatives when they were launched which have now been resolved. First, local Authorities found that some early applicants for the Mortgage Rescue Scheme were ineligible because falling property values meant they were in negative equity, but the scheme has been extended to include these households following their feedback.⁸⁰ Secondly, there was a time delay before Housing Associations delivered the Mortgage Rescue Scheme because they had not been initially consulted and were unsure of the impact of buying private homes on their business, for example in respect of Decent Homes Standard requirements.⁸¹ And thirdly, Dudley Metropolitan Borough Council reported that the court desk advice service was not always available when there were repossession hearings, but that this problem had been resolved with the court desk service provider.⁸²

71. The organisations that will deliver new Government schemes need information on the schemes to be disseminated quickly after they are announced or, ideally, provided before the announcement.

72. Dudley Metropolitan Borough Council said:

One of the problems has been that there have been one or two new schemes, perhaps that have turned up in ministerial announcements, that, for obvious reasons, we weren't aware of beforehand, and it is quite difficult, in the space of a day or two, to have information to give members of the public who have read something in the paper and want to know about it straight away.⁸³

73. It is important for delivery bodies to have information on new schemes so that they can capitalise on the initial interest generated by the scheme's announcement and develop public confidence in them.

74. The Supporting Individuals and Communities workstream of the Taskforce should collect evidence from regional bodies to evaluate which Government housing support initiative has been most beneficial to households in the region. This information will allow the Taskforce to make informed representations to Government if any changes are proposed to the schemes that will adversely impact the region. The Taskforce should examine how it can help to disseminate information efficiently on new Government initiatives to regional delivery bodies, including the third sector.

New Affordable Housing

75. The region is benefiting from the funding that Government has made available to build more affordable housing under the Kickstart and Local Authority new build schemes. Paul Spooner, the regional director for the Homes and Communities Agency stated: "we have set out to capture as much of the new money that government have made available for housing in the West Midlands. For example, we announced last week that we have commissioned the 1,000th home under the Kickstart programme, and that is more than any

80 Q 46

81 Qq 26–27

82 Q 47

83 Q 46

other region”⁸⁴ Dudley Metropolitan Borough Council recognised “there have also been opportunities for local housing associations to buy up properties from developers, and they brought forward funding to do that.”⁸⁵

76. Business Voice WM, appreciated the benefit that additional funding has had in securing jobs in the construction industry:

the recent actions of the Homes and Communities agency in this region have led to a significant underpinning of the construction industry, which, if it had not existed, would have led to a very serious downturn indeed. I think we would have lost a number of very skilled professionals.⁸⁶

77. Local Authorities and Housing Associations in the region have received further funding allocations to build or regenerate affordable homes from the Department of Communities and Local Government:

- Birmingham and Stoke-on-Trent City Councils, and Shropshire County Council are among 10 Local Authorities who will receive £1.7 billion under a private finance housing initiative;
- Birmingham and Sandwell Housing Market Renewal Pathfinder has received an allocation of £1.7 million;
- Housing Associations in the West Midlands will share a grant of £46 million to deliver 933 affordable homes;
- Seven Councils in the West Midlands will share £21 million to build 404 new homes as part of the Department for Communities and Local Government council house building programme.⁸⁷

78. The Committee supports the efforts of the region to obtain the maximum Government funding possible to increase the supply of affordable housing in the West Midlands and support the construction industry and welcomes the additional funding from Government which has recently been announced. Our first Report, published in July 2009, highlighted the importance of stimulating the housing and construction sectors to regional recovery. The evidence presented to this Inquiry underlines this point.⁸⁸

79. We are concerned, however, that some of the areas that would most benefit from the additional funding in the region may not have the capacity to bid for it. We encourage the Homes and Communities Agency and other partners to work with these areas to ensure that they benefit from the additional funding that is available.

84 Q 150

85 Q 37

86 Q 38

87 Department for Communities and Local Government, *John Healey doubles council house-building cash*, 11 January 2010

88 West Midlands Regional Committee, First Report of 2008-09, The impact of the current economic and financial situation on businesses in the West Midlands Region, HC 409-I, particularly chapters 5, 6 and 7.

Debt

Social Fund

80. In the 2009 Budget, the Government allocated an additional £125 million in 2009–10 and £145 million in 2010–11 to the Social Fund which is administered by Jobcentre Plus. The fund provides interest-free loans including Crisis Loans to vulnerable people, allowing them to spread payment of unexpected costs. There were 180,800 applications for Crisis Loans in the West Midlands in the six months between April and September 2009, an increase of 54% compared to April to September 2008. Nationally, applications for Crisis Loans increased by 34% over the same period.⁸⁹ Jobcentre Plus has responded to higher regional demand for Social Fund loans by increasing the number of staff available to receive telephone inquiries and process claims.

81. Research published in 2006 estimated 165,000 households in the UK used illegal money lenders each year; approximately half in the most deprived areas. Birmingham was one of two areas which piloted an Illegal Money Lending team in 2004 to investigate reported offences. These teams, funded by the Department for Business, Innovation and Skills, are now based in each region and also refer victims to affordable sources of lending. In the West Midlands the actions of the team have resulted in 10 custodial sentences and an estimated £16 million savings to victims.⁹⁰

Credit Unions and Community Development Finance Initiatives

82. The Taskforce website (www.supportwm.co.uk) has a section for individuals which signposts people who want to plan their personal finances to Credit Unions. These are community-based, financial co-operatives that offer savings schemes and loans to their members. Citizens Advice Bureau and the National Housing Federation were both positive about Credit Unions, particularly for individuals who are ineligible for, or who have exhausted, the Social Fund.⁹¹ Importantly, they were seen as a significant alternative to doorstep lending, but only if they are available in an area and those at risk understand how a credit union might provide more suitable help.⁹² There is, however, as we have previously mentioned, limited and patchy coverage of credit unions throughout the region, and that needs to be addressed.

83. Advantage West Midlands thought it might be possible to do more to assist people considering setting up a Credit Union.⁹³ The Government announced additional funding of £18.75 million for the Financial Inclusion Growth Fund to allow 85,000 extra loans to be made to the financially excluded by 2011, through Credit Unions and CDFIs.

84. Advantage West Midlands has focused on ensuring that all parts of the region are covered by Community Development Finance Initiatives (CDFIs), which provide loans and support to businesses as well as individuals who have had trouble getting finance from

89 Ev 88

90 Ev 81

91 Qq 15–18

92 Q 15

93 Q 121

banks and building societies. In response to the economic downturn, AWM provided £2 million to CDFIs and, through the West Midlands Taskforce, has encouraged local authorities to contribute to CDFIs which they are able to match with European funding. CDFIs that receive public sector funding must comply with EU state aid rules which can result in high interest rates if the risk of default on the loan is high.⁹⁴

85. We support the work that Advantage West Midlands has undertaken to ensure regional coverage by CDFIs. However, this financing can be expensive for small businesses and individuals due to EU state aid rules.

86. Regional bodies such as Advantage West Midlands and the Regional Taskforce should examine what further work is needed to promote Credit Union coverage in the West Midlands. We welcome the funding that has already been provided to increase the reach of credit unions, and we urge Ministers to do all they can to promote their continued expansion.

94 West Midlands Regional Committee, First Special Report of Session 2009–10, *The impact of the current economic and financial situation on businesses in the West Midlands Region: Government response to the Committee's First Report of Session 2008–09*, HC 61

4 What lessons have been learned

Building long term resilience

Skills

87. We believe, on the evidence we have seen, that addressing the regional skills gap is key to making the region more competitive, nationally and internationally. As Mick Lavery told us, “The first thing to say is that we have a problem—a skills problem.”⁹⁵ We said in chapter 3 that we support Unison’s assertion that short-term interventions to get people back to work should complement the long-term strategy for the region’s economy. In particular, short-term initiatives responding to the impact of the recession should also focus on increasing or maintaining demand for higher-level skills in private businesses, such as the West Midlands Graduate Internship Programme, and increasing the skill level of people with low skills, through training. The region also needs to ensure that it has the capacity to retrain people in the industries that it would like to develop, such as high-tech and low-carbon industries. Retraining for a new industry will not be suitable for everyone:

Lots of people who are losing their jobs are 45, 50 and 50 plus and to say that they should be retraining for high-tech industries is a really difficult argument to win with people. As for those at the lower end of the age range who are finding it difficult to get work, there is a whole new discussion to have with them.⁹⁶

88. The Apprenticeships, Skills, Children and Learning Act 2009 introduced changes to the way that further education skills will be funded in England from April 2010. The Learning and Skills Council will be abolished, local authorities, supported by a Young People’s Learning Agency, will be responsible for the education and training of young people. Regional Development Agencies will be responsible for producing a skills strategy, articulating employer demand and the region’s priorities on skills; the Skills Funding Agency will deliver the strategy by contracting with training providers.

89. A number of witnesses were concerned about the impact of reorganising learning and skills provision during a recession. James Watkins, from Business Voice WM, was particularly concerned that “a number of local authorities are not prepared ... because there are structural problems.” He highlighted that the new system is supposed to be demand-led, but the commissioning framework will only be issued in April 2010.⁹⁷ Local authorities, however, are keen to adopt the new framework where training needs can be matched to the local employment market.⁹⁸ Five sub-regional commissioning groups have been established which shadowed the Learning and Skills Council’s 2009–10 commissioning process and are working jointly on the 2010–11 commissioning plans.⁹⁹

95 Q 111

96 Q 30

97 Q 69

98 Q 68

99 Ev 89

90. We believe that short-term activities responding to economic shocks should complement the long-term strategy for regional economic development. We support activities the region has introduced that meet both short and long-term skills needs, such as the West Midlands Graduate Internship Programme. We encourage the region to design future initiatives to deliver both a short-and long-term benefit.

91. We share the concern of witnesses that the changes to the system for learning and skills have been insufficiently developed. We believe there is a significant risk the changes will adversely impact on skills delivery in the region when they are introduced in April 2010. We recommend that regional bodies work closely together, through organisations such as the Taskforce, to limit the impact of the change. Ideally, Machinery of Government changes should be limited during the downturn as such changes increase the risk that services will not be delivered effectively when they are most needed.

What regional bodies can do

92. Three ‘Total Place’ pilot projects are taking place in the region funded by the Department for Communities and Local Government. These projects—in Birmingham, Coventry and Solihull, and Worcestershire—“are looking at total public spend in a particular area and how the public sector can be more efficient in relation to the delivery of services and making them more user-friendly.”¹⁰⁰ The pilots form part of HM Treasury efficiency savings programmes and will report on findings in the 2010 Budget.

93. Public sector funding in the region can also be used to leverage additional benefit by ensuring that local employers can compete for public sector contracts. The Committee supports the work of the West Midlands Economic Inclusion Panel which has “commissioned lawyers to draft robust packaging and clauses right the way through the procurement process, so that when it is procuring anything, the public sector in the West Midlands can legitimately include clauses to support jobs and skills for local people.”¹⁰¹

94. We encourage public sector agencies in the West Midlands, particularly Local Authorities, to adopt the procurement documentation being developed by the Economic Inclusion Panel allowing public sector contracts to deliver additional local employment benefits. We also encourage the Economic Inclusion Panel in its efforts to roll the documentation out to private sector businesses in the region.

95. Lessons for more efficient and innovative public service delivery should be identified from the three Total Place pilot projects, and disseminated throughout the region, independently of formal reporting on the project by HM Treasury.

100 Q 124

101 Q 147

Duplication versus co-ordination

96. There are a number of regional organisations and bodies established to co-ordinate specific activities at a regional level and to assist with collaboration and partnership working, for example:

- Advantage West Midlands, the region’s development agency, responsible for the region’s economic development.
- The West Midlands Leaders’ Board, a replacement for West Midlands Local Government Association comprising all 33 Local Authority Leaders in the region, established as a result of the Sub-National Review.
- The Joint Strategic Investment Board, comprising of members from Advantage West Midlands, the West Midlands Leaders’ Board and a representative from WM Business Voice, it was established to oversee and move forward the agenda for change created by the Sub-National Review.
- The Region’s Economic Taskforce, which brings together representatives from the public, private and third sector in the region to identify shared priorities for responding to the economic downturn, based on a collective understanding of the evidence.
- The Economic Inclusion Panel, comprising representatives from the public and third sector, considers new ways to tackle the £2 billion productivity gap ascribed to worklessness in the region and champion existing good practice.
- The Regional Minister’s Top Eight, brings together the large statutory deliverers in the region to discuss cross-cutting issues.

97. These bodies are in addition to regional representation from central Government Departments in the Government Office and to local co-ordination mechanisms such as Local Strategic Partnerships.

98. We support collaboration on common goals across the regional public sector and with the voluntary sector. We recognise that some of these bodies are required under statute; however, we are concerned that the number of organisations is inhibiting effective joint working. The complexity of co-ordination of activity at a regional level raises the question of which body decides and drives the regional agenda, and whether there are proper lines of accountability for their decisions.

99. We support the approach taken by the Regional Taskforce of commencing meetings with “a summary of the situation in the West Midlands as that time”.¹⁰² This achieves a common understanding of the situation based on agreed, up-to-date data. We encourage the region to adopt this approach more extensively by agreeing a common set of measures that reflect the state of the region across the board, which can be measured centrally—for example, by the West Midlands Regional Observatory.

100. Mark Barrow from the Leaders' Board highlighted that "there is a danger that funding schemes or part of a bidding process relating to such matters can just be about beauty parades. If you are good at bidding, you get money, and it does not necessarily follow need."¹⁰³ He believed that the co-ordination afforded by bodies such as the Leaders' Board and Joint Strategic Investment Board protected against this by testing each other's identified priorities. **However, we remain concerned that some of those areas most in need of additional Government assistance may not be aware of new funding that is available and do not have the capacity to bid for it.**

101. **Need must be a major determinant in the allocation of resources, and authorities and organisations in deprived areas of the region must be given help as necessary to ensure their effective participation in bidding processes.**

Future role and shape of the Taskforce

102. Change is taking effect in the Taskforce's composition. The Taskforce is merging with the Council of Economic Advisors, which provides business representation to the Regional Minister, starting in early 2010.¹⁰⁴ This should address criticism from the business community that they were not represented on the Taskforce, where they had been included in its predecessor established to respond to the closure of MG Rover.¹⁰⁵ Mark Barrow, the chairman of the Taskforce's Supporting Individuals and Communities Workstream, stated that the region was "moving towards bringing together the Regional Economic Inclusion Panel, the Regional Equality and Diversity Partnership and this workstream to create a single stream of people from the regional and local authority organisations".¹⁰⁶ The amalgamated body will focus on the enduring social impacts from the recession. We think this represents a positive step as it brings together the body that has been addressing the long term social issues in the region resulting from economic deprivation, with the more recent issues in the region as a result of the current recession.

103. As a result of its economic focus, the Taskforce lacks a number of public sector agencies that deliver wider support to communities and people, such as the Strategic Health Authority, the Police, education bodies and the voluntary sector. Representatives from the Government Office for the West Midlands stated that some of these bodies form part of the Regional Minister's top eight which the Regional Minister brings "together frequently to discuss cross-cutting issues across all the large statutory deliverers in the West Midlands."¹⁰⁷ The Taskforce has focused on responding to current issues but members and the Regional Minister would probably be responsive to additional members as, for example, health and environment issues were identified.

104. The Taskforce reached its first anniversary in December 2009. The Government Office stated that the Taskforce was examining what its future strategic priorities should be; they were likely to be "unblocking infrastructure projects and making sure that in a time of

103 Q 63

104 Q 62 [Barrow]

105 Q 62 [Watkins]

106 Q 58

107 Q 123

scarce resources and of difficult challenges for the private sector, we focus on where we can add value and unblock.”¹⁰⁸ Some work for which there is a longer-term need, such as accelerating infrastructure projects, have passed to other regional bodies, in this case the Joint Strategic Investment Board.¹⁰⁹

105. We understand that the Taskforce should not be seen as the answer to every problem in the region and recognise that it was set up to focus on the initial economic impact of the downturn. However, the Taskforce has reach within the region and a direct connection to Whitehall.

106. We believe that other activities performed by the Taskforce, such as co-ordinating activity and disseminating good practice throughout the region, would be beneficial to the region in the longer term. Witnesses also identified that communication with Whitehall through the Taskforce worked well. To do this effectively on more social issues the membership of the Taskforce may need to change or mechanisms established to capture information from public sector and voluntary bodies.

The role of the third sector

107. Twenty eight regional Citizens Advice Bureaux are sharing additional Government funding of over £825,000 to March 2010 to meet additional demand for its advisory services as more people get into financial difficulty due to the economic downturn. The funding is expected to provide 6200 additional hours which the bureaux estimate will help 50,000 more people. Local authority funding increased by £400,000 in 2008–09 compared to the previous financial year. There is value in supporting an independent advisory service because “people trust different brands, and they will always want choice”.¹¹⁰

108. Citizens Advice Bureau delivers basic financial education focusing on budgeting, borrowing and saving skills, under a programme called Financial Capability. Citizens Advice Bureau aims for all bureaux to deliver this education by 2011; in the West Midlands 56% of bureaux delivered nearly 1,000 group sessions in 2008. The Government is trialling a telephone, online and face-to-face consumer financial advice service, called Money Made Clear, in the North East and North West which it will roll-out to all regions if the pilots are successful.

109. Accessing those that most need support can be difficult, for both the public and third sector. Research for Citizens Advice Bureau identified in 2007 that “38% of people who would like help and advice did not manage to get access to it, and that was pre-recession.”¹¹¹ Witnesses from the third sector reported that a positive outcome from the region’s response to the downturn is greater co-working and collocation between themselves and statutory service deliverers, such as Local Authorities. This improves access to support services for individuals where services are delivered by different organisations, as it avoids the risk of people falling through the gaps. Mark Barrow, from the West

108 Q 128

109 Q 130

110 Q 12

111 Q 11

Midlands Leaders' Board also stated: "there is lots of collocation and co-working going on, and that is maybe something that we need to reflect on as a longer-term thing, not just as an immediate response to the situation that we are in at the moment."¹¹²

110. The Committee recognises that we have not engaged as fully with the region's third sector in this inquiry as we had hoped would be possible. Although, we received both written and oral evidence from Citizens Advice Bureau and the National Housing Federation, we received less data and evidence on how the recession is affecting the people of the region than we believe is available. We recognise that there are considerably more voluntary organisations that provide support to people in the region and would like to encourage these organisations to provide evidence to the Committee's future inquiries.

111. The third sector is often best placed to engage hard-to-reach communities, providing advice, education and access to services. We recognise that lots of good partnership working has taken place between voluntary organisations and the public sector to deliver support effectively to individuals affected by the downturn. Where this collaborative working has been beneficial, we are concerned that it should not be lost in the longer term. The Taskforce should collect information on successful collaborative working across the region and identify areas where continued partnership working will be of benefit to effectively deliver services to communities.

Conclusions and recommendations

Regional response to the downturn

1. Where the Supporting Individuals and Communities workstream of the Taskforce has done targeted work in one area, such as in Cannock Chase, it should identify if lessons learned are more widely applicable across the region and take responsibility for disseminating information on what has worked well. (Paragraph 43)
2. Support to people affected by the downturn has primarily been delivered by local bodies, both from the public and voluntary sector. It is right that regional bodies, including the Taskforce, do not duplicate local efforts. However, the Committee supports the role that the Taskforce has taken to share information and co-ordinate activities. In particular the Taskforce should continue to disseminate information from Government to local bodies in the region and feedback issues from the region to central Government. It is also important to ensure that the impact and outcomes of public investment to assist those who have been affected by the downturn are effectively monitored and measured. (Paragraph 44)

Jobs and redundancy

3. The evidence from the Jobseekers' Allowance register demonstrates how severely the downturn has impacted people in the West Midlands, and that support will need to be provided to some individuals for longer than they might ordinarily need. (Paragraph 51)
4. We support the initiatives that have been taken by Jobcentre Plus in the region to meet additional demand for its services. We encourage Jobcentre Plus to extend its reach by opening new sites as soon as possible and extending opening hours for as long as demand continues. (Paragraph 54)
5. The current downturn has seen professionals and long-term employed people made redundant in greater numbers than previous recessions. The support that they require to re-enter employment may differ from that usually provided by Jobcentre Plus and its partners. Lessons identified from talking to a cohort of 120 such people should be disseminated to all regional jobcentres as soon as possible, so that the needs of these individuals can be met. (Paragraph 55)
6. The Committee is concerned about the level of engagement between Flexible New Deal providers and local employers and the third sector. It is important that potential employers are supportive of the scheme as they are key to returning people who have been long-term unemployed to productive employment. (Paragraph 57)
7. The Committee supports Unison's assertion that activities to support people back into work should be aligned to the long-term needs of the region wherever possible. One area where this is most feasible is the graduate schemes established by Advantage West Midlands. (Paragraph 63)

Housing

8. The organisations that will deliver new Government schemes need information on the schemes to be disseminated quickly after they are announced or, ideally, provided before the announcement. (Paragraph 71)
9. It is important for delivery bodies to have information on new schemes so that they can capitalise on the initial interest generated by the scheme's announcement and develop public confidence in them. (Paragraph 73)
10. The Supporting Individuals and Communities workstream of the Taskforce should collect evidence from regional bodies to evaluate which Government housing support initiative has been most beneficial to households in the region. This information will allow the Taskforce to make informed representations to Government if any changes are proposed to the schemes that will adversely impact the region. The Taskforce should examine how it can help to disseminate information efficiently on new Government initiatives to regional delivery bodies, including the third sector. (Paragraph 74)
11. The Committee supports the efforts of the region to obtain the maximum Government funding possible to increase the supply of affordable housing in the West Midlands and support the construction industry and welcomes the additional funding from Government which has recently been announced. **Our first Report, published in July 2009, highlighted the importance of stimulating the housing and construction sectors to regional recovery. The evidence presented to this Inquiry underlines this point.** (Paragraph 78)
12. We are concerned that some of the areas that would most benefit from the additional funding in the region may not have the capacity to bid for it. We encourage the Homes and Communities Agency and other partners to work with these areas to ensure that they benefit from the additional funding that is available. (Paragraph 79)

Debt

13. We support the work that Advantage West Midlands has undertaken to ensure regional coverage by CDFIs. However, this financing can be expensive for small businesses and individuals due to EU state aid rules. (Paragraph 85)
14. Regional bodies such as Advantage West Midlands and the Regional Taskforce should examine what further work is needed to promote Credit Union coverage in the West Midlands. We welcome the funding that has already been provided to increase the reach of credit unions, and we urge Ministers to do all they can to promote their continued expansion. (Paragraph 86)

Building long-term resilience

15. We believe that short-term activities responding to economic shocks should complement the long-term strategy for regional economic development. We support activities the region has introduced that meet both short and long-term skills needs, such as the West Midlands Graduate Internship Programme. We encourage the

region to design future initiatives to deliver both a short-and long-term benefit. (Paragraph 90)

16. We share the concern of witnesses that the changes to the system for learning and skills have been insufficiently developed. We believe there is a significant risk the changes will adversely impact on skills delivery in the region when they are introduced in April 2010. We recommend that regional bodies work closely together, through organisations such as the Taskforce, to limit the impact of the change. Ideally, Machinery of Government changes should be limited during the downturn as such changes increase the risk that services will not be delivered effectively when they are most needed. (Paragraph 91)

What regional bodies can do

17. We encourage public sector agencies in the West Midlands, particularly Local Authorities, to adopt the procurement documentation being developed by the Economic Inclusion Panel allowing public sector contracts to deliver additional local employment benefits. We also encourage the Economic Inclusion Panel in its efforts to roll the documentation out to private sector businesses in the region. (Paragraph 94)
18. Lessons for more efficient and innovative public service delivery should be identified from the three Total Place pilot projects, and disseminated throughout the region, independently of formal reporting on the project by HM Treasury. (Paragraph 95)

Duplication versus co-ordination

19. We support collaboration on common goals across the regional public sector and with the voluntary sector. We recognise that some of these bodies are required under statute; however, we are concerned that the number of organisations is inhibiting effective joint working. The complexity of co-ordination of activity at a regional level raises the question of which body decides and drives the regional agenda, and whether there are proper lines of accountability for their decisions. (Paragraph 98)
20. We support the approach taken by the Regional Taskforce of commencing meetings with “a summary of the situation in the West Midlands as that time”. This achieves a common understanding of the situation based on agreed, up-to-date data. We encourage the region to adopt this approach more extensively by agreeing a common set of measures that reflect the state of the region across the board, which can be measured centrally—for example, by the West Midlands Regional Observatory. (Paragraph 99)
21. We remain concerned that some of those areas most in need of additional Government assistance may not be aware of new funding that is available and do not have the capacity to bid for it. (Paragraph 100)
22. Need must be a major determinant in the allocation of resources, and authorities and organisations in deprived areas of the region must be given help as necessary to ensure their effective participation in bidding processes. (Paragraph 101)

Future role and shape of the Taskforce

23. We understand that the Taskforce should not be seen as the answer to every problem in the region and recognise that it was set up to focus on the initial economic impact of the downturn. However, the Taskforce has reach within the region and a direct connection to Whitehall. (Paragraph 105)
24. We believe that other activities performed by the Taskforce, such as co-ordinating activity and disseminating good practice throughout the region, would be beneficial to the region in the longer term. Witnesses also identified that communication with Whitehall through the Taskforce worked well. To do this effectively on more social issues the membership of the Taskforce may need to change or mechanisms established to capture information from public sector and voluntary bodies. (Paragraph 106)

The role of the third sector

25. The third sector is often best placed to engage hard-to-reach communities, providing advice, education and access to services. We recognise that lots of good partnership working has taken place between voluntary organisations and the public sector to deliver support effectively to individuals affected by the downturn. Where this collaborative working has been beneficial, we are concerned that it should not be lost in the longer term. The Taskforce should collect information on successful collaborative working across the region and identify areas where continued partnership working will be of benefit to effectively deliver services to communities. (Paragraph 111)

Formal Minutes

Monday 11 January 2010

Members present:

Mr Richard Burden, in the Chair

Mr Adrian Bailey
Mrs Janet Dean

Mr James Plaskitt

Draft Report (*The Effect of the Economic Downturn on the People of the West Midlands*), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 111 read and agreed to.

Summary agreed to.

Resolved, That the Report be the First Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Several Memoranda were ordered to be reported to the House for printing with the Report.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned to a date and time to be fixed by the Chairman.]

Witnesses

Thursday 8 October 2009	<i>Page</i>
Roger McKenzie , Unison West Midlands, Andrew Seager , Citizens Advice, and Paul Williams , National Housing Federation.	Ev 1
Mark Barrow , Newcastle-under-Lyme Borough Council and West Midlands Leaders' Board, Diane Channings and Sian Evans , Dudley Metropolitan Borough Council, and James Watkins , Business Voice WM.	Ev 10
Monday 19 October 2009	
Mick Laverty , Chief Executive, Advantage West Midlands, and Margaret Tovey , Customer Services Director, Jobcentre Plus West Midlands.	Ev 21
John Curtis , Deputy Regional Director, Community Safety, Trudi Elliott , Regional Director, Steve Kennett , Deputy to the Regional Director, Government Office for the West Midlands, and Paul Spooner , Regional Director, Homes and Communities.	Ev 31

List of written evidence

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2	West Midlands Business Council	Ev 45
3	Dudley Metropolitan Borough Council	Ev 48
4	West Midlands Regional Observatory	Ev 49
5	The National Housing Federation	Ev 54
6	West Midlands UNISON	Ev 56
7	Citizens Advice Bureau service	Ev 58
8	Jobcentre Plus	Ev 63
9	Advantage West Midlands	Ev 69
10	HM Government (supplementary)	Ev 81
11	Jobcentre Plus (supplementary)	Ev 88
12	West Midlands Leaders' Board (supplementary)	Ev 89

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2008–09

First Report	The impact of the current economic and financial situation on businesses in the West Midlands Region	HC 409-I and II
First Special Report	The impact of the current economic and financial situation on businesses in the West Midlands Region: Government response	HC 61

Oral evidence

Taken before the West Midlands Regional Committee on Thursday 8 October 2009

Members present:

Richard Burden (Chairman)
Mr Adrian Bailey

Mr James Plaskitt

Witnesses: **Roger McKenzie**, Unison West Midlands, **Andrew Seager**, Citizens Advice, and **Paul Williams**, National Housing Federation, gave evidence.

Q1 Chairman: I welcome Paul, Andrew and Roger. This is the first meeting of the second inquiry of the West Midlands Regional Committee. Our first inquiry, which reported in July, looked specifically at the impact of the economic downturn on businesses in the region. It was really the first half of the same inquiry, and we are now embarking on the second leg and trying to make sense of what is happening to people in the West Midlands and the impact of the recession on them. Although there are some encouraging signs of recovery, we are all aware of the time lags and the fact that some impacts of the recession will last a bit longer. For people, whether in the home, jobs or in communities, there are still major challenges to be faced. The written evidence that your different organisations have provided has been very useful. Its status will be exactly the same as that of the verbal evidence that you will give today, but we will certainly appreciate hearing further amplification of the points you made in your written evidence. There are a number of things that we want to follow up with you. Before we go into the questions, will you introduce yourselves for the record and say which organisations you are from?

Paul Williams: I am Paul Williams from the National Housing Federation.

Andrew Seager: I am Andrew Seager from Citizens Advice.

Roger McKenzie: I am Roger McKenzie, Regional Secretary of Unison West Midlands.

Q2 Chairman: Thank you. The first question is fairly general. From your perspective, what has the overall impact of the economic downturn been on people in the region? I said in my opening remarks that there are some encouraging signs of recovery. From where you sit, is the regional situation improving or do you have the impression that, as far as a lot of people in the West Midlands are concerned, things will get worse before they improve? Can we start from the housing perspective, Paul?

Paul Williams: There has certainly been a time delay in feeling some of the effects that you alluded to in your introduction. For example, one of the indicators that we always use is rent arrears. As has been indicated by a number of members, there has certainly been a delay in feeling their effect; but they have been saying that, while they have been supporting their customers to seek further advice at an earlier stage, they have seen an increase in rent

arrears, particularly in respect of those who have been affected by redundancy. A subset of that concerns those who are working lesser hours and thus receiving partial housing benefit payments. There has been a time lag, and we are only now really starting to feel some of its effects. Within the regional context, the economic inclusion panel chaired by Trudi Eliot has picked up the effect on those communities at the bottom end of the spectrum of economic wealth, which have been harder hit and will take longer to recover once the effect is felt. We are starting to see signs of that play out now.

Andrew Seager: From our perspective, we recorded in our briefing the increase on what we called our basket of recession stats, which were on mortgage and secure loan arrears and redundancy advice, and advice on jobseeker's allowance. In the first quarter of this year—April to June—the demand went down from that in the previous quarter. However—there is always a “however”—compared to the same period 12 months ago, there is still a massive increase. Just to put some figures on that, we dealt with 159,000 inquiries about debt advice in the same period last year and 180,000 this year, so the figures are still 30,000 up even though they are down. Over the past year, we have seen a rapid increase and a slight dip, but still a huge increase compared to the same period 12 months ago. Why do we think that has been caused? Some of the positive effects are that it's been on everyone's lips and people are actually coming in and seeking advice. There have been a range of innovations at a central level and local initiatives that make people think, “I need to go to seek advice. I have a problem here”. In terms of looking to the future, access to credit will change—it has already. In some respects that could be a good thing and a positive thing, but for some who struggle to get credit in the first place and get access to affordable credit, it is going to be a real challenge. So there is a bit of a mixed bag; I am not being very clear. There are some real positives in terms of people waking up and thinking, “Actually, I really need help”.

Q3 Chairman: In terms of who is coming to see you, the numbers have obviously changed, but has the demographic changed as well? Are the kinds of people who are coming to see you, or who have been coming to see you over the past year, different from those who were seeking your services before?

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8 October 2009 Roger McKenzie, Andrew Seager and Paul Williams

Andrew Seager: On the whole, they are roughly the same people as they were. On the whole, our clients in the West Midlands context tend to be slightly more females than males, 20% tend to identify as having a disability and 72% come from white backgrounds. Our age range is primarily 35 to 49; that is our largest percentage group. That has stayed pretty steady, and is pretty universal across the service. We have seen a difference in one area. We received an additional £10 million nationally from central Government to open during additional hours, and the inquiries that have been coming in because of that are slightly different from those that we would see in normal standard opening hours, in that the number of inquiries about employment advice is higher. You would expect that, because this has allowed us to open in the evenings and on Saturdays—people tend to be in work and cannot access advice. So, that has effected a change in terms of our profile.

Q4 Chairman: And is employment advice the main change?

Andrew Seager: Benefits and debts are pretty similar statistically, but if you look at it statistically they are not that different.

Q5 Chairman: You mentioned the extra Government funding. I think there are 28 regional Bureaux sharing £825,000 until March 2010. What level of additional funding have you had from local authorities as well as from central Government?

Andrew Seager: Quite a number of Bureaux have had increases in funding. Overall, in the West Midlands, in 08-09 local authority funding went up by £400,000, from £6.8 million to £7.2 million, compared to 07-08. There have been a number of recession-linked examples—I quoted two examples in the briefing—when local authorities have said, “Bureaux are really key here. We really need to be working with them and put some additional investment in”. Alongside that, we are talking to Advantage West Midlands about its looking at putting in additional investment, recognising, through its market towns initiative, that advice has a real role to play in regeneration.

Q6 Chairman: And do there tend to be a lot of strings in relation to that funding, or can you deploy it where you feel it is most needed, according to local circumstances?

Andrew Seager: Looking at the funding across the West Midlands, a lot of it has been outcome-based, which is really, really helpful because it means that we can define what key outputs are needed for that community—those that will make the most difference. So, we really welcome that approach. It is different for different communities, as you will know. A bureau will know exactly what is needed in that local area, so that is a really helpful approach.

Chairman: Thanks. We’ll come to Roger, but first Adrian.

Q7 Mr Bailey: This may be a very difficult question to answer. You hinted at something, although I may have misinterpreted. With the raised level of awareness of people potentially running into debt, I am interested to know if you have any perception of how many people come who are actually in financial trouble compared to those who may come to consult you to pre-empt financial trouble. I appreciate it is very difficult to have a statistical template that distinguishes between the two, but I would welcome any comments you may have.

Andrew Seager: My observations would be from my experience of being an adviser, which was a bit in the dim and distant past but not too long ago. People will leave it to crisis point to come and say. There is still a stigma attached to being in debt. To say to someone, “I have got problems” or “I am not coping very well” is a really difficult thing to do. However, we are doing lots of work around financial capability and preventing problems. I couldn’t quote exact numbers—though I could go away and find them—but those sessions are proving immensely popular. People come into a Bureaux, sit in a group base and talk about money skills and budgeting in a non-threatening and comfortable way. That kind of money guidance—money education—is proving to be a popular way forward. I know that housing associations are looking at it and getting heavily involved. It makes sense to make the clients of the future confident consumers, so that they are not going to say yes to the credit card cheque with an exorbitant amount of interest that pops through their door or yes to the doorstep lender, because they know they will be paying it off for another 10 years. I can look at the figures but they are proving to be popular—no Bureaux is struggling to fill the places on financial capability courses.

Q8 Chairman: I think we will be asking more questions on the issue of debt and the CAB’s role in that. Now Roger, from the perspective of your trade union Unison, how do you see things?

Roger McKenzie: There are a few points I want to make. The first one regards admin—there is no a in my name. But I have been called a lot worse than MacKenzie. It generally doesn’t bother me. In terms of the question we were asked, the first thing to say is that it has been bad for some parts of our community for a considerable time and it is worth keeping hold of that fact. Particularly in the West Midlands, many parts of our communities have had very high levels of unemployment. The current situation is adding to an already bad situation for many people. Some parts of the community—for example, the black communities within the region—whose people and organisations I talk to both through the work that I do for Unison and some of the community organisations I am involved with, are fearful about where things are going. They do not see too many positive signs around for them. Part of that is because they are already in a bad situation. It seems a queue is being created. People already doing badly have moved even further behind, yet a number of other people have joined at the front of the queue. That worries people because they think, “Hang on a

8 October 2009 Roger McKenzie, Andrew Seager and Paul Williams

minute. We have been going through really difficult times for a long time. We didn't have taskforces set up for us." By the way, I should say that I welcome the setting up of the taskforce. Without that, we would have been in an even more difficult position in this region than we already are. On the way over, with the new technology available to us, I used Twitter to ask friends how they saw things and what I should say here this afternoon. One of the leaders of the University of Birmingham Guild of Students, a senior elected official, replied and said I needed to remind you that it is really difficult for graduates to get jobs at the moment and getting harder. One of the discussions that has taken place across the region for some considerable time has been about the difficulty of keeping graduates within the region. They come to the excellent universities in the region, but how we manage to keep them after they have graduated has been a problem for some time. Well, here we have a load of people who want to stay in the region, who want to contribute to the future growth of the region and are finding it difficult to get work. I also had a communication from one of our low-paid members of our national executive committee in Unison who contacted me and said, "Don't forget to remind them about the low-paid". It is always bad for the low-paid anyway. It is difficult out there and they do not see that the times are going to get any easier for them. So I have been asked to put those things across. I was reflecting on the point that was made about advice and where people go to get advice. In the past, people have been able to come to trade unions to get advice. In the past 10 or 15 years or longer, the level of trade unionism in the private sector, in particular, has declined rapidly. Whereas in the past people could have gone to their trade union in the private sector to get the sort of advice that we were talking about—what Andrew was talking about in terms of "where do I get welfare benefits?" and "what am I entitled to?"—that is not there for people, particularly in the private sector. In the public sector, where we still do have fairly high levels of trade unionism, people are coming to us. Essentially, the levels of cuts have not totally hit the public sector yet. We know about the kind of things that have been said about what is going to happen in terms of cuts in the public sector in the future. However, what we are hearing from those members is not so much people coming to us and asking for advice. Instead, they are coming to us with their fears about job security. So I think concern about job security, which has not really been on the radar for 10 or 15 years, really is on the radar now; it is really back on the agenda for everybody.

Q9 Mr Plaskitt: May I come back to the question of advising people on issues of debt and financial advice? I think, Andrew, that these questions are largely for you. To what extent do you feel that you are operating, as a Bureau, on your own as opposed to increasingly joining up with a lot of the other sources of advice and guidance that are out there? Are you beginning to liaise more and collaborate with others?

Andrew Seager: I think the advice community works very well together. I think what CABs are excellent at—and I am not going to apologise for saying it—is providing generous advice and they are very excellent at providing debt advice. However, there are lots of community groups out there whose clients are not our clients. Actually, there are some really good links in the community where other community groups are referring to Bureaux, or we will be able to work with them to be able to go out into the community.

Q10 Mr Plaskitt: I am thinking about points of access for people. For example, are you doing more to have your services available in family centres, children's centres and communities?

Andrew Seager: Yes.

Q11 Mr Plaskitt: So they do not have to find your office? They are coming across you where they are anyway, because they are doing something else there.

Andrew Seager: Yes. There are some really good partnerships, especially with housing associations and local authorities. The caveat to that is the resourcing and staffing of those, and sometimes funding is a challenge for the local authority or the housing association. However, access is very key for us and it is one of our challenges that we continually strive towards, because the legal services research centre showed in 2007 that 38% of people who would like help and advice did not manage to get access to it, and that was pre-recession. So, access is very dear to us. We have got to do a lot more. The more we can take it out, the better.

Q12 Mr Plaskitt: Have you any constructive suggestions as to what further steps could be taken to widen access so that we reach the people who at this stage are not sure where to start getting advice and support?

Andrew Seager: I think we can try to integrate services where we can. By that, I do not mean that it has to be a one-stop shop that is just branded in a new way. People trust different brands, and they will always want choice. For me, it is about co-location where possible, so the client does not have to travel from pillar to post and run a risk. I know, as a consumer myself, that if I try to contact an agency and I am told to walk down the road to another agency, I might think, "Well, I am not going to bother to do that." If someone says to me, "Go to that office there. I will take you there. It is in the same building, and someone will see you straight away", you are much less likely to fall through the gaps, and will keep getting the advice that you need.

Q13 Mr Plaskitt: Can I move on and ask you to assess the extent of the problem with rogue advisors out there? Do you find people falling victim to them, and, as a result, getting into a worse situation?

Andrew Seager: On a personal level, I get concerned if I put "Citizens Advice Bureau" in Google and get sponsored links down the side. I would encourage anyone to do that, to see what you end up coming up with. You get a massive range of fee-paying agencies using "advice", "answers" and "bureau" in all sorts

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of combinations. I was talking to some of the money advisers in the region, and briefly I just want to touch on a case study that the debt supervisor at Wolverhampton CAB came up with. They interviewed a client who was a single person responsible solely for her grandchild, and she is in receipt of income support. She had been “helped” by a fee charger, who assessed her with a disposable income of £100 a month, which she was struggling to pay by not feeding herself and her grandchild properly, and the fee charger was charging £20 a month to service that debt. She would have been 109 years old when the debt was paid off. That is not a level of service at all. She saw the adverts and she did not know what else to do. I am not saying we can shut them all down; I would probably like to do that, but that is a personal view. But people are going to them and seeking advice. You switch on the television at certain times of the day and the adverts are full of them.

Mr Plaskitt: They are all over the screens.

Andrew Seager: That is a real concern for us; people are getting very, very poor advice.

Q14 Mr Plaskitt: Can you think of any practical steps that can be taken to alert people to the dangers?

Andrew Seager: I do not have one to come off the top of my head. Our policy team has looked very closely at them and talked to the regulators about what would be some possible good solutions.

Q15 Chairman: What about doorstep lending? There is anecdotal evidence in particular communities of a big increase in doorstep peddlers, effectively, of “financial assistance” going around. Is there any reason why doorstep lending could not simply be prohibited?

Andrew Seager: This is going to sound really strange. For some people, access to credit is really, really difficult. It is a line of credit—a bad line of credit, but it is a line of credit. If that is all you have available in your local area—I am not, by any means, saying that they are a good thing that should be encouraged—we need to think about what the alternative is. Credit unions can provide a fantastic alternative if the client understands what a credit union is, it is available in the area, accessible, and clients can go to all sorts of collection points to pay in money. Credit unions are a real counteract to that kind of doorstep lending. Again, my personal view is that I have seen clients who have really struggled with certain doorstep lenders—these are the legal ones, let alone the illegal ones. Affordable credit through credit unions and not with an extortionate interest rate would be something I completely and utterly advocate as a way forward.

Q16 Mr Bailey: You have basically dealt with the issue of loan sharks. Following on the credit union angle, I suppose there are two aspects to this. First, the availability of access to credit unions is patchy, geographically. It is quite possible that you have some areas and communities that would find it difficult to access a credit union. Following on from

that, do you have any working relationships with the credit union movement to assist both them and yourself in terms of linking debt advice with appropriate financial services?

Andrew Seager: We do. We have a very strong partnership with ABCUL, the Association of British Credit Unions, and lots of Bureaux have strong partnerships with credit unions at both a local and a strategic level to talk about advocating credit unions as a line of affordable credit for individuals, and also alternatives to things like the social fund. Where credit unions are really robust, they act as a very good alternative for clients who have either exhausted the social fund or who the social fund is just not appropriate for. So we have some really strong partnerships with them. I accept that their coverage in some areas is not difficult. However, in the real urban areas where doorstep lenders kick in, often credit unions are there now. It is more of a challenge in a rural area, but often doorstep lenders are less prevalent. That is no reason not to expand credit unions into rural areas, but often you see doorstep lenders in the more urban, densely populated areas because it is an easier market for them.

Q17 Chairman: Paul, in your evidence you mentioned credit unions. Is there potential for the National Housing Federation to link with the development of credit unions? Perhaps to all of you, there has been some suggestion that, looking at the future of post offices, linking post offices with a development of credit unions might be a way to go that would perhaps benefit both.

Paul Williams: There are already linkages with credit unions. The point that was made about the coverage is an issue, and there would be great benefit in trying to ensure a full geographic coverage for credit unions. Certainly housing associations have championed and spent time encouraging residents and engaging with residents in their communities to save through that route. Over time there has been a greater appreciation of the value of credit unions to the community, engendering that better practice of saving, moving away from the doorstep lending practices and providing people with a viable alternative to doorstep lending as well. There is more that can be done. There was a proposal at a meeting about the way in which the credit union operates and having a plastic card type of approach to make it a more modern and secure system. I am not familiar with all the details but certainly the way that they operate can probably be modernised and brought up to date to make it more like a bank account kind of approach. That would certainly be helpful. The associations are well placed within their communities to endorse those kinds of things. Members have been tackling the doorstep lending issue repeatedly through their community engagement, trying to tackle head-on the doorstep lending issue, championing the basic bank accounts that we think are very important, and, through linkages with the citizens advice bureaux, making lots of referrals in that fashion. The line that we draw is that we are not there to provide financial advice.

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There are people who are better equipped to do that. To make sure people get the right advice, we try to passport them on.

Q18 Chairman: It might be possible, without giving them financial advice, to make credit unions more accessible using cards and so on and linking that up with rental payment systems and so on. Are those routes that registered social landlords would go down?

Paul Williams: I think they would be—

Chairman: Or would that begin to blur the boundaries a bit too much?

Paul Williams:—if the security and the added value to the resident would make a significant difference. Associations are there and operate within communities to support those communities and the customers that they serve. They do not just limit their activities to their individual customers on an estate, they do look at the bigger picture. If there is a prevalent doorstep lender and an issue of credit availability—whatever the financial circumstance affecting a community—that will have a knock-on effect to other customers, so associations would want to engage with and support initiatives that started to tackle those things. Clearly, those details need to be understood, and associations would need to be part of those discussions, to iron those out and know how they operate. But, in principle, that is what associations want to do, to support their communities—however that is done, they would generally be supportive.

Roger McKenzie: I am really in favour, for lots of reasons, of trying to find ways of expanding the role of local post offices. They are a really important resource for people. If credit unions are one of the ways, that is something that is extremely worthy of further detailed investigation. It occurred to me as well, as other colleagues were talking, that there are other schemes out there as well, which people have been using for a long while when they have not been able to get access to credit. When my parents came over to the UK in 1961, one of things that was very common in the black community at that time was not being able to get credit, so they set up their own credit-type schemes. One of the schemes that I remember my parents being involved in was called the pardner scheme, which was an informal scheme that people were using and that generated its own lending within the local community. Maybe some of that experience needs to be gathered, put together and learned from. This is not a new situation. It is tragic, but it is not a new situation, people not being able to get access to credit within the white community. I know that different schemes have been in operation for a long time as well. I am not sure where some of that has been put together. I think that credit unions are exceptional—they are a great idea that works really well in lots of places. But we should not forget that there are those other experiences, just out there, that we should draw from.

Q19 Chairman: Thank you. Let us talk a bit about the local authority situation and council tax, moving away from the community-based credit facilities and back to the big fish. There has been a 30-day grace period agreed by major credit card companies, banks and debt collectors. Do you have any sense of how that is working, if it is working?

Andrew Seager: Yes, it makes a real difference. It makes some real difference for mainstream lenders—your biggies like Barclaycard, Santander and GE Money, the big lenders. All the action that central Government have taken, both with mortgage lenders and credit lenders, has raised awareness and put banks in the spotlight, making them behave in a lot more responsible manner. That is a really good thing, which has helped. On the pre-action protocol for mortgage possession claims, I know that was not the question, but there was a really stark—

Chairman: We are going to come on to that. Hold that thought.

Andrew Seager: I will.

Q20 Mr Bailey: This is an interesting one from my perspective, because as a former finance chair of a local authority I was heavily engaged in ensuring that debt levels for council tax were reduced significantly locally. Getting on to the specific current issue, I understand that the CAB has said that council tax debt has increased by something like 25% over a year. What steps are you taking to work with the local authorities to ensure that there is a process introduced that not only gets from people what they can reasonably afford without them being driven into debt and having to use loan sharks, but adequately meets the need of local authorities to have the appropriate funding stream?

Andrew Seager: We have had a dedicated policy officer who has worked with the Local Government Association on a campaign that we call “putting bailiffs on the spot”, which has run for a long time, on the use of bailiffs. There are wider issues about the regulation of bailiffs and the need for that. We have developed, and published in July this year, a council tax arrears good practice protocol that we are encouraging any local authority to sign up to. We launched it at the Local Government Association conference in July. It is jointly produced by the CAB and the Local Government Association and has lots of points. We cannot tell local authorities what to do but it is about good practice on what will work and make a difference. Every Bureau is really receptive to being able to sit down with the local authority. It is in the client’s interest to get the arrears paid off and in the bureau’s interest to help that client get the arrears paid off; working together to make that difference is a natural partnership. I would encourage—we touched on take-up and that kind of work—every local authority in the region to sign up to that protocol.

Q21 Mr Bailey: How is your working relationship with the local authorities?

Andrew Seager: As we said in our submission, there are some really great examples of local authorities working together and recognising the value that

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advice brings. Bureaux can be quite challenging. Independence is dear to our heart. Advice giving and policy work are our twin aims, so we sometimes say to a local authority, "We don't think you're doing things in the right way." Sometimes we might say that in a very strong way because sometimes it needs to be said in a strong way, but sometimes that is not the right approach. We have really good relationships with a lot of the local authorities. Bureaux are working at all sorts of levels—officer level up to chief executive and member level—in terms of helping members to do their work and understand what the needs are in their local communities. I think that we struggle in some areas more than others. With things like local area agreements, some bureaux have struggled to get advice on the agenda because it is such a mainstream issue that it is quite difficult to pin it to one indicator or activity, but there are some really good relationships out there across the region between local authorities and Bureaux.

Q22 Mr Bailey: I won't ask you to name and shame, but are your relationships good with the Black Country authorities?

Andrew Seager: You didn't ask me to name and shame. Different local authorities have different priorities and see things from different angles. Sorry, that was really diplomatic of me. There is lots of history in all sorts of relationships. I am going to leave it there and move swiftly on. I am going to use a distraction technique. You talked about preventive work; we delivered 1,108 one-to-one financial capability sessions to West Midlands clients last year and 999 client group sessions, so that kind of preventive work is going on across the region. I hope that that moves you swiftly on.

Q23 Mr Bailey: You partly pre-empted my next question, but in relation to the previous one, perhaps I may say that you could always approach us confidentially and personally if you are having problems.

Andrew Seager: Okay, thank you very much for that.

Chairman: We would be just like a CAB for the CAB.

Q24 Mr Plaskitt: I have been given a figure; in terms of the financial education delivered by yourselves, is it demand-led, or are you proactive in developing an education process?

Andrew Seager: It is proactive, and very much so. It is really exciting, because it is giving people skills and confidence and is teaching them things that I was never taught at school. I was never taught about basic money management and never understood anything of that. As a service, we want every Bureau by 2011 to be delivering financial capability work. We think it is so important to arm our clients with the skills and knowledge that they need to get through their everyday lives. In this region, 56% of bureaux delivered sessions last year, so we are over halfway to our 2011 target. That was from a position of zero a couple of years ago. As you will be aware, there are money guidance pathways in the North East and North West, and Bureaux are heavily

involved in the North East pilots. We are watching very closely to see what difference that makes and how that helps. Again, they raise the awareness of clients and make people think, "Actually, I've got a problem" or "Actually, I can recognise that I'm going to have a problem in the future, so I need to do something about it now." They are really invaluable.

Q25 Mr Bailey: Obviously, financial education is a big issue in schools, so we will not cover that. But in terms of your clientele, where do you think education needs to be best targeted? Do any particular groups stand out?

Andrew Seager: I think it depends on people's background and their educational experience makes a real difference to their future aspirations, attainment and needs. Our clients tend to be of lower social classes and struggle more with literacy and numeracy. That is not making huge assumptions, but if you struggle with those issues, understanding your benefit claim form or your benefit award letter, if you get that far, or what APR means—actually, I cannot understand what APR means—and understanding the real costs of credit or how benefits relate together becomes virtually impossible. It is tough enough for me to understand what some of these things mean, let alone a person who has poor levels of numeracy and literacy. It can be a real challenge and it can make a real difference.

Q26 Chairman: Thank you. To come on to repossessions again—Andrew and the rest of you, do feel free to chip in on this—the CAB reported that in this region, the demand for mortgage and secure loan arrears advice had more than doubled in the two years to March 2009. A number of initiatives have been brought in by the Government to try to address this: mortgage rescue schemes, home owner mortgage support schemes and support for mortgage interest schemes. This year's Budget brought in additional funding of £20 million for local authorities. Today we read that the Housing Minister has launched another targeted initiative in 22 hotspots for mortgage repossessions, of which six are in this region. In the CAB's written memorandum to the Committee, you said that it was too early to assess the mortgage rescue scheme, let alone the mortgage support scheme. I can understand that, but I should like to tempt you to give some views on how these things are working. Are there aspects of them that need to be looked at, are there are things that are working particularly well, is there any best practice that needs to be spread and how can we best add value to this?

Paul Williams: Just to give Andrew a break, I will talk about the mortgage rescue product and the scheme that was brought together. It has highlighted to people the value of having that discussion and coming to seek advice at an earlier stage. That has certainly been our experience. Discussions have gone on from that to what is the best solution for that individual and their circumstances. A statistic given to me this morning is that one in 10 of the approaches has led to someone going down that route and looking at the possibility of the mortgage

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rescue product being deployed. That is possibly not just purely down to that initiative; the issue has been raised and the profile that the number of schemes have actually given this subject area have meant that people have thought about it and maybe had that discussion earlier than they would have done in the past. My personal experience from my previous role was that people used to come in once they had the notice from the court, which was not particularly helpful if you were running a housing advice service. So I think that that has been really useful. I also think that the term "mortgage rescue" might not necessarily be the right one; it kind of implies that anything other than having a mortgage is a bad thing. I think some of the stigma about social and affordable housing is not necessarily helped by some of the terminology. It is one of those things, but it is certainly worth flagging up. The other thing revolves around engaging with the partners who are going to deliver the products. There was a lot of discussion during the early stages of developing the mortgage rescue product with the local authorities and some of the zone agents, and that led to an impression that they were the only people who would actually deliver that product. The reality was that a number of housing associations were actually going to be best placed to assist people who have property in their area of operation. Certainly, the Orbit Housing Group, which operates within the region, was looking to seek assistance from a wider range of housing associations. It came into the process late on, which led to a time delay in implementing that particular product because the understanding was not there and Orbit had not been engaged at the forefront of the development process.

Q27 Chairman: Is that understanding there now?

Paul Williams: I think it is far better, yes. Our champion has largely been the role that Orbit Housing Group has played in that by developing a model that provided associations with the comfort that this was not going to be detrimental to their business plan in terms of taking the products on. There were a number of issues about the cost of bringing them up to a decent home standard, and if you ran it through a development programme, it did not work for many associations. There was therefore some hesitancy in taking those properties on, but I think that Orbit Housing Group has done particularly well in championing, and the West Midlands is one of the highest deliverers of the mortgage rescue product across the country. I think we have got there, but it could have been made a lot easier if there had been better engagement up front.

Q28 Chairman: Do you get the impression that households at risk of repossession get adequate advice before court proceedings occur and that they understand their options once decisions are made?

Paul Williams: I think the role of the local authorities has improved in that regard and the general press discussion around the processes that have been gone through has helped people. But I am not sure; maybe Andrew is better placed to answer.

Andrew Seager: I think definitely the press focus on what we are going to do to help find a way through the recession has really helped people to be more aware. I think in some people it is human nature to leave things until the last minute, but when they turn up at court the Legal Services Commission has now expanded the housing court desks. We have coverage nationally now—we did not have it before—so people can turn up at court on a possession day and get access to advice to take that kind of emergency action. Some people will always do that, but this takes us back to what I said earlier, which is that, even if a client is not eligible for the schemes, it has raised people's awareness that they need to seek advice. I know that one of the unfortunate and difficult times for advisers and bureaux when these schemes were being trialled and talked about was that the minute they were talked about by a Minister, people piled into the bureau wanting help there and then. That was really difficult for some bureaux because people were saying, "Will it help me?" We said, "We do not have any details of the scheme yet. So bear with us." But at least they were coming through the door, and we could say, "Here are your options instead." So that was really useful.

Q29 Chairman: I suppose it is to bang out Paul's point about people being at risk of homelessness—beyond the issue of repossessions. I know from my own case loads that there have been problems in the past—pre-recession, in fact—where bits of the system did not work well together. For example, somebody gets into difficulties with their rent, or maybe the landlord, for whatever reason, wants them out. The place they turn up at, just because it is there, is the local authority housing department, to ask to go on the housing register. Actually, what they need is good quality advice. But they are told that, according to various criteria, they are technically not yet at risk of homelessness because they do not have the necessary form, and that until they have a bailiff's order, they should not come and see them. So the early intervention that could have solved or prevented the homelessness does not happen because local authorities retreat into their own procedures. Is that getting better? Did I just have some bad experiences?

Paul Williams: Obviously, some associations provide advice services under contract to local authorities. I think there has been a lot of emphasis from the CLG particularly about homelessness prevention and the way in which local authorities provide assistance to people who may be faced with homelessness in due course. I think there has been a change of emphasis, and that has been welcomed in terms of getting people better advice at an earlier stage. But the challenge is always going to be at which point they engage with the services. As you say, a lot of them will go to court and then come to the local authority. But I think that the partnerships and arrangements that associations have had in terms of referring on to the CAB and in terms of working relationships with the local authorities collectively and the focus of the CLG have encouraged people to engage earlier on, generally.

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Andrew Seager: I share your experience, Chairman. As an adviser, the worst phrase I used to hear was, "We have discharged our statutory duty." Echoing completely Paul's point, advice was central to these schemes. It was an integral part, and if there were no partnerships between local authorities and housing associations before, that has brought them together Chelmsley Wood came back to me, and it has a grant from Solihull Council, and it is working closely with a homeless prevention team to ensure local people who turn up at the office believing that loss of home is their only option can take money advice. It is doing all the options, supporting them, and it has recruited 15 new volunteers since last November to do that work. Even if those kinds of partnerships existed in a new form—to be formalised—it is a really good thing, because that means clients get the rounded advice, not just the statutory duty advice.

Roger McKenzie: Can I add something to what has been said? The last round of comments has convinced me—if I needed any more convincing—about the added pressure that will be placed on public services. It is already heavily placed on the public services, but it is going to increase as we go further through the recession. I think it is important to make the point, which we made in our submission, that the proposed cuts to the public services are not going to help that particular situation. We need more assistance for local people. We think that the public services have an important role to play, particularly at a front-line advice and assistance level. I think it is what a lot of communities expect, and it is what they need. I do not think we can ever forget—I am sure nobody around this table will, and I would never accuse anybody of forgetting this—that the West Midlands has been the region hit hardest by the recession. I think part of our calculation of how we can move out of the recession, making sure that everybody shares as equally as possible in that in a more positive way so that the region can hopefully become more prosperous, is the important role of public services. I just wanted to place on record the fact that I think that public services must play an important role in helping this region to come out of the recession.

Chairman: Thank you. James, it is time to come on to your next round of questions.

Q30 Mr Plaskitt: Roger, you might want to start with this one. Many more people are coming through Jobcentre Plus at the moment, unfortunately, for precisely the reason you have just stated. Many of those are directed towards some retraining activity as part of the process of eventually getting back to work. In your experience, are the resources there to deliver the retraining that is required?

Roger McKenzie: I do not know whether you knew this, but I am also on the learning and skills council within the region. Going through a whole reorganisation of the LSC while we are in the situation that we are in is frankly bizarre. We needed to keep our eye on the ball. Frankly it is a miracle that we have managed to get where we are at the

moment in the region in terms of our whole work around skills. That is because of the incredible professionalism and expertise of the people we have within the LSC in the West Midlands. Do I think the training has been targeted properly? I think it is really difficult to answer that. Let me be blunt. That is the easiest way of doing it. It is always, I find, the best way of doing it. I think that we are in a position sometimes where we say to people who are losing their jobs that almost any job will do. Let us get them in a job. Let us get them into some kind of training, whatever we can, but we have to get them off the books somehow. I think that is understandable at one level, but on another level it is really short-sighted. We have been having lots of discussions in the region. You have all been involved in these discussions about where we want the economy of this region to go. We know what happened to manufacturing, which has always been the heart-blood of this region, particularly the automotive sector. We know what happened to that and the difficulties there. You know, Richard, perhaps more than anybody, about the difficulties that that brings to particular communities. What it also means is that we have to start thinking about what jobs there will be for the future. That has to be part of the calculation when we are thinking about retraining people. We cannot just say it has to be anything. We should ask what we are training people for. What if we want to go into the high-tech industries? Personally, I think there are some difficulties in just saying that because I do not think there are too many jobs in those industries. I am a trade unionist, so I have to say that I think we should be creating work where there are lots of jobs for people. On one level I can understand why we are going for that because that is the future. Lots of people who are losing their jobs are 45, 50 and 50 plus and to say that they should be retraining for high-tech industries is a really difficult argument to win with people. As for those at the lower end of the age range who are finding it difficult to get work, there is a whole new discussion to have with them. It is about where we want the region to go. Once upon a time, it led the world in innovation. The industrial revolution began here. We must start engaging people again in the matter of ambition and where we are going. Low-carbon industries will engage the younger part of the potential work force in that, and we have the expertise to help. Part of the reconfiguration concerns how we can get the Learning and Skills Council or whatever replaces it to provide opportunities for people to train in those areas. If we wanted to train somebody to build solar panels, where would they go? That was a question I asked not so long ago. No one could give me an answer. But there is loads of potential in such things. The short end of what I should have said is that we should think creatively about where we are going to go and what region we want to be. Let us not put people into the first available possible job.

Q31 Mr Plaskitt: Paul, we know that some housing associations in the region provide training programmes. Can you give us a quick sketch of how they are going? Are they coping? What do they achieve?

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Paul Williams: A number of things are happening, such as the two prototypes for the Adult Advancement and Careers Service that we are operating in the region. The associations that are engaged in the prototypes have found working with the LSC and other partners enlightening. Because of their position in the community, they have been able to tackle and engage with people who have possibly been furthest from the workplace historically. There is a differentiation to be made between the long-term unemployed and the recently unemployed. It has been found that, with support, the investment of time and encouragement, people are keen to work and are willing to put in time and effort on training courses and activities. We have already had some successful outcomes, and I can provide the figures in respect of both prototypes. Our key concern is to take those who are furthest from the workplace and enable them to get into sustainable jobs with a living wage. That must be the absolute minimum that we can do. If we take a person on a journey and get them a job for six weeks and that person becomes unemployed again, it will not do them any favours. Such matters are certainly a big focus for us.

Q32 Mr Plaskitt: I am aware of the time pressure. I wish to put one question to each of you. The flexible new deal started officially in the West Midlands last week, which means that we now have a suite of private, voluntary and third sector providers working with the Department for Work and Pensions on the delivery of support for people who have experienced long-term unemployment. There is quite a novel and radical change in the way in which the programme is carried out. I am interested to know whether any of your organisations have yet been approached by those who are now providing the new services with a view to joining you, collaborating with you or becoming involved with you. You can just give me quick answers, either yes or no.

Paul Williams: Yes, because we courted the potential providers of those services last year and provided a speed-dating arrangement for associations to engage with them.

Mr Plaskitt: Good.

Andrew Seager: Yes, we courted some. I met one this morning, but not for the West Midlands. However, conditionality is a massive challenge for the flexible new deal and our clients. It should be about supporting the individual and not penalising them. Some of their models just did not sit with us. It should be about one-to-one bespoke support that makes a difference to the individual, not just any job. So, we walked away from some. Some just wanted to impress very difficult contractual terms and conditions on to a voluntary sector that cannot work like that. Output-led funding is quite difficult, so there are some challenges.

Roger McKenzie: No. They should talk to the trade union movement. We are keen to work with what we think is a programme with real potential.

Q33 Mr Plaskitt: They have not approached you?

Roger McKenzie: Not in the slightest, no.

Mr Plaskitt: Thank you.

Q34 Chairman: Thank you very much. You have been patient answering our questions. I have one concluding question. I suppose that it is an invitation for you to put things to us. Overall, the impact of the recession, which, as all of you have said, has built on some of the problems already in parts of the region anyway. Roger, you mentioned the need for the region to keep forward looking and focused on its economic profile for the future. You also emphasised the importance of public services. Certainly, the first of those was something we took up in our first report. Who knows, we may in this one as well. I ask each of you for three things that government—not just the Government but local government, regional task forces, central Government in the region—could be doing in the short term to enable our region to get through the recession better and look to the future. What would you say those three are? If you can't think of three, that's fine. It's not compulsory but it's your chance to put things to us.

Roger McKenzie: I have got three things. Stability for me is really important, as there have been lots of changes taking place continually over a period. That would be one thing that we would welcome. Secondly, involve communities in talking about their future. Far too often we spend time talking about communities not with communities. That would be one thing. The final thing—surprise—is to involve trade unions in those discussions as well. I was quite disturbed the other day to hear some officials in the region saying, for example, that trade unions have little role in talking about apprenticeships. It is quite bizarre, but that is what I heard from one of them. As you can imagine, I took that up with that individual. On a wider basis, there is a lot of history in the region, but one of the things that we are keen to do is play our role as trade unions in helping this region move forward.

Andrew Seager: I am going to make no apologies for saying: invest in advice. There are some really good practices out there and some really good partnerships have been formed or cemented as a result of recession. We need to build on those and learn from them. As Roger said, I am concerned that if we move to public sector cuts, the voluntary sector can be seen as low-hanging fruit. Some of that is around us not being able to articulate our outcomes clearly or very effectively. There is a risk there. There are things that are achievable: we can sign up to council tax protocols across the region, do region-wide, take-up campaigns to put more money in people's pockets, get some of the unclaimed benefits and help people manage in the future. The final, overarching thing is to start to think about future-proofing—which is a really rubbish term and sounds a bit Star Trekky. We will recover; recessions come and go. I wouldn't want some of the really good work that's gone on in the face of such adversity to

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get lost. We need to think about the longer term and which initiatives are too short-term and need to be extended further.

Paul Williams: My couple of points would be about understanding how and making sure that public money is spent most effectively to support the communities in which we operate. Separately, we have heard about the scale of public sector investment in the region. Are we deriving the best benefit of that expenditure to support the region's economy, particularly around training opportunities, apprenticeships and that sort of

thing? Then, we should ensure that the benefit system is working effectively and is monitored in terms of its outcomes, that it is supporting individuals and making sure that the process is effective. Lastly, we should ensure that housing associations are engaged as key partners. We are exceptionally well placed within communities—often the hardest to reach communities. There is a willingness to help with delivery of Government-funded programmes; we are happy to assist with that in many cases.

Chairman: Thank you. That is very useful.

Witnesses: **Mark Barrow**, Newcastle-under-Lyme Borough Council and West Midlands Leaders' Board, **Diane Channings** and **Sian Evans**, Dudley Metropolitan Borough Council, and **James Watkins**, Business Voice WM, gave evidence.

Q35 Chairman: Welcome. Apologies that we are starting a few minutes late. We are very much looking forward to hearing your evidence today. Perhaps I could start by asking you to introduce yourselves and where you are from.

James Watkins: I am James Watkins. I am from Business Voice WM, formerly known as West Midlands Business Council. We represent approximately 26 business representative organisations.

Mark Barrow: My name is Mark Barrow. I am the Chief Executive of Newcastle-under-Lyme Borough Council. I am also chairman of the individual and communities support work stream within the regional economic taskforce.

Sian Evans: I am Sian Evans. I am head of service for housing options at Dudley MBC—a very specific, worm's eye view of housing and homelessness issues.

Diane Channings: Hello, I am Diane Channings. I am assistant director of housing management at Dudley MBC.

Q36 Chairman: Thank you very much for coming along. I think that all of you were here for the last session, so perhaps you have a sense of some of the things that we are trying to get at in this inquiry. We are very interested not only in getting—as you put it, Sian—a worm's eye view of what is going on in terms of the impact of the downturn on people in this region, but in identifying where things are going well and how we can spread best practice, and where they are maybe not going quite so well and what can practically be done by government, at whatever level, in the region to improve that. Perhaps by way of a start I could ask all of you to give your view of the problems that you have found people experiencing as a result of the recession, from your own organisations' perspective. Where have you seen increased demand for services perhaps, in the way that some of the other organisations were talking about? The question particularly around local authorities is that all the indications are that, while there has been an impact of the downturn across the region, it is fairly uneven, with some areas hit worse than others in many ways, and the areas hit worse than others were often those that were already

experiencing quite high levels of unemployment and deprivation already. As a result of that, those areas may have had some targeted assistance before—there may be an infrastructure of support, which may not exist in some other areas. Paradoxically, do those areas that are hit hardest have the infrastructure in place to deal with the problems, greater than areas that have not been hit before? Are there some challenges as a result of that? Those are a few ideas that you might like to address.

James Watkins: Speaking from a business perspective, the services that are provided to the business community, particularly locally owned businesses, are patchy. This is linked to various issues, one to do with the Business Link service, which aims to provide free advice to businesses; there are issues to do with the level of that activity. The second issue is to do with how local businesses may engage, or not as the case may be, with local authorities; as we heard in the last session, it is patchy. I suppose the third issue is more generic and I know that the Committee considered it in its last inquiry—links with the banks, in terms of the liquidity flows, and the fact that the difficulties in some of those liquidity issues have got worse while other issues have got better. It is a mix-match of issues, I would say.

Mark Barrow: We have experienced lots of different services, with increased demands for instance in housing benefit applications—typically up about 30%, but not always translating into a benefit award of course. This is people who are perhaps newly redundant and exploring options, or it may be those who because of dual income or some other reason of equity do not always qualify, but nevertheless the volume of inquiries is up by at least that amount. Housing inquiries, in terms of people going to housing advice centres to explore options, are up also by about 50%. That is people who come to us directly; of course, we do work heavily in partnership with bodies such as CAB and Age Concern, and some of that work is by co-located individuals. So you can add some of those figures together; I haven't got those kinds of figures, but that gives you an indication. Applications for all things that are grant-related—free school meals,

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school uniforms and those sorts of things—have also significantly increased. There are increased numbers of people feeling a considerable amount of financial stress. In terms of problems found, yes there has been a translation of some of that need into such things as acquisitive or economic crimes, such as robbery, which is up something like 10%, and some car crimes—patchy, but the figures have increased a little in some areas. In terms of the wider social effects, there are a range of housing-related pressures that are quite specific—perhaps we will come on to those later. In terms of the unevenness that you describe, one of the things that we have done within the work stream is to profile a basket of about 18 different indicators across all the kinds of topics that you have covered here, at local authority and ward level. If you look at the local authority level, the usual areas of disadvantage come out in, if you like, a red scale, and some in green, but when you go to the ward level there are red spots all over the region—echoing your point. One of the things that we have done is to plot out localities on a grid of long-term disadvantage versus newly vulnerable. Some areas, as you said in your introduction, have just got a bit deeper in terms of their vulnerability and their disadvantage, and we could name those. But interestingly, we are also trying to identify where those places are. For instance, access to housing in South Shropshire is not recognised regionally as a priority but the piece of work that we have done has shown that it is a real problem, as is commuting for people from areas such as Hereford and Worcestershire into the West Midlands. Lots of people who were commuters have suddenly found themselves very vulnerable to redundancy. What that basket of indicators and mapping work is doing is informing. First, it has obviously gone down to individual authorities and agencies to say, “Look, do you recognise these issues?” but it is also now informing the development of the regional strategy. In terms of the way we are approaching that strategy, we are very much working on the basis that resources and priorities need to follow needs. But can we be really clear about where our needs are as a region? I would like to say that once the strategy is developed, we will be able to say that there is a very strong evidence base for action in areas across the region.

Sian Evans: If we are going to talk in more detail about housing later, I will be brief. In terms of our waiting lists for social housing, we have bucked the trend that a lot of other authorities have seen. Our waiting lists in Dudley are not increasing. Having said that, we do offer a housing options service to people who want to just come and talk about what the housing options in the borough might be. What we have noticed with that, since we started it last October, is that there is an increasing number of people who are not in trouble now but are owner-occupiers and have gone on our list as an insurance policy. They are coming to ask, “What would you do for me if I were in trouble in the future?” They represent about 12% of all the people who come to us having requested a housing options interview. That has been quite significant. In terms of homelessness, yes we have seen increased

homelessness presentations over the past couple of years, but given that the prevention agenda was so well established anyway, that has not resulted in more homeless acceptances because we have all the tools in place to help people before they actually become homeless. We are containing and reducing the numbers of homeless acceptances, and the number of people we are having to rehouse because they have become homeless is going down. A lot of that is about the partnership working that we have done with CAB. Perhaps briefly picking up specifically on our mortgage arrears advice service with CAB, one of the things that we have noticed with that—I think this was something that Andrew Seager was talking about earlier—is the profile of people who are coming for advice services. This is anecdotal, but what we have noticed in the second six months of our project is that we are starting to see people who are not traditional customers of advice services—coming to CAB in particular—and people who have never experienced unemployment and debt problems before.

Diane Channings: I suppose one of the comments is that out of the 24 wards in Dudley, we have seen rising unemployment in 23. However, the greatest levels are still in the areas of deprivation. Those are usually the areas that we have got more support in, but care has to be taken so that we do not forget the rest of those wards and concentrate on the known areas. It is becoming a problem across the borough, but at different levels. One of the points made earlier was perhaps about the delay. We have seen it particularly in housing, where a lot of people who are newly unemployed have thought that they can resolve their own problems within a set time—I know that three months is sometimes mentioned. The tendency is not to come for help until they feel that they are in a position where they cannot resolve their own problems. Certainly, in housing we have had to become very proactive with rent arrears and start the process very early to see if we can capture those people, rather than letting them get into debt. Again, the early intervention is very important.

Chairman: Thank you. I will almost certainly want to come back to the point that you, Sian and Mark made about the uneven nature of things and how you identify where the problem is. Perhaps you can come back to that in a little while. I think we will start off with Adrian; you were going to ask some further questions on housing.

Q37 Mr Bailey: Yes. First, a general question. While it is posed to all, do not feel the need to speak on it unless you specifically want to add to what has been said. First of all on the overall impact of the downturn, and I was going to say on the provision of affordable and social housing, but it is also the demand, as well. Now, from what was said from Dudley it would appear that whatever that impact is, it is being managed locally in Dudley. Overall, has there been a significant reduction in the capacity of, in your case, Dudley local authority to provide social housing? Have you noticed new demand trends arising from it?

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Sian Evans: The recession has brought with it some opportunities as well as challenges, hasn't it? For instance, yes, there may be more people who potentially would have been seeking housing and who are finding it harder to get on the property ladder, but there have also been opportunities for local housing associations to buy up properties from developers, and they brought forward funding to do that. In fact, last year we exceeded our target for new affordable homes and it was the first year for many years that we have actually had a net increase in social housing within the borough. Perhaps that has helped us to deal with our waiting list issue.

Diane Channings: Maybe if I can put that into some sort of context, in 2007–08 Dudley had 542 additional homes. In 2008–09, which was against a target of 110, it was 200. So we are not talking about great numbers, but it obviously is above target. It is also worth noting that Dudley is also going to put in for the second round of the council build to actually try and utilise some of its smaller garage sites, and also to try and incorporate in that bid, and connect it to, other strategies to help people with learning difficulties settle into the community. So there will be some specialised housing within that bid.

Mr Bailey: Yes, I will be interested in finding out the equivalent figures for Sandwell.

Diane Channings: I don't have those.

Q38 Mr Bailey: In terms of impact on people, do you think that there is an increased number risking, or who feel that they are at risk of, being made homeless or having to tolerate substandard housing as a result of it?

Sian Evans: There are more people seeking housing advice. I suppose in terms of the services that we have available, as I said earlier, we are fairly well-equipped to deal with those.

Mark Barrow: Shall I add to that? It is heartening, isn't it, that the Council of Mortgage Lenders has reduced dramatically its predictions for repossessions this year. I think that reflects a range of support streams that primarily try to help keep people in their homes currently. I would like to think that that is really paying off. It is always difficult to understand cause and effect of these very broad issues. On homelessness, there has been a lot of progress in terms of authorities' approach to dealing with temporary accommodation. For instance, in my own authority in 2008 we had 63. Last year we had 39 and this year we have had only 11 to date. We have halved the time you are in temporary accommodation in that period. Things like rent advance schemes, deposit guarantee schemes, loans for various deposits and supporting people in affordable housing schemes are all working, in their own way, to try to stabilise a situation. Part of that is the question whether people are as mobile; I do not think that they are. There are a lot of issues relating to the availability of mortgage products. The latest figures I have state that regionally, from June this year, about 45,000 first-time buyer mortgages were agreed, which was up 23% from the previous month but it is still well below half the average for June for the past seven years. So you are getting an idea of

what may be building up in some ways. In my own authority, there are circa 3,000, and I think there are something like 125,000 people regionally on the social housing waiting lists and, typically, you are going to be on that list for about five years. So there are pent-up pressures that were on the back of the growth of house prices that the recession has accentuated in a number of ways. If you were to ask me about the response, there are more interesting local examples. The Homes and Communities Agency has been very supportive, for instance, in buying properties from developers that were private sector, but have now gone into affordable or social housing. That is making a big impact and it is also indirectly helping builders and employment in the construction industry. So I think we can tell a positive story about those sorts of things.

James Watkins: If I may add to that, I think that Mark is right to pick up on the latter point that the recent actions of the Homes and Communities Agency in this region have led to a significant underpinning of the construction industry which, if it had not existed, would have led to a very serious downturn indeed. I think we would have lost a number of very skilled professionals, from surveyors to construction managers, so that has been a positive step forward. I would add that a recent decision by the Department for Communities and Local Government, which was reported to the West Midlands regional assembly's housing executive, showed that there is now a move by DCLG away from refurbishment of substandard housing, which Mr Bailey was talking about, to new build. That, in our view, is a detrimental decision, because it will only mean that there will be a longer time frame for people who have been affected by repossessions to move into adequate accommodation. Refurbishments take a shorter period of time than new build developments. Our second issue is that, although Mark is right in a number of respects, improvements can be made in the services provided. There is a programme called the Kick Start Partnership, which intends to help people who have problems getting equity finance from the banks to get their first leg on the housing ladder, but there are issues as to how the programme has been administered. Recent figures released to the West Midlands regional assembly's housing executive show that the administration costs, as opposed to the loans provided, seem at first glance to be quite excessive. If those kinds of procedural issues could be addressed, we think things could be advanced at a faster pace.

Q39 Mr Bailey: I was going specifically to ask you, James, a question following on from the evidence that you submitted to the Committee. It was suggested that various funding mechanisms could be developed to assist, including accelerating development zones, bond financing and prudential borrowing for organisations like the RDAs. How realistic is that in the current financial market? Even if the legal and regulatory structure was there for

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such bodies to be able to do it, would they be able to do it or gain access to the funds necessary to use that particular source?

James Watkins: If I may, I will take the Accelerated Development Zones (ADZ) proposal first. I think it is very realistic because it is a long time frame and it is based on what the business inward investors would like to be in place before an inward investment action can take place. As the PWC report into the matter for the core cities network has shown, the premise of ADZs would be that you work with the business community, developers, local authorities and others to get partnerships together. Once you have those partnerships together, and it would be over a five, 10 or 15 year time horizon so it gets over the immediate issue of the recession that we face now, they could be planned in a positive way, which was why developers and the business community were disappointed that in this year's budget the west midlands was not successful in its ADZ bid while another region was. In terms of bond financing, because of the reliability of the public sector overall in meeting its requirements, we feel that it is a positive step forward and we are genuinely disappointed that local authorities in the region have not positively considered bond financing. We have offered to discuss with local authorities how they could go down that route. Because of their good credit rating, their stable structure and their, not insulation from market vagaries, but more insulation than the private sector, we think that that would be a positive step forward. On the last one—prudential borrowing—as our local authority colleagues would say, there is already very good work in the here and now with prudential borrowing. Therefore, it seems odd to us that if local authorities are trying to regenerate their local areas, they can undertake prudential borrowing, but public bodies that are trying to regenerate a region cannot undertake prudential borrowing. That is not a logical situation. All three, but particularly ADZs, are practical ways forward.

Q40 Mr Bailey: We could have a very long discussion on this, but unfortunately we have to move on and may well consult with you individually on this. May I move on to repossessions and how they work? There is a slight divergence in the evidence given to us by Dudley and Citizens Advice. I shall paraphrase and I am sorry if I have not got this quite right: Dudley said that prepossession actions are being taken earlier as a result of the protocols drawn up, so, effectively, cases are just coming to court in approximately the same time scale. I would infer from that that you are saying that they are not really doing an awful lot. Citizens Advice said that it increased most lenders willingness to negotiate with households in arrears, so it would seem to be effective. It may be that the inference that I have taken from that is not quite accurate; I would welcome your elaboration on it.

Sian Evans: I think that both are actually true and are not quite as incompatible as they may sound. We have found, and this is local obviously, that lenders have been reluctant not to take proceedings but

have, nevertheless, been willing to work with us. They have, perhaps, secured their position by having obtained a possession order but are still willing to work with us to try to avoid having to execute that order. That was the position during the first 12 months of our project. The latest figures report that the number of possession actions now starting in our local county court is reducing. I think that there is certainly a willingness among lenders to work with us and it is not in anybody's interest to render somebody homeless and have a property sold at auction for less than its market value and to not clear the debts etc. When there is such a range of different measures available to help homeowners in difficulties, it is quite difficult to establish which ones are having the most positive effects. It is very difficult to say that the pre-action protocols have made a big difference, but if we look overall at the effect of the initiatives, clearly they have made a big difference for us.

Q41 Mr Bailey: Has it effectively cut costs in court proceedings, do you think?

Sian Evans: I don't know. Obviously, if there are fewer actions then fewer costs will be incurred, and there are fewer actions now.

Q42 Mr Bailey: Overall, would you say that you are content with the level of engagement by the lenders in terms of local authority and lender co-operation?

Sian Evans: Yes, the majority of lenders have mortgage rescue champions to whom we can speak if we are not getting a very good response from their individual collection departments, so that is obviously helpful. As I say, it is clearly in their interests, anyway, to work with us, because at the end of the day they have a much better chance of getting their money back if they work with us than if they don't. I suppose what has surprised us a bit is to find the number of different lenders out there and the numbers with which we have had to establish working relationships, and that can be difficult. Some are more responsive than others. Generally speaking, the input from CLG has been very helpful in engaging lenders in the process.

Q43 Mr Bailey: The Government homeowner mortgage support scheme in April—I believe that it is only the Government-owned banks that have signed up to it, and the excuse given by the other financial services providers was that they had schemes that were at least comparable in terms of quality. Has that been your experience in working with them?

Sian Evans: We haven't noticed that particular initiative having a great amount of benefit for the particular client group that we are dealing with compared to something like support for mortgage interest payments, which is beneficial for very large numbers of our client group. The homeowners mortgage support package is aimed at a particular part of the market where people may be having a temporary payment shock but will expect to be back on their feet within two years, and they are usually people who are used to dealing with their own affairs

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and do not tend to approach advice services, so it is perhaps less relevant to our client group than some of the other initiatives.

Mark Barrow: May I come in there and say that one of the things we have discovered is that often people will approach a CAB with a complex suite of debts—not just mortgage-related—and the first thing that they really need is help in prioritising them. One of the things that we have worked on is getting in very early so that if there are things that practically we can do, we can be there to prevent things going to court. On average it takes about eight months to work through that complex suite of CAB-related inquiries. We are keen that co-operative working is brought back to the fore and I think the gentleman who was here earlier said that there is lots of co-location and co-working going on, and that is maybe something that we need to reflect on as a longer-term thing, not just as an immediate response to the situation that we are in at the moment.

Mr Bailey: Thank you.

Q44 Chairman: In relation to the repossession issues, there has been this initiative today from the Housing Minister targeting hot spots. Of the 22 around the country, six are in this region, with higher than average claims leading to possession orders. Birmingham is there. So are Nottingham, Manchester and Liverpool, but also you have Cannock Chase, with 83%. Why is it that this region has got apparently such a poor record, or such a big problem, depending on which way round you view it?

Mark Barrow: It is complex to answer that. We have done some work at Cannock Chase looking at particularly why Cannock Chase has been so hard hit. It is interesting to understand that over 50% of people that live in Cannock Chase are employed in Birmingham and the Black Country. In South Staffordshire, which neighbours the Black Country, 75% of residents work in the Black Country. So the relationship between work and all those other issues is quite complex. Some of those affordability issues are in there as well. There is a mix. For instance, if you go to Malvern Hills, housing costs are something like 10 times annual income, whereas in my part of the world it is 4.9. You get these perverse situations around the place. I guess my appeal back would be—and I don't know the details of the announcement—that there is a fine grain to dealing with a lot of these regional issues, and the more flexibility we can build into the system to allow that local discretion to respond to it, the better.

Q45 Chairman: The initiative today is principally around targeted advice and so on, so it sounds as though it is quite a good thing. The thing that I am kind of interested in is that it is not that these areas have got a high number of possession claims, although some have; it is the relationship between the claims and leading to repossessions. If you look at them it is not necessarily the areas where there is massive gearing in terms of indebtedness that are the worst affected. Is this something that the Leaders' Board will be looking into?

Mark Barrow: It's the Task Force which has been leading on this, and part of that mapping work/evidence-based work that we are looking at is really trying to understand these causes and consequences and trying therefore to make sure that resources get diverted to the right areas to deal with them. I agree entirely. Cannock Chase, for example, it just so happens, has a disproportionate amount of construction-based employers, who have been very heavily hit in terms of the recession, so there is a range of things like that. Interestingly, to put this in a broader context, we are also looking at those in employment. It is not just the unemployment levels. Often there is a range of factors; you might want to come on to some of that later. Interestingly, in the whole of Europe, only Holland, Sweden and Denmark have proportionally more people in employment than the West Midlands, so we look around the country and we see ourselves telling a bad story when actually, the country's economic context needs to be looked at in a different way. So to some extent we just need to be careful that we are looking at the right information, because you can over-analyse it, if you are not careful. I am not saying that we don't respond to those needs; I am just saying that we need to take the higher view on a lot of this stuff.

Q46 Chairman: I should like to ask Sian a few questions. First, in relation to Dudley, in your written evidence, in terms of the products that are available to help with repossessions and so on, you say that "there has been a myriad of products developed to meet emerging needs. There has been difficulty in keeping up to date with the ranges of new assistance appearing and the subsequent changes that have been made to the products." Were you consulted on any of the initiatives before they were taken, and, in terms of moving things forward from here, how could things improve in the future so that you are not overwhelmed by new initiatives?

Sian Evans: We have actually had the opportunity to give that feedback already to CLG, through a stakeholders group talking specifically about the real help now initiatives and how they are being promoted throughout the country and how the information is getting out to us, so that dialogue is going on at the moment between local authorities and CLG, and that is really helpful. So we've had the opportunity to feed into policy changes. For example, when the mortgage rescue scheme first came out and we first started seeing people with a view to offering that as a service, we were finding that we couldn't help the majority of people, because they were in negative equity—not necessarily very large amounts of negative equity, but because property values had dropped so rapidly and so hard within Dudley, there were a lot in negative equity. We were able to feed that back and the scheme has now been extended to include people in negative equity, so I think that's a very real example of how feedback from local authorities has helped to shape the services that are available. And yes, as I say, we are in dialogue in terms of getting information out to us. One of the problems has been that there have been

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one or two new schemes, perhaps, that have turned up in ministerial announcements, that, for obvious reasons, we weren't aware of beforehand, and it is quite difficult, in the space of a day or two, to have information to give members of the public who have read something in the paper and want to know about it straight away—when we didn't know about it in advance, because it has perhaps been given a bit of a fanfare. We understand that, but we have fed that back.

Mr Plaskitt: I think the banks have the same problem.

Q47 Chairman: The last question in this section is just about the court desk service. There was some suggestion in Dudley that that was good in some cases but was having limited impact elsewhere and was not always available when, perhaps, it was needed. Could you say a little bit more about that and what could be done to improve things?

Sian Evans: I could do. I don't want to be unfair to the various parties involved, because it's something we're actually negotiating at the moment, but we have moved on since we wrote that report, so we now have, for example, an agreement with the court desk service provider that if we've seen somebody and the lender is not co-operating then we can contact the court desk service provider to make sure they're going to have a presence on that day and that they're briefed in advance on that particular case. So that is positive. Also, if they see somebody at court who has not received any advice previously, they can refer them on to us after the court hearing. That could be for general money advice and for sorting out other debts; alternatively, even if they have been unsuccessful in defending the claim and a possession order has been given, there is still time for us to try and do a mortgage rescue. They are able to feed those cases through to us. As I say, I don't want to be too critical, because it is something that we are talking to them about at the moment, but the difficulties have been the way that the courts work, and the pressure on them.

Q48 Chairman: Obviously, the Government have put substantial amounts of money into making free legal advice available. We heard from CAB earlier that a number of local authorities have also been increasing their assistance to make those sorts of things available when they are needed. Is that an area where Dudley has increased its assistance?

Sian Evans: Yes. We have put £90,000 directly into CAB to help with repossession work this year.

Chairman: That has increased over previous years.

Sian Evans: Yes.

Q49 Mr Plaskitt: May I just pursue a couple of organisational questions? These will mostly be for you, Mark. What are the objectives of the Leaders' Board?

Mark Barrow: The Leaders' Board in many ways, in terms of the family of 33 local authorities, acts as a kind of overarching co-ordinating group for those authorities, and is a successor to the West Midlands Local Government Association. The

Local Government Association, effectively, regionally does not exist, and the leaders' board is now engaging with regional agencies on behalf of all authorities, particularly at the moment, to focus on the development of the single regional integrated strategy. That is how it started; that was its main objective. We are also going through the process of developing a range of panels underneath the board. We are currently going through the process of saying, "Well, okay—where we have different groups, but actually they are all working in the same way, let's pull them into co-ordinated streams of activity regionally." The Leaders' Board sit directly with representatives from Advantage West Midlands, and is increasingly bringing in people from the Homes and Communities Agency, and others as appropriate.

Q50 Mr Plaskitt: You don't presumably have all 33 together?

Mark Barrow: No; there are six of them as representatives of the 33 across all sectors and across the geography of the region.

Q51 Mr Plaskitt: Do you plan to bring all 33 together from time to time in a plenary form?

Mark Barrow: We do. I am sorry; the joint strategy and investment board is the six, the West Midlands Leaders' Board is the 33, and there is a two-way process between the two.

Q52 Mr Plaskitt: What sort of particular objectives are you trying to achieve on any sort of timetable?

Mark Barrow: There is a range of action plans, but they particularly relate to the development of the single integrated regional strategy and the various actions around moving the Regional Spatial Strategy—from where we are, to where we want to be—and the various action streams around those activities. There is one in that sense. There isn't a set of overall stated objectives in, let's call it a manifesto kind of sense, other than that, if I can just elevate the discussion, we are very mindful that in the spirit of delegation devolution, we want to be able to show that there is a strong and united approach to collaborative working regionally, and that that forum will connect through the 14 local area agreement areas regionally, into the local strategic partnerships. We will go from regional strategy policy and regional funding advice, through to delivery on the ground. That is the structure that we are working towards now, to make the region as resilient as we can in a structural sense.

Q53 Mr Plaskitt: Are all 33 fully signed up to this work?

Mark Barrow: Well, as you can imagine, 33 leaders in a room always come up with a variety of different views—

Mr Plaskitt: They come up with 66 different views.

Mark Barrow: But on the whole there is overwhelming support for it. Everyone is around the table; everyone supports it. The kind of work that I have talked to you about, this very broad evidential-based work, and using the regional observatory in an

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open and transparent way to say, "How do we understand and shape priorities?"—that's an agenda that everyone supports.

Q54 Mr Plaskitt: This is not just a recession response; you see this as having a longer term?

Mark Barrow: Long term.

Q55 Mr Plaskitt: Can I move on to another structural question, that of the Minister's regional task force? You are doing a bit of work for this specifically, aren't you, on supporting individuals and communities? Can you briefly say how you are getting on with that?

Mark Barrow: Yes. I would like to say that we are getting on extremely well. The task force came into being this time last year—I think it first got together in November 2008. The communities work stream was established in January. Initially, what we all focused on was that immediate dash to the front line to support people, particularly in the vulnerable areas. Obviously, there was a business focus at that time around all the things that were mentioned earlier, such as car scrappage and vulnerable manufacturers and employers. I think we have done incredibly well in terms of sharing information and co-ordinating immediate actions that are supportive where possible. That was not just across local authorities—we have done a range of in-house sharing of good practice—but with agencies such as the Learning and Skills Council, Jobcentre Plus, Advantage West Midlands and the Home and Communities Agency. We ask, "Where are our priorities? How can we align resources to deal with them?" I think we have achieved a huge amount.

Q56 Mr Plaskitt: Can you point to some specific outcomes that have resulted only because that task force was set up, which probably would not have resulted otherwise?

Mark Barrow: Okay. Going back four or five months, Cannock was emerging as a new vulnerable area in terms of job-shedding. One of the things we were able to do was to pick up a range of activities. We had a focused case study there, which has led to a different approach on behalf of people such as Jobcentre Plus. It has led to programmes of work from the Learning and Skills Council that would not be there otherwise. There is a range of practical interventions such as an apprenticeships and jobs compact in North Staffordshire, which the Regional Minister supported because we had some particular issues. So we have a range of things there. Interestingly, I cannot overvalue the process of just sharing information. For instance, a few of us quickly developed and packaged "coping with the crunch" websites. In fact, they were copied around the region pretty quickly. There was a range of local initiatives by organisations such as the court advice service, along with Dudley and Walsall, which were amongst the first local authorities. We have produced publications and circulated them to everybody. Everyone has said, "Can I learn from that?" We have adopted a swipe-with-pride approach to immediately provide the support where

we can. There are a lot of things that we have captured there, which have come from the work of the task force.

Q57 Mr Plaskitt: Is there a formal relationship between your Leaders' Board and this task force? Are they on parallel but not convergent tracks?

Mark Barrow: The chair of the Leaders' Board is also on the Taskforce. There was a group prior to establishment of the Leaders' Board, and he was also involved in that development. There has been a complete crossover all the way through. I support the Leaders' Board as well, in this respect.

Q58 Mr Plaskitt: Are you content that this is really bringing forward practical and beneficial outcomes, and not spending too much time just talking?

Mark Barrow: Interestingly, I think I am on record in the task force as saying that I think we are moving to a different phase. A lot of the social impacts of the recession are here for the long term. We need to make sure that our approach to dealing with those is embedded in structures and in priorities. That is why we are now moving towards bringing together the regional Economic Inclusion Panel, the Regional Equality and Diversity Partnership and this work stream to create a single stream of people from the regional and local authority organisations to focus on this work in the long term. So it has helped as a catalyst for that kind of conversation as well.

Q59 Mr Plaskitt: So having said that, I take it that you are probably supportive of our Committee's suggestion that the ministerial task force should have permanent foundation, and not just be a recessionary feature?

Mark Barrow: Well, you are putting me in a difficult spot there, aren't you?

Mr Plaskitt: Would you like it or not? Would you like having it permanently established?

Mark Barrow: I think that we see entirely the benefit of continued collaborative working, yes. In that respect, yes.

Q60 Mr Plaskitt: We always want to see collaborative working, but do you think that the ministerial task force specifically will have a function once we are back into economic growth?

Mark Barrow: It will. We have talked to the Regional Minister. For instance, as we went into the task force being established we were immediately looking at, and tracking, lots of figures. We were watching the employment figures just decline constantly. We are now into a different phase—I think that Roger McKenzie touched on this—which is much more about what we want the future shape of the regional economy to be like. What are the long-term housing issues? What will the ageing population and changing demographics mean for us all? I think that it is that kind of bigger, broader, strategic and longer view that we are moving towards, so I fully support that approach.

Q61 Mr Plaskitt: James, is there sufficient business input into all of this work?

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James Watkins: Business is not represented on the task force. Business is represented on a body called the Council of Economic Advisers, which is separate from the task force.

Q62 Mr Plaskitt: Is that all right, or should it be otherwise?

James Watkins: Well, my members and I are bemused by the fact that, with the MG Rover situation, business, the trade unions and public agencies and local authorities were on that task force, but when it comes to a recession task force that is not the case. However, there has been one recent development that we do welcome. The West Midlands Leaders' Board and Advantage West Midlands have invited the business community to be on the joint strategy and investment board and we have accepted that invitation. So we are at least on that senior structure and that is to be welcomed. We hope that the logic of their invitation would mean that, one day, we will be invited on to the task force.

Mark Barrow: Can I just come in, because it is directly relevant? At the last task force meeting, the decision was taken to work towards merging the Council of Economic Advisers with the task force, hopefully from January.

Mr Plaskitt: Good. Okay.

Q63 Chairman: We were going to ask some questions about the way that you share information, but I think that you have covered quite a lot of that already. There is a question that I principally to put to you, Mark, about the Leaders' Board issue; I think that James mentioned this in relation to Advanced Development Zones as well. You have been fairly consistent in advocating greater devolution in decision making and budgetary control through LAAs (Local Area Agreements), the area-based grant, getting flexibility on things like ADZs and so on. If those things had been done, how do you think that they would have helped to deal with the effects of recession better? In terms of moving forward, how would they help? You also say that the evidence of delivery so far is limited regarding the ability of local authorities and other agencies to pool their mainstream resources. Perhaps you could also say something about that—what you mean by that and how you think that greater devolution would help things in this region.

Mark Barrow: First, it is important to recognise that local authorities understand that our administrative footprints are not the same as our functional economic areas. To some extent, it is not just about devolution and delegation to individual authorities. Sometimes, it is the sub-regional partnerships or other groupings, like the Birmingham, Coventry and Black Country consortium that was behind the city region bid, in which people will work collaboratively but from a position of understanding their community in a finer-grain sense, because inherently the closer you are to that need, the greater your understanding will be of what needs to be done. Everyone supports that, but we recognise that we must demonstrate and give confidence to Whitehall and the Government that we are fit for purpose and

able to do it. For example, there is a danger that funding schemes or part of a bidding process relating to such matters can just be about beauty parades. If you are good at bidding, you get money, and it does not necessarily follow need. So as a family, we are cognisant of the fact that actually we understand the priorities. Through regional funding advice, we put every project regionally through a star chamber. We tested each other on project management, business cases and benefits realisation so that we could then talk to Advantage West Midlands with a strong hand and a guarantee that we could deliver. That maturing of relationships is overdue in many ways, but it is really good that it is there. We also need to move away from the 35 targets within the Local Area Agreements to say that it is the mechanism of all partners in the public sector working together that is important. One of the biggest consequences of a recession in that respect will be health-related impacts. What part do the primary care trusts play? In community leadership at a local level, responsibility is really being felt by local authorities at the moment. We are stepping up to the mark. But there is more to do and it is good to see that national parties of all colours are saying they recognise that. It is just about bringing it forward. We are trying to highlight all the good examples across the region, such as Dudley, and what is resulting from the system. As for the how, we have moved from the LSC model and now we are moving into a Schools Funding Agency. An example was given earlier concerning local employment. The LSC model of funding post-16 education was demand-led. Whatever training and development those young people wanted would be provided. It did not matter if it connected with the local business community and its needs and wants. One of the things on which we are working collaboratively with colleges and the 13 universities is on where we see in a functional sense the skills needs of the future, and how we use the shift that is happening in post-16 funding to local authorities to support very much a bottom-up approach to the demands of local employers. That is an excellent example of how closer working relationships can deal long term with some key issues, whether it is Total Place or is just about letting go and devolution.

Q64 Chairman: Thank you. I have just one other question where there might be potential banana skins. In the same way that targets handed down from national level can be a bit inflexible and not lend themselves to do what you are saying, is there a danger that that could happen at regional and sub-regional level as well? Could a number of local authorities and others get together and, in a sense, divide up priorities and initiatives according to what they think, without necessarily relating to lower than that, and perhaps come out with indicators with political—with a small “p”—compromise that again miss the real needs? When you were talking about local authority areas, you said that pockets of deprivation were not necessarily identified properly so a move is made to wards as a way of doing that. A ward in Birmingham has between 17,000 to 20,000

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people. I do not know what the numbers would be in a ward in Newcastle, but probably considerably less. If you said that there would be such an initiative in x number of wards, each area might get its share, but it would not necessarily be addressing the needs. Are there those dangers, or are they being managed and picked up?

Mark Barrow: I think you're right: there could be. One of the central conversations at the moment is our using collectively the regional observatory as an evidential base so that we can make sure that we are not looking at apples and pears across the region so that the sorts of distortions that you described clearly cannot be there. We use the lower super output area level data in a range of ways anyway. It is much more even across communities rather than just being around administrative boundaries. It is about having a clear understanding of the public sector family. Let us look at a single set that we all agree is the basis for future planning. There are some sub-regional observatories as well as some health observatories. What matters is connecting all of that so we are all using the same information because identifying outcomes for communities is the key. As you rightly said, you can look at a range of figures in a distorted way. Roger was referring to ethnic minorities. Yes, unemployment has a much higher base, but it has actually decreased in those groups. Unemployment has increased dramatically in respect of indigenous young, white males, but from a much lower base. The trouble with looking at one thing on its own is that matters become distorted. We recognise that we need to look at as much of the information as possible, agree regionally with what it is in terms of its quality and our understanding of it, and use it collectively to inform what we want as our future priorities. We have that level of understanding. The Leaders' Board has received presentations on such stuff already. We have actually shown on that grid areas that, compared with others, are not long-term disadvantaged or particularly newly vulnerable. We have said, "You are unlikely to get any significant resource in your area"—that is a difficult message for those leaders to take back. But they understand what is behind it and how it has been built, which is a huge step forward.

Q65 Chairman: Just one further question on that, then we have two other blocks that we want to try and finish by quarter past. Is the leaders' board giving any consideration to its own accountability, other than, individually, of those leaders to their councils and therefore to their individual electorates? There were issues around Advantage West Midlands, for instance, needing a collective accountability mechanism within the region. That was the original genesis of things like the West Midlands Regional Assembly and so on. Is there a danger that the Leaders' Board becomes something? The people on it may have got, in their individual ward, accountability, but the leaders' board does not have accountability to the region it is serving. Is that a problem? Is that something that is being considered; how that one can be worked through?

Mark Barrow: There are a range of panels and committees that are in the process of being populated at the moment. The role of scrutiny is a discussion in there. I can be very open and say that there is no avoidance of scrutiny here. Leaders are just as mindful of that as, obviously, you are. The six leaders on the Joint Strategy and Investment Board, who are at the core of the decision-making process, are accountable to the 33. One of the things that we are promoting is that all the content, outcomes and things agreed within the Leaders' Board are transmitted around the region, to other areas. In terms of regional scrutiny arrangements, that is yet to be fully finalised. I take on board your point, but where do you stop, you might argue? They come from a position where every one of them is democratically accountable for what they do. People from regional agencies are not quite so democratically accountable—actually, that is where some discussion is taking place at the moment, in terms of that relationship as well.

Q66 Mr Bailey: I think Business Voice is probably best qualified, but any other contributors too. First, the impact of the recession on crime: business crime certainly is on the increase. Any evidence that that is attributable to rising numbers of unemployed young people? I suppose a secondary question is whether, if the Home Office could be persuaded, business crime could be made a KPI. Do you think that that would be helpful?

James Watkins: Thank you. I think that there are strong statistical indications that levels of business crime have gone up in a number of areas. Mark mentioned a number of local statistics earlier. To get further evidence of this we have commissioned a company, Forensic Pathways Ltd, to undertake a mapping exercise of business crime hotspots in every part of the West Midlands region. That work will be very localised. It is not going to say Nuneaton or Wolverhampton, for instance; it will actually name the roads and industrial estates where those business crime hotspots are. We hope that that will help with intelligence for the police as well. None the less, recent figures indicate that there has been a direct correlation between the recession and high rates of business crime. Yesterday there was an announcement that bank online fraud has gone up by approximately 55%. In addition AXA, the insurance group, has already produced quite detailed evidence, which is referred to in our submission. We have also received anecdotal reports from police officers around the country, as well as in the West Midlands region, that there is a correlation. For instance, when there were problems with the Cowley plant, there were reports of vandalism rates and shoplifting increasing around that Cowley plant situation. One can look at the statistical correlations. In terms of the KPI, we believe that a KPI would be helpful, because it helps to direct attention and police resources on the things that matter. One of our members is the National Federation of Retail Newsagents. They are not like some of my other members. They are small community shops and businesses which are very vulnerable to business

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crime and are at the heart of local communities. They feel there are problems with police response times in what are termed non-emergency call outs. A KPI would focus the attention of the police and others, including local authorities, which also have a part to play in directing resources and attention. It would also be helpful, particularly in the context of this inquiry, that business crime is seen not only as an economic issue—which it is—but also as a social issue. Your local newsagent and local convenience store are at the heart of the local community. If they were gone from a particular estate, for instance, it would affect the whole community. We believe that a KPI would not just help the economy of the region, it would help the social cohesion.

Mark Barrow: Will you allow me to come in?

Q67 Mr Bailey: I was going to ask a question that you were probably best qualified to answer, so if I could ask that and then you can put the two together. Do you think the rise in extremist activity is related to the economic downturn, particularly with alienated, unemployed young white working class?

Mark Barrow: I will deal with them in sequence. We have a strong feeling in local authorities that we need fewer targets set centrally now. Let me illustrate around this point what I mean by that. The Probation Service tells me that if you give an offender a stable job and a stable home, the reoffending rate drops—there is strong evidence that it drops by 75%. If you give them just a stable home, reoffending rates will drop 50%. We can either put resources into policing or we can put resources into dealing with the causes of crime and diverting people from it. That is a point I would like to get over. In terms of racial tensions, it was no coincidence that when Europe came out of the great depression of the '30s every poor European country was managed by a dictator. There is a strong evidential base that when communities feel disaffected it is an opportunity to highlight difference rather than similarity across communities. Tensions rose earlier in the year around the Lindsey oil plant. We all saw that but I don't think that is quite the story in many communities. There is certainly no evidence in my part of the world, where we have a very strong BNP representation but we do not see that community cohesion breakdown that the media want to tell us a story about, if I am honest with you. I don't know if colleagues in Dudley have a different experience but we are not seeing it in that way.

Q68 Mr Plaskitt: Some of you have touched on this already but I want to come back to it to sweep it up—the move away from the current LSC structure into what is going to replace it. Mark, you have already referred to this as throwing up some opportunities, I have heard you say. Whereas James, your organisation has said, "Let's postpone this. It is not the right time." Can we tease out these two positions? You said there are opportunities in it. Have you any reservations about the timing of the process that it is anticipated is about to happen?

Mark Barrow: No, I don't think we have. As a family of authorities, we are just keen to get on with it and move into a framework where we have clearly identified needs and we can match those to the local employment market. I'll give you an illustration. My local Chamber of Commerce is doing a piece of work for me across its employer base to tell me what its employers want. We are going to feed that into what it is that informs colleges around what we would like them to provide. Skill attainment levels are rising and that's great. We also need to reach down that bit further to help people make those life choices about what are the local industries with local opportunities. James will correct me, but I think something like 80% of new jobs will come from local employers. So, yes, we are all looking for inward investment and growth and so on but we want to support the local employer base as much as we can. Probably the outcome that we are aiming for is the same. The key is, let's avoid process as much as we can because it is process and debate around structure that distract you.

Q69 Mr Plaskitt: But you're sounding confident that the skills agenda isn't going to suffer any setback as a result of this institutional reorganisation.

Mark Barrow: No, I don't think so; I think it will move on to be really honest. I think it will move on because there is a discussion taking place in many parts of our communities that it may be more about their competencies than their skills. Many people—maybe the over-50s—find skills and training development very difficult, but they have a huge amount of competence that could be used in a different way. We want to look at all those sorts of opportunities as well.

James Watkins: I wish I could share Mark's confidence and optimism, but I fear that the situation from our perspective is not really that rosy. Just three months ago, the regional skills partnership board of Advantage West Midlands reported one of Mark's colleagues saying in a minuted meeting that the changeover was still—this is a direct quote—"in its early days". There is less than a year to go before this is supposed to happen. The fact of the matter is that it seems that a number of local authorities are not prepared, but, to be fair to them, that is because there have been structural problems. If I may quote briefly a sentence from a letter from the Further Education Minister, Kevin Brennan, to us on 27 July, he states: "In April 2010 the YPLA (subject to legislation) plans to publish a National Commissioning Framework (NCF). This will describe how commissioning, currently delivered by the LSC, will operate through local authorities." This will happen in April 2010. This is after the arrangements are in place and it is after when we are supposed to have a demand-led system. In addition, if one looks at the structures, I agree with Mark that we want to move beyond process, but process is dominating the agenda. We have sub-regional groups, a regional planning group, a national apprenticeships service, the Young People's Learning Agency and the Skills Funding Agency—

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and those are just to sort out learning at a local level. **Roger McKenzie:** spoke earlier about possible skills opportunities in solar panels, and I can give an example in nuclear power. We held an event recently with a number of West Midlands manufacturers who were interested in getting involved in the burgeoning nuclear power sector. The fact of the matter is that, under these new arrangements, as with the solar power example, this demand-led approach is not being catered for. We believe that, in an ideal world, we should have a longer transition period. The Learning and Skills Council may not have been perfect, but it was moving along the right tracks. We at least need either a longer transition period or more help for local authorities to move towards help in the

new structure. For the Further Education Minister to say that the actual guidance and the commissioning framework will come out after the structures are in place in April 2010 is, in our view, not practical.

Chairman: Thank you very much. It is always good to end on a note of consensus. But seriously, this is obviously an important issue and if either of your organisations wants to provide any supplementary information or evidence, we would be very pleased to receive it. This was the first session of our new inquiry and the information given, along with that from the first panel, has been very helpful. No doubt we will meet again. Thank you very much for coming along.

Monday 19 October 2009

Members present:

Richard Burden (Chairman)
Mr Adrian Bailey

Mr James Plaskitt
Joan Walley

Witnesses: **Mick Laverty**, Chief Executive, Advantage West Midlands, and **Margaret Tovey**, Customer Services Director, Jobcentre Plus West Midlands, gave evidence.

Q70 Chairman: Welcome to this evidence session. The first inquiry that we undertook, as you know, looked at the impact of the economic downturn, particularly on business in the region. We are keen to follow that up by trying to get a sense of what is happening as far as people in the region are concerned, and what mechanisms are in place to support people through the downturn, as well as whether any lessons can be learned for the future in terms of preparing for the upturn. We very much welcome the evidence that you are able to give us on that. For the record, can I ask you both to introduce yourselves, please?

Mick Laverty: I am Mick Laverty, Chief Executive of Advantage West Midlands.

Margaret Tovey: I am Margaret Tovey, Customer Services Director of Jobcentre Plus in the West Midlands.

Q71 Chairman: Thank you very much. We have a lot of questions for you, and the Government Office is going to be following rapidly on afterwards. Our aim is to have finished both panels by about 6 o'clock, so if we appear to be trying to rush things on, we are not being rude. We will just be trying to get through a whole range of different questions. Perhaps we could start with some questions that are mainly about Jobcentre Plus, Margaret. The economic downturn and the recession have obviously created a lot of extra demands on the services that you're able to provide. In your evidence, you cited a figure of 1,300 additional staff being taken on. Just so that we can get our heads around that properly, is that a target figure for staff who will be taken on, or the number that have been taken on so far in response?

Margaret Tovey: Yes, that was the target, but we've actually taken on 1,100 staff in the region since the recession started to bite, and that was the figure up until last week. Most of these staff are for front-line services—some back-of-house sort of operations, but mostly for Jobcentre operations.

Q72 Chairman: And these additional staff are all temporary are they?

Margaret Tovey: Yes, most of them are flexible, fixed-term contracts of 18 months' duration, because we know that we need to have a flexible approach to that and not take on too many permanent people.

Q73 Chairman: In terms of absorbing the new staff, have there been any further premises opened up?

Margaret Tovey: Yes, we are in the middle of a service delivery change across the region where we are looking to acquire additional new premises on a

temporary arrangement with short-term landlord arrangements of up to two years. We are looking at around 16 sites in the region for that—right across the region, in different places—and that seems to be going well. We are also looking at using space within existing Jobcentres in a different way, so that we can use more of the front-of-house operation for the increase in people we are going to see.

Q74 Chairman: Where does the need arise for, as well as opening up new places, things like additional opening hours and extended opening hours?

Margaret Tovey: We have done that; wherever we have needed to, we have extended our opening hours. There are national pilots going on at the moment, looking at extending opening hours across Jobcentre Plus operations, but we in the West Midlands have had to do that anyway and have opened up on Saturdays and Sundays, and in the evenings as well, to cope with the increased volumes. We have also taken on people with new contracts to do just that, so that they've got those hours in their contracts.

Q75 Chairman: Okay. I'm going to bring in Joan in a minute, but, first, when you're identifying where you're going to need additional resources, how do you do that? How do you make those kinds of judgments?

Margaret Tovey: Yes, well, that is all to do with how many people we see coming into the system at each location. We have been making judgments about the volumes that we were already experiencing, our knowledge of the labour market and the regime that we want to put into place to help those people get into work, so it's a mixture of things—it's complicated.

Q76 Joan Walley: On that point, Jobcentre Plus closed the Burslem office without consultation at the very last moment, and I've constantly been campaigning for it to be opened, given the number of people out of work in that area. Given this flexibility that you now have to bring forward new, flexible offices, is Burslem on your list? There's a long distance between Kidsgrove and Hanley, and many people find it almost impossible to access the services there.

Margaret Tovey: The whole of the region is on our list, and Burslem is included in that—of course it is. In North Staffordshire, we've got a spanking new office in Hanley, which is handling a lot of the business at the moment, as you know, and we are looking for additional short-term premises in the North Staffordshire area.

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Q77 Joan Walley: So, that could be in Burslem?

Margaret Tovey: It can be, yes.

Q78 Chairman: As for where you need additional resources, are you looking at whether there needs to be any reassessment of the way services are provided, or the balance between the two? For example, anecdotally—but I'm getting it from an awful lot of quarters—there is a particular pressure that ends up finding its way on to Jobcentre Plus staff around crisis loans. If that demand and pressure is there, how are you dealing with that and does that lead you to any kind of rethink of how those things are administered and how people are welcomed or greeted, or receive service as they come through the door? Has any thought gone into things like whether the split between benefits processing—doing the figures by phone—and doing the face-to-face work in relation to employment advice actually works in the new climate or whether that needs to be rethought?

Margaret Tovey: Of course, through the recession we have had an increase in crisis loans in the region and we are training our staff to understand the needs of particular individuals who face crisis. We've got a good system already operating in Jobcentre Plus to put people into touch with how to get a crisis loan if they need it.

Q79 Chairman: Can you quantify what the increase in crisis loans has been? If you haven't got the figures now, perhaps you could—

Margaret Tovey: I haven't got the figures with me to say how many more crisis loans we've got in the region at the moment.¹

Q80 Chairman: But you don't feel that that is having any impact in terms of pressure points on Jobcentre Plus offices?

Margaret Tovey: Not especially, no. We've got pressure points all across the operation and the social fund is just one of the things that we deliver where we've got pressure points. So we've had to put new staff into social fund operations, both in the telephony side and the processing side of the social fund.

Q81 Chairman: But also on the issue of the split between telephony and face-to-face work, you think that the way you're doing that is pretty robust still and that that doesn't need any reassessment?

Margaret Tovey: I do.

Chairman: Okay. Thanks.

Q82 Mr Plaskitt: You have obviously had a big increase in the numbers coming through Jobcentre Plus to resolve the impact of the downturn. But what are you noticing about the type of people who are coming through? Are you getting a different kind of customer to the ones you had before? If so, what's changing? And when you've answered that, how are you adjusting the advice you give to cope with those changes?

Margaret Tovey: Well, we've definitely seen a larger number of people from professional and executive backgrounds coming into the unemployed cohort, and we've done quite a bit of work in our region that's over and above what Jobcentre Plus has introduced nationally. We brought a cohort of this particular group together across the region—I think it was over 120 people; I met a group of them only a couple of weeks ago—and we talked to them about what they wanted from us as an organisation. We found that 32 of that cohort were interested in becoming self-employed and we organised a seminar or business link to respond to that need. We also had feedback from that group about training needs. A lot of them felt that qualifications, or not having them, was a barrier to their employability. We used the Rapid Response Fund to buy over 25 of them some specific training. That varied from person to person. We have also worked with Birmingham Forward to get it to help with mentoring this particular client group, and that has been hugely successful. It has been very supportive at no cost, working with us. We have also brought in some particular training to help people. A lot of these people had not had the experience of getting a job, so they didn't know how to put a CV together in the most productive way and were a bit nervous about interviewing. A lot of them found all the training that we gave them on that a great help. We got that training from somebody we knew who had worked at MG Rover.

Q83 Mr Plaskitt: It is interesting. You're describing people who have been to my surgery to say that they've been to Jobcentre Plus and it didn't help. So how can you disperse what you're learning from the work you are doing and get it into every Jobcentre so that people who have never been into Jobcentre Plus before, and perhaps have not experienced unemployment for 20 or 25 years, can come out of it saying, "That was good. I got a lot of help from there"? I do not think that we are at that spot with this particular cohort. What more can you do to ensure that that will be the response?

Margaret Tovey: That is exactly what we are considering at the moment with colleagues from AWM: how might we fashion this into a much more permanent and robust arrangement? This was an idea that grew and developed and became what it is now, so we would like to look at how we can take it forward in the region with the help of other partners. That would be really good.

Q84 Mr Plaskitt: What sort of time frame are we talking about?

Margaret Tovey: I would think that within the next three to six months we will have something durable that can be rolled out more extensively.

Q85 Mr Plaskitt: In your evidence, you tell us about the virtual contact centre network. Could you tell us what that is?

Margaret Tovey: Yes. If somebody phones up from, say, your constituency and they want to make a new claim for Jobseeker's Allowance, that phone call

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could go anywhere in the country. That is what it means, basically. We are not relying on any geographic support to underpin the arrangement. It can go anywhere and does.

Q86 Mr Plaskitt: But it is something a bit more than just a national call centre, is it not?

Margaret Tovey: That is basically what it is, but it also provides advice and guidance to people who are making their claims for benefit.

Q87 Mr Plaskitt: How many people are using it?

Margaret Tovey: Well, everybody who would make a claim for benefit would go through the contact centre system to make their claim.

Q88 Mr Plaskitt: What benefits are you getting from having that system?

Margaret Tovey: Tremendous benefits. We are getting some really good feedback from customers who are saying they are so pleased that they have got through on the phone and that they are able to make their claim quickly. An appointment at the Jobcentre will be booked for them straight away and we make sure that we see them within three days of the phone call. All the time, we are trying to lessen the time that somebody has to wait between seeing us and getting their benefit paid, if that is their priority—and it often is—and getting help with a job.

Q89 Mr Plaskitt: I suspect—and I think you would probably agree with me—that there are a lot of people in the region who have lost their job, but have not even considered coming to Jobcentre Plus, or to the office at any rate, for advice. They might have a preconception about what Jobcentre Plus is all about. And yet, there are people who clearly could benefit from coming in. How can you reach people like that and persuade them that visiting the local Jobcentre Plus is what they should do?

Margaret Tovey: We have a marketing campaign operating at the moment across all internet systems, which encourages people to come into the Jobcentre and use the internet services we have. People can go on to the Jobcentre Plus site and search for work if they want to. A lot more people are now internet and computer savvy so they are more inclined to use that route to get to us. That is what we are finding. From our insight work nationally, we are finding that that is what people want. If they are not sure about coming into a Jobcentre, I hope we can all persuade them that they should try us out.

Q90 Joan Walley: You talked in the paper you submitted about additional initiatives that have been put in place in the West Midlands to augment the national measures. I would like to know a little more detail about what those are, please.

Margaret Tovey: Is that to me?

Joan Walley: I think it was from Jobcentre Plus. It was in paragraph 4.1. It basically said that there were extra measures. I imagine one of them might be the Unity Resource Centre in Stoke-on-Trent. I am not sure what else there might be.

Margaret Tovey: We have a lot of national offers that are very comprehensive in focusing on the needs of young people and those of all ages. We have never had so much to offer people who are unemployed, from day one of unemployment, through to six and 12 months. Only last week, we introduced the Flexible New Deal. Sorry, I am just picking up on your specific question. There are a lot of things going on locally that are adding to the picture. We are obviously trying our best to respond to the particular feedback that we get from local authorities, through the local area agreement mechanisms, and from customers themselves as to what they particularly need. For example, people are coming to us and saying that they would like to undertake a particular type of training and they think that's going to remove the barriers to getting them into work. We would be very open to listening to that and trying to resolve that particular need.

Q91 Joan Walley: Can I ask how much you have been able to revise or modify the local area agreements in the light of the recession and the need for the local strategic partnerships to be clearer about meeting targets in respect of jobs?

Margaret Tovey: One of the key things about the local area agreement is that we have got a key issue in our region in relation to graduates. That is one of the initiatives that we have brought into place across the region. As a region, we are the only ones doing that in addition to the usual graduate internship programme. It is the first programme of its kind in the country, and offers 1,000 extra new placements and training for new graduates. We have got 617 enrolled so far across the region—it is pan region—and we have got 600-odd employers offering work placements for this. Through the European Social Fund, we are wrapping around that a two-week training offer that will enable that person, from the day of unemployment, to partake in these internships without losing their benefits. That is a really interesting approach.

Q92 Mr Bailey: Can we just talk about the Rapid Response Service for a moment? It appears that you have offered help to over 700 employers and been accepted by 376. There are a total of 20,400-odd employees. First, have you any idea how many of the employees that you have helped have actually secured employment and, secondly, what is the nature of the help? Could you allocate it in proportion to whether it was training or whatever, and say what sort of training?

Margaret Tovey: The majority of the people we have helped through the Rapid Response Service have undertaken training, or we have given them help through the support fund, which has provided help in purchasing tools and so on. For example, I recently saw one case where we had given £800 of specialist equipment to somebody who was an upholsterer, so they can carry on in self-employment. That made the difference for him and that is what he is doing, but training can be anything. I was talking to someone only last week who wanted to undertake the National Examination Board in

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Occupational Safety and Health training, which was very expensive for him—he was unemployed and had been made redundant. We were able to help with that. That is another example of how we have intervened in that sort of way. So, training is a big feature of what we do within the Rapid Response through our own fund, but it is also a feature of what is on offer through Unity and the service it provides, on contract, to the LSC through the Better West Midlands project. We work very closely with Unity and the other parties as well. A very good more recent example of that was the LDV example, which I know is in the paperwork. When you ask whether we are able to say who got jobs, we are tracking that particular redundancy because, as you know, it is 800 strong. We will probably be able to tell you, in the fullness of time, how many people get a job as a consequence of our intervention. For example, this week, we have got three open evenings at Washwood Heath Jobcentre Plus office, Yardley and Chelmsley Wood, where we are following up with those individuals who were made redundant at LDV to see what further help we can give them. We do not specifically track individuals across the board—we do not have the resources now to do that—but we do when there is a large number, as that enables us to manage that particular process.

Q93 Mr Bailey: That is interesting, because to measure the effectiveness of a particular programme, it obviously would be appropriate to have some idea of the outcomes. Although I fully accept that training is in itself probably a good thing and that there is a beneficial educational process, the ultimate objective is to get people into gainful employment. Have you any idea what proportion of employers, or former employers, have their redundant employees tracked? Obviously, LDV is a pre-eminent example of that, but how many more are there?

Margaret Tovey: Well, it would depend on the scale of it. We did that with Peugeot—I am going back a bit here—and MG Rover, but we do not normally do it with redundancies unless they are very large. The lowest number that we would go to is 800. It is quite labour-intensive to follow up every individual. What we would be looking at, and I am sure what you would be interested in, is how many people are flowing off the register. How many people are not claiming any more? Most of those will be going into work. We are still managing to see our off-flow of people—that is our term—leaving the register. If you look at the people on 13 weeks' unemployment, ordinarily we would expect 56% of them to have come off the register. In the West Midlands, we are seeing 47.8% going off the register. So, the numbers are low, but they are still holding up well. Equally, at 26 weeks, we would expect to see 78% coming off the register. Currently, we are seeing 69.7%. At the 12-month stage, we would expect to see 92%, but we are currently seeing 89%. So, we are getting people rejoining the labour market through a variety of different interventions, Rapid Response being one of them.

Q94 Mr Bailey: What you are effectively saying is that there are collective statistics, but that you do not disaggregate them in that respect. Just going on to the Rapid Response Service, why do you think that only just over half of employers have taken up your offer?

Margaret Tovey: Well, some of them have gone into liquidation and so it is hard for them to do that. Often, the individuals themselves come into the Jobcentre anyway, and we can still help them. What we try to do is talk to the employer before the redundancy is notified and have talks with the administrators as well, and we certainly have been doing that over the last year. It may well be that they do not intend to go forward with redundancies or they may have scaled them down. It can be for a lot of reasons.

Q95 Mr Bailey: Help is triggered by the Department for Business, Innovation and Skills. At one level, that seems logical, but it depends on companies notifying BIS. What happens if a company does not do that?

Margaret Tovey: They don't always. We often get local information from people coming into the Jobcentre and telling us about it or, like anyone else, we pick up things in the press. We would get in touch with the company if we have not heard the information through the normal system.

Q96 Mr Bailey: So, you don't say, "Unless we have been notified by BIS, we aren't going to do anything"?

Margaret Tovey: Oh no.

Mr Bailey: You take proactive measures.

Margaret Tovey: In fact, this year, Rapid Response has been made available nationally to any company that has 20 or more employees. In the West Midlands, we have said that basically anybody can come along for it. That is the way that we have treated it.

Q97 Mr Bailey: Just more generally, you say that you provide assistance with tools and training, but I have had people come into my surgery saying that they could not get any assistance with training for specific jobs. I could not quote a specific example off the top of my head, although I could certainly go through my files. Is there any area in which there is a demand for training that you feel that you are not meeting?

Margaret Tovey: I am not aware of any. If you want to give me some more information—

Mr Bailey: I will try to identify the cases.

Margaret Tovey: We will then try to help that individual. He may not have been subject to redundancy. That might have been what happened. You can have it up until 13 weeks after the redundancy occurring, so the rules are quite flexible.

Q98 Joan Walley: Very quickly, before we leave the subject of the Unity rapid resource centre, in the past there has been an issue about continued funding, so given the situation we are in, can you really give

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assurances that there is long-term, sustainable funding for a programme that is actually working on the ground?

Margaret Tovey: I cannot give that assurance because we do not contract with Unity. That is a matter for the Learning And Skills Council.

Mick Laverty: I do not have an answer for you, but we can find out what the status of that project is and who funds it and get back to you.

Joan Walley: The point that I am making is that if those discussions are going into the local strategic partnerships when looking at the targets, it is vital to have continuity of funding, and that applies to continuity funding for the Unity scheme.

Chairman: We will now move on to Flexible New Deal.

Q99 Mr Plaskitt: Flexible New Deal has just been launched in the West Midlands, and Serco is the lead provider. When I arrived at the launch event in Birmingham a few weeks ago the place was packed, so I looked at the attendance list to see who had arrived. A lot of people from AWM were there, but I was concerned that not many representatives of employers or businesses in the region were there. There were some, a sprinkling, but not many. We need businesses to be fully signed up to this. How do you feel about the way Flexible New Deal contracts headed by Serco are set up in the region, and do you have any concern about employer buy-in?

Margaret Tovey: I have met all the Flexible New Deal contractors, of which Serco is one, and they have clear arrangements. Each contractor is different from the others, and we will of course have to see in practice how well they do. They will pick up people after 12 months of unemployment, so hopefully before they have got there we will have got them a job through Jobcentre Plus, frankly.

Q100 Mr Plaskitt: Have you started making referrals already?

Margaret Tovey: Oh yes, we have started making referrals. In the West Midlands we are in what is called Phase 1, so all the districts in the West Midlands are Flexible New Deal from 5 April 2009, because we are looking not only at the contracting arrangements, but at the regime working in the Jobcentres to underpin the Flexible New Deal, so there is a lot on offer. In terms of the employer interface, we have a tremendous arrangement through our national sales team in Jobcentre Plus, our regional sales team and our local district sales teams. They are all charged with employer engagement and all focused on the local employment partnership work, which really is the cornerstone of the way Jobcentre Plus works with employers to help unemployed people get back to work. We have exceeded our targets on that in the region and are, I think, fourth in the national league table in that regard, which is tremendous, given the context we face in the West Midlands. We work very closely with our provider colleagues to share information about employers so that the intelligence

and information we have about them is shared with Flexible New Deal providers, and they will have their own as well.

Q101 Mr Plaskitt: I want to make sure we establish how we feel about employer attitudes. I have a track record of attending such launch events and can remember going to the launch of the New Deal 10 years ago in Coventry. An employer representative spoke at that launch and said that he did not expect the people referred to him to set the world alight, but that they might set his factory alight. Have we moved on from that? I really hope we have.

Margaret Tovey: Yes, I believe we have. Our success with local employment partnerships illustrates that. Of the 22,060 people who, up to last Friday, we had got into work through local employment partnerships—this is from memory—about 65% were long-term unemployed people. We opened it up to newly unemployed people only in April this year. Employers are much more informed about labour market conditions, and are much more aware of the labour supply. We talk to them. In those days, we did not have employer engagement teams who went out to talk to employers about what is on offer, the sorts of candidate in the labour market, and what we can do in Jobcentre Plus to help to prepare them with pre-employment training so that they do not have the raw material without the rough edges smoothed down. We do all that in conjunction with the employer, but that was never the case 10 years ago.

Q102 Mr Plaskitt: What is your take, Mick, on how employers deal with FND (Flexible New Deal)?

Mick Laverty: This is a more general answer to the question, James. I think there is general fatigue among some employers about all the initiatives that are going around. I was not at that event, but I know that we have difficulty in lots of things that we do to try to get good employer engagement. Sometimes the best you can hope for and get is business organisation engagement as a proxy for employers. We sometimes kid ourselves in the public sector that employers have nothing else to do other than to turn up at events that we organise at times that are not always suitable for them. That is a general point, and not a comment on this particular issue.

Mr Plaskitt: It was very early in the morning.

Mick Laverty: There is general fatigue out there. We get it with lots of things that we do—regional skills partnerships, and enterprise boards. With almost everything that we do when we seek to interface directly with employers, it is difficult to do that and you have to settle for the business organisations as a proxy for it.

Q103 Mr Plaskitt: When you talk to regional employers, big, medium and small, what feedback are you getting on how they feel about the Flexible New Deal, and taking people into their businesses through that route?

Mick Laverty: Generally a bit mixed, but that is not unusual when talking to employers about lots of things—Train to Gain, and other initiatives from the Government. It depends to whom you talk. There

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does not seem to be a consistent view. There is a spectrum of views, sometimes based on individual experience of the new initiative. I do not have a strong feel for when they think it is good, bad or indifferent. You could talk to a variety of people and hear a variety of views.

Q104 Mr Plaskitt: I am concerned about a potential mismatch. We are pushing the Flexible New Deal quite aggressively—I am pleased that we are because it has great potential—and we are making a big play of it to the people who will come through it, but there is a little concern that we might be building up their expectations of what can happen to them in terms of getting employment and changing their lives, because when they make the move away from the support that the Flexible New Deal providers give them on their first arrival at point of work, they suddenly get a jolt and a different experience. That reception is not what we want, because they will bounce out of it again and we will not have sustained employment, which is what we want. Am I right to be concerned about this?

Mick Laverty: You are right to have a general concern; I do not think there is any specific issue with the scheme over and above the normal issues that you face—employers have difficulty keeping up to date with all the initiatives that are being launched, and there have been many of them over the last 18 months. I do not think there is any particular worry about this scheme *vis-à-vis* any other scheme, but there is always an underlying issue.

Q105 Mr Plaskitt: Is there anything else we should do with it to try to overcome that hesitation that some employers might have?

Mick Laverty: With all these initiatives a key thing is to stick with them, to tweak them as lessons are learned, and to resist the temptation to do something slightly different. That is always the danger—to slightly repackage them and relaunch them in a slightly different guise. Sticking with things or amending or tweaking them to remove some of the difficulties is probably the way forward.

Chairman: Thanks. We want to move on to Advantage West Midlands and its role, but we may come back to you.

Q106 Joan Walley: Just before we do, I cannot help but express some alarm that Serco has the contract in the West Midlands. Its record on children's and young person's services in Stoke-on-Trent, and its lack of consultation raise concerns about the degree to which we have got employers involved throughout the region in terms of their participation in the Flexible New Deal. It might be helpful if the Committee could have an indication of the extent to which employers are on board throughout the region. Consultation was the part that was lacking in terms of what happened in Stoke-on-Trent. Moving on, Mick, you said in your evidence that the recession has caused you to change the way you tackle particular issues, and I just wondered whether you could comment on that. What springs to mind as well as the 20 or so new priorities you came up

with, and the guidance that you were getting from the new Department for Business, Innovation and Skills. I would like to know more about that, please.

Mick Laverty: Sure; not a problem. I think I said at the last session when we talked about the economy that in the last six or seven months we have had our budget cut to the tune of £48 million by the Government. We assess that we will lose some £21 million worth of capital receipts from our own receipts programme, which underpins our budget as well. In an early response to the recession, we put in place a package last autumn of about £60 million worth of support for businesses. Those three things all happened after we had formally submitted our corporate plan, so they are all changes to a corporate plan that was quite new. We have had to look at all our priorities going forward. Because the budget has been cut, we certainly cannot afford to do everything that we originally wanted to do. One of the drivers was that we had to reduce our activity because we did not have enough money. Why have we chosen to do what we have done? There are two reasons. We had an impact evaluation study done that looks at nearly £1 billion worth of Advantage West Midlands spend. It is an enormous report that shows the impact that we have had for every programme and project that we have spent money on between 2002 and 2007. It tells you where you get the biggest bang for your buck, as it were. In our case, the overall figure of £7.45 for every £1 invested is a positive result, but within that overall average of £7.45 is a spectrum of returns. We used that and a request from BIS to focus, where we could, any spare capacity on supporting businesses directly to help create jobs. The impact evaluation results, the requests from BIS and also the fact that a good portion of our spend was already legally contracted all went into the mix, and we came up with our new list of priorities. Within that new list of priorities, we specifically protected—if that is the best way of describing it—what we call 20 impact investment locations. They are locations that we have agreed on in partnership with the Homes and Communities Agency, the Learning and Skills Council, the local authorities, the Highways Agency and the Department for Transport. The idea of those 20 impact investment locations is simply that, if any of those big strategic projects are going to get away—they are all multi-funded, multi-agency projects—they need to be on all our priority lists, or they won't happen. That was the idea behind that. If I know what is behind your question, it is fair to say going forward that those 20 locations will be where Advantage West Midlands concentrates its funding once the money for the existing legally contracted stuff starts running out. The projects that we are currently doing could be more broadly spread than those 20 impact investment locations. Once that runs out, we will focus on those 20 areas.

Q107 Joan Walley: The concern is that the evaluation possibly did not take account of the downturn in some areas even before the recession, or the needs of the most deprived communities. Also, the way in which schemes that were already

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contracted went ahead and those that were not did not sometimes affects the communities with the least capacity to make those final commitments, and to get all the legal boxes ticked. Therefore there are issues, aren't there, about the social cohesion and economic inclusion aspects of all of this. I am thinking particularly that only last week the Department for Communities and Local Government came out with extra money for some of the most deprived areas where community cohesion needs more. Surely there should be a closer alignment between that objective and aim from DCLG and what is being done on the economic front through the regional development agencies.

Mick Laverty: I think the fair thing to say, for a starter, is that there is an economic regional strategy that sets out the challenges for the region around innovation, skills, enterprise, worklessness and infrastructure. Those challenges for the region were there before the recession, and they will be there after the recession. I guess the balancing act for us at AWM, along with our partners, is to make sure that we don't take a sharp right turn and start chasing activity that has been caused by the recession. We must keep our eyes focused on the underlying challenges. We are trying to get the balance right. We have done some stuff in response to the recession, but the considered view at AWM is that we need to stay focused on those challenges. It is also fair to say that our resources—about £300 million—are dwarfed by those that the Homes and Communities Agency, local government, the LSC, the DWP and Jobcentre Plus have to spend on individuals and communities. We have to be very clear at AWM about what our money is for. It is mainly for supporting businesses and the economy. There are many partner organisations that have resources in excess of 20 times the amount we have annually to spend on individuals and communities. We have to make sure that somebody is looking out for the economy and businesses because they will provide the prosperity to get realistic, sustainable jobs for the communities that need them.

Q108 Joan Walley: But is there not a danger that success breeds success and that the more successful the area, the more it is able to benefit from this, whereas the areas that are further behind are locked out of it?

Mick Laverty: That has always been the pattern in the West Midlands. We have tried very hard in areas that you know well, such as North Staffs, to ensure that we build the capacity and get the investment in there.

Q109 Joan Walley: But in that case, would Stoke-on-Trent FE college not have been built?

Mick Laverty: There is not enough money to do everything we would like to do, nationally and regionally. What we have done is to work hard with our partners to ensure that those areas that do not have the capacity of some of the better performing parts of the region are supported. As you know, we have made North Staffs a priority area and have put money into helping the local partners to get hold of

our money. We have put money into them applying for our money. We have put in project managers. There is only so much you can do. We are doing the best we can in areas such as North Staffs and the Black Country to enable them to better themselves. It is an absolute truism that some of those areas have less capacity than other parts of the region.

Q110 Chairman: Following on about areas that have been hit particularly badly, could we look at the issue of smaller towns, which have seen some of the highest increases in unemployment? North Warwickshire has experienced the highest increase in JSA in the West Midlands over the last year. Tamworth, Wychavon, Redditch and Cannock have all seen increases of over 150%. You have got the market towns initiative. Could you say something about how that is working for smaller towns? How do you think those initiatives will increase the resilience of such places on an ongoing basis when the upturn comes? If they will not, could you say what is needed to increase the resilience in such places?

Mick Laverty: The first thing to say—to repeat some of my answers to Joan—is that we are focused on jobs and businesses. Our focus is not on unemployment. We do some stuff to support other organisations that are dealing with the consequences of unemployment, but it is essentially about businesses and jobs. We have done a lot of mapping work through the Taskforce to point out the areas that are being hardest hit. We know the areas. Some of them are not a surprise to any of us and are the areas that have high numbers of unemployment currently. Some of them are a surprise to us and have never featured on the radar. This recession has thrown up a few surprises. We are collaborating with the Taskforce and our partners to target those areas. We have done some stuff, specifically in Advantage West Midlands, to do with supporting market towns. However, it is not our focus to deal with areas of high unemployment. It is a concern and a worry, and we are working with partners to tackle those areas, but the AWM money is more focused on creating jobs and helping businesses. Those things are not mutually exclusive.

Chairman: Adrian, were you going to ask about graduates?

Q111 Mr Bailey: Yes, can we talk about the situation with graduates? It has long been known that there is a haemorrhaging of graduates from the region over a period of time. In the evidence submitted, there appears to be something of a potential overlap in the provision to provide graduates with employment in the area. There is the Grad Central online service. More specifically, Graduate Advantage, which is led by Aston University, has arranged 474 placements over six years. You have provided funding with a target of 400 further placements by 2011. You also set up the West Midlands graduate internships programme, with the aim of getting to 50 internships within six months. Don't you think there's an element of duplication there? Looking at the

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performance of Graduate Advantage, I would say that an average of 80-odd per year is hardly spectacular.

Mick Lavery: The first thing to say is that we have a problem—a skills problem. This region has lower levels of graduate employment than most other regions. Most of our graduates don't end up staying in the region—we know it's brought a lot of graduates outside the region—and the core reason for that is that we haven't got enough graduate jobs. There are not enough businesses in this region that believe that taking on a graduate is an investment in their business. Most of the businesses in this region would see it as a cost to the bottom line, not a benefit to the bottom line, so the actual cause of our graduate problem is not getting enough businesses to understand that this could be of real benefit to their business.

Q112 Mr Bailey: If I could just intervene, the logical conclusion of what you're saying is that this isn't money better spent bringing high-value, graduate-intensive industries or companies, rather than spending it on trying to find—

Mick Lavery: That's part of the answer, but, actually, the business stock in the West Midlands is enormous and diverse, and the only way that we are going to solve the problem is by convincing enough of the existing business base to employ a graduate to be innovative in terms of their products and services. Yes, attracting knowledge-intensive businesses into the West Midlands would be part of the solution, but every other region in the country is after those knowledge-intensive businesses as well. There is a lot of competition out there, and we do manage to attract businesses and retain businesses like Ericsson, for example, in Coventry, because of the skilled work force there and the proximity to Coventry and Warwick universities, for example. But we have got to be realistic here—every region in the country is after knowledge-intensive jobs and businesses. The answer is getting the existing business base in the West Midlands to recognise the importance of employing graduates and the benefits that can have for their product and service innovation. That's the underlying problem. The initiatives that we do only scratch the surface; I cannot pretend otherwise. We haven't got enough money to go out and persuade every business to take on a graduate, or to subsidise every business that wants to take on a graduate. What we can do, though, is to put a number of schemes in place—and you've mentioned them—which all do something slightly different to try to encourage as many businesses as possible to dip their toe in the water. If they like the experience, they might then, of their own volition, take on a graduate and stick with it, and tell some of their colleagues and associates that it worked well for them and that they've had some benefit from doing it. The Grad Central one is a collaboration that we did with Jobcentre Plus, working together very practically to put an internship programme together so that graduates can go and work in a business for anything from a month to six months and get Jobseeker's Allowance.

We had a fairly modest aspiration to do 250 initially, but Ian Austin, the Regional Minister, got our arm up our back and we've committed now to 1,000. The schemes you've mentioned all do slightly different things, but they're all aimed at trying to get businesses to convince businesses—if you think about some of the businesses in your patch, you'll know how difficult that is—to take on a graduate and see that as an investment, rather than a cost.

Q113 Mr Bailey: It is interesting that you are hinting that there is almost a cultural barrier to the employment of graduates within a lot of West Midlands companies. Is that a fair comment? If so, how are you finding that these particular schemes are breaking down that cultural barrier?

Mick Lavery: I think that it is a fair comment in some parts of the West Midlands. In some parts—we would all recognise which parts they were—they traditionally have not had a history of taking on graduates, and, for reasons that I can't always explain, they are very reluctant to do so, even when you offer them something heavily subsidised—or, in fact, for free for a short period of time. Other things that we are doing with graduates to try to get around this problem are: working with universities, particularly universities like Coventry and Wolverhampton, and trying to get graduates to think about setting up a business when they graduate. Rather than look for employment, they can try to set up a business in the West Midlands and try to grow some graduate-led businesses, so that these graduates aren't unemployed or going into non-graduate jobs or leaving the region. There are a number of things that we are doing, but it is a fundamental underlying problem for the West Midlands and one of the five challenges in the economic strategy—low levels of graduate skills and high levels of people with no skills in the region. We've got a problem at both ends of the skills spectrum; it's a really big issue, and we know that.

Q114 Mr Bailey: Have you any idea how many go into internships and stay in employment?

Mick Lavery: I don't, off the top of my head. I'm sure that we can get you those statistics. It's a fairly new scheme. But we can certainly follow that up.

Chairman: I'll leave it at that. Okay. Thanks. We've got three other questions that we'd like to ask you before we move on to the Government Office. Just so you know what's coming up, so you can pace yourselves, first, we shall ask you about the task force and the Economic Inclusion Panel, which Joan will ask you about. I will ask you a little bit more about skills and training issues, on both sides. In conclusion, we're going to want to ask you a little bit about the role of the third sector in the region.

Q115 Joan Walley: I think that I'm playing under extra time, so I'll do my best. I'm interested to know how the West Midlands economic strategy ties in with what has been provided to assist the population of the region as a whole and also what the difference is between the task force and how that is helping to formulate the action that is needed.

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Mick Laverty: The first thing to say is that the economic strategy is a longer-term strategy, so, as I said earlier on, Joan, it sets out the underlying challenges that the region faces that have been here a long while and will be here after the recession. The task force is more focused on the current issues that the region is facing as a result of recession. It's set up specifically by Ian Austin, so that we can understand the various Government schemes and initiatives with which we can join up things regionally between partners, or from national to regional, so we can take a stocktake of how successful those schemes are in the region and what the take-up is. The other thing that the task force does is, via Ian, feedback into Government. It asks and requests, but also sees what is and is not working. That would be the role of the task force. A sort of complementary forum that we set up over a year ago—probably 18 months ago now—is the Economic Inclusion Panel, which is an advisory panel chaired by Trudi Elliott, the Director of the Government Office, and is one of the five advisory panels that Advantage West Midlands has set up, each of them advising on one of the five main challenges that we face as a region. Economic inclusion and worklessness has been one of those five challenges. Within that panel, including Margaret and probably the vice-chair, we've got various partners coming together who are all very interested in focusing on worklessness, as an activity, to try to work out how we should best use our resources collectively to tackle of the issues that we face. The mainstream providers—Jobcentre Plus, the Homes and Communities Agency, and the LSC—are represented, but the beauty of that panel is that it works on things like public sector procurement initiatives. We have just come, hopefully, to the fruition of large piece of work, where we can start, among ourselves, helping ourselves in region a bit more by being a bit more savvy about how we procure stuff in the region. The panel has also done various bits of work about mapping and gapping where the really deep-seated workless areas are— young people, women, various minority groups—and has talked about doing pilot activities, like the pilot that AWM is involved with, called “Connecting to opportunities”, where you can, as a set of partners, go slightly outside the mainstream funding provision programmes and say, “Can we do something unique here? Can we sort of do a bit of lateral thinking and come up with something bespoke here that might work?” And if it does work, we can go back to national Government and talk about it, or perhaps just do a bit more of it in the region. The task force is a sort of complementary activity, but it does specifically focus on worklessness.

Q116 Joan Walley: I think that that goes back to one of the earlier issues that I was raising on the wider strategic role, particularly considering how the legislation that went through the Commons last Tuesday will fit into the more strategic role, linking in the housing and spatial strategies and really looking at it as a far wider strategic role. How will you be taking into account those issues, particularly

the importance of the environmental issues? Then there's another angle that concerns me as well, which I'd like you just briefly to comment on. A lot of what you've just outlined for the Economic Inclusion Panel will relate to the third sector or the voluntary sector, which I believe is becoming increasingly important. One issue that concerns me is the lack of capacity that is reflected in—

Chairman: Joan, we will come to the third sector at the end.

Joan Walley: Okay, on the strategic role, then, and how the economic aspects fit it, and how it doesn't duplicate.

Mick Laverty: There is an aspiration, as you know, from Government to come up with a single integrated regional strategy that marries, at the very least, the spatial strategy and the economic strategy and, arguably going forward, the skills strategy will be added to that. That is eminently sensible. I don't think that there is a partner in the West Midlands that would disagree that rationalising all the strategies that we currently have to ensure that they are all complementary and consistent, and putting them into an over-arching strategy would be a good thing to do. I doubt that there is any issues in the West Midlands that collectively, between the partners, we have not identified as issues that need to be resolved. For me, working in closer partnership across all our partner organisations, behind a strategy that we have all come up with and agreed is consistent and complements the various strands of activities going on has to be a good thing to do. Personally, I think that there is a greater need for us to involve the private sector and parts of the third sector in some of the stuff that we do. Quite often in the public sector, we kid ourselves that we know what is going on and that we have all the answers. Actually, if we want to tackle some of these issues, we must broaden out the partners.

Q117 Joan Walley: If you were pressed, what would you say was the difference between the Economic Inclusion Panel and the regional task force?

Mick Laverty: The Economic Inclusion Panel specifically looks at deep-seated, long-term worklessness issues that we have not managed to crack. We are trying very hard to put our combined wisdom, experience and ideas to track some of those things and come out with innovative ideas, such as the procurement works that are going on. The task force is dealing with the more here-and-now issues, such as what has happened this week, how do we need to work together, who is leading on what, how are we reacting and what are the Government initiatives doing in the region—are they working and who is taking them up? The task force is very much here and now. The Economic Inclusion Panel thinks in the longer term.

Q118 Chairman: Just to return to the issue of skills and training that has come up several times. I shall put three questions to both of you and will ask you them in all in one go. I shall try to resist the temptation to come back. The first is youth unemployment. The unemployment rate among the

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under-24s is particularly high in the region. Can you say a bit more about what has been done specifically to try to address that problem? Secondly and in relation to that, are there areas in which you feel that one part of Government policy is cutting across another? I am thinking back to the days of the MG Rover task force in which the 16-hour rule and similar rules cut straight across what we were trying to do in relation to training. Now, with the Rover task force, there was some smoothing that was able to be done on that, and there has been some movement made on the 16-hour rule. Are such things still a problem and, if so, what can we do about them? Thirdly, the LSC is being wound up. We have had contradictory evidence from witnesses so far. Some say that the wind-up will not be a big problem in terms of addressing some of the skills agenda that we face. Others say, "The last thing that we need is another reorganisation to cope with while we are trying to address the problems on the ground." Will you both comment on those three things—youth unemployment, Government policies cutting across each other and the wind-up of LSC.

Margaret Tovey: I would have been very disappointed if I did not get a question about the 16-hour rule. Every public meeting I ever go to, I always get asked about it. We have been very fortunate in the West Midlands. We have been a pioneer, path-finding on the integrated employment and skills pilot that started in our region in 2008. It is now firm stuff, and we have an eight-week Jobseeker's Allowance flexibility that allows people to go on full-time training for up to eight weeks and still get their Jobseeker's Allowance. That seems to be working very well. We have a high number of referrals and starts into that particular provision, and people are giving us lots of very good feedback on it, so there is a relaxation in that 16-hour rule that is operating right across our region, and it seems to be working. It is early days yet, and we will have to see how it actually beds down. We do not have any other plans to do anything else around that, but that is what is going on at the moment.

Q119 Chairman: I am just going to break my rule about having no supplementaries from me. When you say you haven't got any plans, are you saying that because you think what is there at the moment with regards that initiative is about as good as we can reasonably expect at the moment, or are there things that perhaps could be done that so far haven't been? The reason that I am asking you this is that, at the end of all these evidence sessions, we will produce a report. As well as commenting on what is good or bad, if there are issues that could be, we'd like to flag those up.

Margaret Tovey: It's too early to say how the eight-week arrangement is actually making an impact on sustainable jobs and futures for people. But, it wasn't there before and it seems to be working very well. I personally don't think we need to extend it further.

Mick Laverty: I'll have a go at the last question, Richard. You talked about the LSC coming to an end. There is no doubt that the skills plates are all

moving at the moment. At the current time, in the middle of a recession, having the major machinery of Government change is not ideal. That is my first comment. If you go back to the creation of the LSC, one of the reasons it was created was to ensure that youth skills and adult skills were joined up and had one eye on what employers and the economy needed. The LSC tried to introduce a more demand-led process into the whole skills agenda. The break-up of the LSC will initially lead to a bit more fragmentation in that whole process. That is not insurmountable, but there will certainly be a fragmentation, at least temporarily. The machinery of Government changes haven't all been decided, so despite the fact that the LSC is finishing at the end of March, there is still a lot of discussion around adult skills, for example. The initial suggestion was that a skills funding agency would be created. That now seems to have been tempered slightly by the view expressed by Lord Mandelson that the regional development agencies would have some role in adult skills—from influencing the adult skills strategy to actually delivering some of that activity. That's still being discussed and hasn't been settled yet. From our perspective, we would be more than happy to take on a role in relation to adult skills, but we would need to join that up with what the local authorities are doing on the young person's skills agenda. We would need to make sure that we were firmly aware of what the economy needed in going forward, and we would need to try to join this up with other Government initiatives around things like "New Industry, New Jobs," which looks at where the big employment opportunities might come—in green technologies etc.—in the future. There is a big role for something like the RDA to undertake if it ends up that we are given the role to try to join this all up. In the fullness of time, this could work reasonably well, but at this point in time, having so many changes is probably not ideal.

Q120 Mr Bailey: Very briefly, I will not go into all the benefits that social enterprise, the third sector and so on bring, but I think it is recognised that they are an emerging sector of the economy that exist between, if you like, the public and wholly private sector. What have you identified as being needed—or that they need—and that the Government or yourself should provide that you're currently not providing to enable them to expand their influence and so on?

Mick Laverty: In one sense, they need the same sort of support as most small businesses—access to finance being critical. They also need the ability to secure contracts from the public sector. Typically, these smaller organisations—in the social third sector or any other sector—frankly fall foul of the procurement difficulties that the public sector unintentionally places in their way. The work of the Economic Inclusion Panel to remove some of those barriers and come with a framework that public organisations in the West Midlands can use will be of tremendous benefit to those organisations. All small businesses face similar sorts of issues in trying to secure contracts from big organisations—public

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sector and other organisations—and in securing finance. Those, typically, are the problems that they face.

Q121 Mr Bailey: More specifically, everyone tends to sing the praises of credit unions for their potential role in combating financial exclusion, but the actual number of people involved and the geographical spread of the unions is very limited. What could be done to improve the range of credit union facilities and take-up?

Mick Laverty: In answering that question, I will draw your attention to community development finance initiatives. We have worked hard with our partners in the region to ensure that there is complete coverage of CDFIs in the region, so that if you go to any part of the region, there is a CDFI in your patch. That certainly was not the case a number of years ago when there were one or two CDFIs, such as Aston Reinvestment Trust, but large parts of the region had nothing at all. We have worked hard to try to get that coverage across the region. Credit

unions are in addition to CDFIs, so they are not quite the same beast, but it was an acknowledgement that we could work with partners to ensure CDFI coverage, as they have the same sort of aims as a credit union. I am not sure what can be done specifically to promote greater usage and wider membership of credit unions. Generally promoting them and their benefits would be one way of doing it. We certainly direct people to credit unions via the Support West Midlands website, for example, and our Access to Finance team will be aware of credit unions, but perhaps we need to look further at how a credit union could be set up and whether a toolkit would be useful for people considering setting one up. We have tended to focus on ensuring CDFI coverage rather than credit union coverage.

Chairman: Thank you very much indeed. That was very useful. One or two things have come out of that discussion that we might want to follow up, in which case we will drop you a line. Perhaps you could send us a note on the social fund crisis loan.²

² Ev 88–9

Witnesses: **John Curtis**, Deputy Regional Director, Community Safety, **Trudi Elliott**, Regional Director, **Steve Kennett**, Deputy to the Regional Director, Government Office for the West Midlands, and **Paul Spooner**, Regional Director, Homes and Communities Agency, gave evidence.

Q122 Chairman: Okay, thank you all very much for coming. We kept the other witnesses going to ensure that you were able to get here in time. For the record, would you all please introduce yourselves?

Paul Spooner: I am the Regional Director of the Homes and Communities Agency.

Trudi Elliott: I am the Regional Director of the Government Office for the West Midlands.

Steve Kennett: I am Deputy to the Regional Director of the Government Office for the West Midlands.

John Curtis: I am the Deputy Regional Director of Community Safety at the Government Office for the West Midlands.

Chairman: Thank you. We will need to be quite brisk with the questions, so please do not think us rude if we appear to rush through them. We will start with a few questions on the regional task force.

Q123 Joan Walley: I will try to be brief. With regard to membership, do you think that the regional task force has the right people on board, or does it need more people, given the wider strategic role it will play following the legislation that went through the Commons last week, perhaps from a strategic health authority, education bodies, the police or, dare I suggest it, the Environment Agency?

Steve Kennett: As Mick said, the task force is very much responding to here and now issues, and it has been very much alive at all times to the new things that are coming along. So, I think that Ian and other members of the task force will be very responsive to the sorts of organisations that you are talking about becoming members of the task force as we identify

health and environment issues, with which we want to join up as we get through to the second phase of the work of the task force.

Trudi Elliott: It is also fair to say that those bodies come together at the moment in the Regional Minister's top eight. He brings us together frequently to discuss cross-cutting issues across all the large statutory deliverers in the West Midlands.

Q124 Joan Walley: Are you sure that there isn't any duplication, for example, with the pilots that are being set up in the West Midlands?

Trudi Elliott: Which pilots?

Joan Walley: The pilots such as the Total Place pilots, which have been set up to see how different public sector organisations can come together.

Trudi Elliott: They will be very complementary. The Total Place pilots are looking at total public spend in a particular area and how the public sector can be more efficient in relation to the delivery of services and making them more user-friendly. They are looking in specific areas, each of which has the key players involved in that piece of work. It is a separate piece of work from the Regional Economic task force work, and it is also a separate piece of work from the top eight, but the two interrelate quite clearly in the longer term. We need to remember that the task force is focusing on the region's response to the economic downturn, whereas Total Place is looking at service delivery and innovation over a much longer time frame.

Q125 Joan Walley: May I just come in again? The legislation going through, which is going to be setting up the single regional strategy, will give much

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more responsibility to the regional development agency in respect of future strategic long-term planning, linked to housing and other issues. How is the task force as it currently exists, given that it is likely to have a long-term future and that there will be some change, really going to be able to co-ordinate all the different strands of public sector activity?

Trudi Elliott: I go back to the point that we've made: the task force is looking at the response to the economic downturn. The work driving forward the SIRS is led in other places, in particular the Joint Strategic Investment Board. Steve can talk to you about how that is approaching its work.

Chairman: James, you were going to follow up.

Q126 Mr Plaskitt: The task force is approaching its first anniversary in December. When you get to that point, what will you say has been its principal achievements in terms of deliverables so far?

Steve Kennett: There are a number of achievements that we can talk about in terms of what it has done for the region. There has been a whole level of work, which has stimulated challenge to organisations around the table, on bringing forward more graduate internships, which were talked about earlier. We had the big challenge that Ian put to all the public sector agencies to respond more generally and more fearfully and to make sure that money goes further more urgently. We had the 10-day payment pledge, for example. A large number of public sector organisations followed Ian Austin's lead—70 in total, I think—by making sure that they were paying up earlier and faster. Those sorts of things bring to life the response from the West Midlands that is needed to generate employment and activity. The other thing that we would talk about is the way in which the task force has interacted generally speaking with Whitehall and the public sector. We have seen a number of instances where issues have arisen within the region about the delivery of particular issues such as the car scrappage scheme, with a process of making it clear what the region wants, taking it through into policy and arguing in Whitehall from a position of strength and unification. Those particular policy issues need to be amended and adapted. So, both in the region and within Whitehall, there have been significant advances.

Q127 Mr Plaskitt: It is arguable that schemes to support graduate internships and on 10-day payment periods and scrappage scheme extensions—all of them desirable—would have happened anyway. Where is the specific value-added arising from the existence of this task force?

Steve Kennett: I contest the supposition that they definitely would have happened anyway. We have already exemplified instances where, through Ian and his leadership of the task force, he has pushed back collectively and argued for higher targets of our internships—250 became 1,000 within a week, and those 1,000 are being delivered across the university sector. If there was no common understanding in the room for all key players at any one moment on who

was going to do what and how things were going to be co-ordinated and targeted in a way that made sense for the region and gave other leaders comfort that they were playing their part and understood the role of others, there would be a big danger of a gulf opening up, which has happened in previous incarnations. The task force makes the key difference to whether the region works together or not.

Q128 Mr Plaskitt: What specific things you are aiming to achieve in your second year?

Trudi Elliott: First, we want to build on the successes this year and carry on the approach that the task force is about adding value, that people do what their day job is, and that activities that were done elsewhere continue to be done elsewhere. One of the key successes so far has been the Support West Midlands website. We have had 58,000 hits, and it is now recognised as the central source of information in the region for anyone or any business that has a concern about how to respond to the economic downturn. We want to build on that in the second year. One of the things that the task force is looking at now is what should our strategic priorities be as we move forward. I think they continue to be unblocking infrastructure projects and making sure that in a time of scarce resources and of difficult challenges for the private sector, we focus on where we can add value and unblock. We can give you examples of where we have done that up until now. We are also influencing decisions that are being made at the moment. We are in the PBR period, and we have some interesting challenges as we go forward. Being articulate about particular challenges that the West Midlands is facing, we still have the highest unemployment level in the country. While we are making progress, we have particular difficulties as a result of the structure of our economy—our reliance on manufacturing and how that has been particularly hard-hit—and regarding ensuring that all partners of the Regional Minister are briefed in real time, as opposed to with any delay. To influence the decisions, I think it is critical that at the start of every task force, we have a summary of the situation in the West Midlands as that time with a source of data from all the partners. That might not sound like a particular achievement, but it is absolutely critical in terms of our response. The biggest difference that the task force has made—we learned this lesson from Rover—is not to what gets done, but to the speed, pace and scale with which it gets done, and the real-time data we bring to bear on decisions that have to be made then and there.

Q129 Mr Plaskitt: A third and final question on this: in your view, can the task force be wound up when the region is enjoying strong economic growth?

Trudi Elliott: I think, possibly, yes. If all the arrangements that we are putting in place as a region to drive forward the Single Integrated Regional Strategy and some of the other bodies and partnership arrangements that we have that support the delivery of the Regional Economic Strategy, such as the Regional Economic Inclusion Panel, which

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predates the recession and will probably postdate it, address all the cross-cutting challenges then, quite possibly, yes.

Q130 Mr Plaskitt: But isn't co-ordination a good thing in itself, and something that should endure into all time?

Steve Kennett: Yes. But it is already being done, potentially, in other places. As work gets routinised, we are seeing that passed across to the Joint Strategy and Investment Board. So the sorts of things that Trudi has been talking about—the early successes in investment locations and accelerating infrastructure projects—are able to be passed in due course to the Joint Strategy and Investment Board, where it should rightfully sit once it is established. If we similarly had some really exciting developments in terms of the way the public sector procures, we would again expect to see that routinised in the Joint Strategy and Investment Board. Only if there is a reason for another body to sit there—one of them might well be for communication with Whitehall, which, as I said, works extremely well, and, if you like, is a unique selling point of this task force—and only if those unique selling points continue is there need for the continuation of another body in the West Midlands, so at the moment it is highly relevant.

Q131 Chairman: Thanks. We will come to you, Paul; we want to leave a bit of space to talk about the role of housing in particular. Could I ask you collectively about the supporting individuals and communities work stream that is being developed? We received evidence from Mark Barrow about some of the work that is being done, and particularly about some in-depth study of the situation in Cannock Chase—the impact of the economic downturn and what is happening there. Could you say something about what lessons seem to be emerging from that in terms of interdepartmental work in the region—lessons that could be applied elsewhere? Also, could you clarify something—I do not know whether John Curtis will be able to come in on this—about the recent £12 million funding initiative from DCLG? What role do you see that performing? Do you see that as the same funding as you mentioned in your submission when you talked about CLG empowerment and participation funding?

Joan Walley: Can I add to that by asking how much of that £12 million is coming to the West Midlands?

Trudi Elliott: Shall we start with that and then come back to the communities strand?

John Curtis: John Denham announced the £12 million last week and his initial announcement was for 27 neighbourhoods, of which five will be in the West Midlands in the first tranche. There will be up to 100 neighbourhoods across the country eventually, so 15 from the West Midlands have still to be finalised. Of the ones that have been announced, three are in Birmingham and two are in Stoke. How much funding there is for those has yet to be decided by John Denham, so we're not able to answer the question about the actual funding, but

those are the areas that we're working up on and we expect other areas across the West Midlands to be rolled out over the next three to four months.

Q132 Chairman: What do you see that funding doing?

John Curtis: Well, £12 million isn't a lot of money. It's really about trying to empower those areas where the communities have perhaps lost their confidence and are perhaps not as cohesive as they might be to get leadership. It is about giving people a voice and an opportunity for increased support across those communities to get them more engaged, both in the democratic process and in service provision in their areas.

Q133 Chairman: Obviously, you weren't here, but Mark Barrow was talking about the supporting individuals and communities workstream that's being developed and that the leaders board is administering but, he was saying, is these days under the auspices of the task force. Do you see that as the same or will there be another bid to use CLG empowerment and participation funding to support vulnerable locations? Have they now been merged or are they separate things?

Trudi Elliott: Intensive Local Engagement has been renamed Connecting Communities. This is an intense manifestation of the work that the communities workstream is leading more generally as we respond to the recession. One of the things that is different this time round from, for example, our experiences with Rover and Peugeot is that the recession was impacting everywhere in the West Midlands simultaneously. Therefore, regional organisations couldn't establish a task force in every part of the region, so this has been an example of where local strategic partnerships and local authorities have stepped up to the plate in terms of specific leadership in their areas around responding to the economic downturn. What we have learned is that the cross-organisational approach that we took in Rover works equally well in localities through local strategic partnerships. One of the things that Mick indicated is that the recession is impacting differently in different parts of the region. In some places, it is impacting as you would have expected; in other places it is impacting in unexpected ways. In particular, we've understood the dependencies of the market towns and more rural areas on one relatively large—for them—employer, and the impact of challenges particularly around that employer. What the communities workstream has demonstrated is the vitalness of local authority and partner leadership in localities. The local authorities in our region have twice updated a very informative publication about what works in particular localities in relation to the challenges of the economic downturn. What the task force has enabled those localities to do is to route through to them very swiftly what's available, national initiatives and how they translate into particular communities in a way that probably we wouldn't have been able to do at such speed without both.

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Q134 Chairman: It may be me, but I am a little confused about this area. Mark Barrow appeared to be saying two things to us about the supporting individuals and communities workstream. One was about developing an intelligence mechanism, an early warning mechanism—mechanisms for joint work between agencies with the particular leadership role of local authorities—to make sure that policy makers and agencies were drilling down to where the impact of the recession really was hitting and what needs to be done about that. That was part of it. The second part of it was a workstream that would develop responses to some of that intelligence. The money that is coming through from the Department for Communities and Local Government—the £12 million—appears to be not simply about developing information mechanisms, important though that is; actually, it's meant to be somehow facilitating policy initiatives that would promote greater community cohesion, or at least counteract the disintegration of communities. I'm just trying to get a sense in the region of where the information gathering is going on and how the policy responses to that information are being developed: who's doing that, and also how these pots of money fit into there.

Trudi Elliott: The information gathering for that strand is led through the leaders board and local authorities under Mark Barrow's guidance. As I said, the CLG initiative to which John has been referring is a national initiative that is being piloted in parts of the West Midlands, but similar activity is going on in other parts of the region, unfunded by that particular initiative, if I can put it that way. Actually, it's about how to make communities more robust to the economic challenges we're facing.

Q135 Joan Walley: If I can just follow on from that slightly, how much scope for discussion is there with all the partners, including Members of Parliament, about how the DCLG money can be matched and integrated with the other streams of work that are already under way to make communities more robust?

John Curtis: At this stage, everything's up for grabs, because nothing's finalised. At the moment, both areas in Stoke and in Birmingham are currently shaping their plans for the local strategic partnership in terms of what they wish to do. Obviously, the other areas a little bit further downstream are doing the same. No money has been decided yet for any areas. I am certain—predominantly through the LSP, because it would be locally driven—there would be discussions right across Stoke, obviously, in your case, to decide how best to reinvigorate those communities and get greater empowerment and engagement.

Joan Walley: I look forward to a constructive discussion on that.

Steve Kennett: The general point is that within the region, we really do have an infrastructure now which has a task force and a Joint Strategy and Investment Board which is able to take into account new activities and new initiatives as they come along and bring the sort of order and interrelatedness very

much to the fore, so that we can think these issues that you're raising here through in some detail to make sure that anything that is, if you like, a loose end or an unintended consequence of policy can be ironed out, either locally between the agencies or, if not, raised back through the mechanism of the Council of Regional Ministers in Whitehall.

Q136 Joan Walley: But my concern is how that then connects to policy on the ground. For example, take another, completely different policy area, that of the Government making money available for new council house building. We didn't have an application for it from Stoke-on-Trent. Whatever was there to help the very areas that it should be helping was not taken up by the area that I would say needed it most. The issue is how it connects with what is happening on the ground. I hope that all of us will be able to contribute to that kind of collaborative working.

Steve Kennett: Understood, but that is exactly why we have the membership around the table that we have.

Q137 Joan Walley: Is Stoke-on-Trent represented on that?

Steve Kennett: In terms of the task force and the Joint Strategy and Investment Board, the representation comes through from the Leaders Board, which as you know sits underneath the Joint Strategy and Investment Board.

Paul Spooner: I just want to add that there is a second round of the local authority new build programme and I believe that Stoke may well come forward then. The first round had a very tight time scale and we had two bids in the region that were successful in Birmingham and Sandwell. We have every expectation that there will be at least 10 further bids, which will bring more investment into those areas of need that you referred to. I think that the Economic Inclusion Panel, the task force and the work that has been described has helped to focus our attention on those communities through the Homes and Communities Agency. In particular, in areas such as Cannock, which Richard referred to, that are identified as mortgage repossession hot spots, we want to keep people in their homes. We have redoubled our efforts to promote the mortgage rescue scheme and the work of local authorities in those areas. That has been taken up more enthusiastically over the last three months. As you will see, our region now has more successful mortgage rescue schemes than any other region. We are trying to push out these initiatives to those local communities through the local authorities.

Q138 Joan Walley: That really is helpful. Hopefully it will help me in my encouragement to Stoke-on-Trent Council to make an application. I have to ask about the www.supportwestmidlands.co.uk website. Is it useful? Is it being used?

Trudi Elliott: Well, 58,000 people have used it. It is helpful in that it routes people to what they need. It is the one place you can go to find out what you need.

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It will route you to the most appropriate website, telephone number or organisation to help with your particular need.

Q139 Joan Walley: What about our constituents who are not living in the digital age?

Trudi Elliott: That is always a challenge for us, isn't it? The www.supportwestmidlands.co.uk website is not a complete alternative to all the other mechanisms.

Q140 Joan Walley: So how are you reaching out to those people?

Trudi Elliott: Through the usual mechanisms such as citizens advice bureaux, increased support in courts, through local authorities and through Business Link for businesses. This is an added mechanism, not an alternative.

Chairman: Could we move on in the time we have available to two areas we would like to explore? The first is the issue of indebtedness, which James will ask you one or two things about. We would then like to spend some time before we finish on where housing fits into this, in relation to support and rescue initiatives, such as mortgage rescue, and how the Homes and Communities Agency links the two bits of its title together in a time of downturn.

Q141 Mr Plaskitt: Can we turn to an issue that is very important in some disadvantaged communities and that has been aggravated by the current economic circumstances? Financial exclusion, indebtedness and a lack of financial advice lead to the risk of people being exploited by the unscrupulous lending of individuals and organisations, some legal and some not. Such people are in communities and are helping to dig people into deeper spirals of debt. Credit unions are an obvious mechanism for avoiding that, but as you know, their existence is patchy across the region. They are strong in some areas, non-existent in some and tiny in others. What can you do to help us to combat those who would like to exploit this situation and replace them with people who are genuinely there to help, such as credit unions?

Trudi Elliott: There is a two-pronged attack with the advice side and the finance side. The most obvious way to prevent individuals falling prey to loan sharks is to ensure that they have access to good advice and so will not use them. I shall just run through the range of advice and initiatives in the West Midlands at the moment. First, we talked about supportwestmidlands.co.uk, which has a link to all the credit unions in the West Midlands. If you wanted to find out where there was a credit union, you could do it through that website. I've mentioned the CAB. CABs in the West Midlands have an extra £820,000 for their 28 Bureaux to stay open longer and reach an estimated additional 50,000 clients. We have a face-to-face advice project in the West Midlands. We have debt advisers who will help more than 11,500 clients this year. There is the national debt line, and that particularly can be useful to individuals in the West Midlands who are in more isolated rural areas where access to face-to-face

advice can be difficult. We have invested an extra £5.8 million nationally in that service. We have 50 extra advisers who are available to anyone across the West Midlands. The Department for Work and Pensions has the managed growth fund, which ensures support for credit unions, and I think that just about £98 million has gone into that. We have what are called growth fund contractors in the West Midlands. Seven of them are operating a network of about 20 credit unions supplying small-scale loans at affordable rates. It's always fair to say that we need to do more to encourage people to join credit unions. Personally, as a member of a credit union, I have a passion for encouraging young people to join a credit union at an early age. We know that the Legal Services Commission (LSC)—I've seen its Regional Director—has been putting quite a lot of additional resource into advice in courts, for when people are at that stage. Clearly, we want to ensure that they get advice before they get to that stage, but it is critical that, when they get there, there is advice. And BIS since 2004 has had an anti-loan-shark initiative. It was actually piloted in Birmingham and then rolled out in 2007. There is a specialist anti-loan-shark team in every region. If you have any particular concerns about loan sharks in any area, do contact us and we can put you in touch.

Q142 Mr Plaskitt: Can you send us more information about that scheme?

Trudi Elliott: Yes, we can. Conservatively, we think that, nationally, consumers have saved an estimated £30 million through that work, and through being diverted away from loan sharks to more affordable sources of financing. There is then a whole range of work—in view of the time, I won't go into it—around the advice that people are able to access at the moment in relation to mortgage difficulties. Paul touched on that. We are the most successful region in relation to take-up of that. We are told by local authorities in particular that the availability of those schemes is ensuring that people get help and advice before they get into difficulties. They often don't then need formally to avail themselves of them because they are then routed into all the other sources of support and advice. So we not only keep people in their homes but we prevent them from getting into very difficult financial circumstances, which is the point at which loan sharks come in. I must say something about what the Government are doing generally about income. In the West Midlands, 67,000 families benefit from child benefit and its increase, 1.2 million children benefit from child tax credit, and 1 million pensioners in the region have received the £60 payment in 2009. So, as well as advice, there is substantial work that the Government are doing in relation to income as well as avoidance of debt.

Q143 Mr Plaskitt: That is a comprehensive list that you have given us, and it is very helpful. Thank you. All of that is important work, but the key is all the points of access used by the people whom we are trying to reach, because it's an uneven competition, in a sense. We're up against loan sharks who are

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going door to door around the estates, waving pound notes in front of people. It's quite tough to combat that with a website or something that is part of the local CAB. Unless it is in your face, the response has to be quite clever, so that people know that there is an alternative and that they do not have to fall for the inducement that is offered to them on the doorstep.

Trudi Elliott: Absolutely. That is why I think you need a variety of sources and you need everybody to be aware of what is available somewhere else. So wherever somebody goes in to access support, whether it be about benefits, skills, jobs or housing, they can access all the other support that might wrap in behind. Also we need to have a viral effect. Word of mouth is the most powerful tool in any of this. We need to make sure that that word of mouth becomes more powerful than a loan shark word of mouth.

Q144 Mr Plaskitt: One place where people might go—this has been mentioned already—is the CAB. Demand for its services has shot up in the last couple of years. What is your view about how much support you can give to citizens advice bureaux and how much support they are receiving in general to help them cope?

Trudi Elliott: I have talked about the additional finance that they have had. We are blessed in the West Midlands with the calibre not only of the individual Bureaux but their leadership. They have been active participants in all our regional work. Their real-time intelligence has helped us. It has helped us direct our cross-organisational support. Paul talked about intelligence coming up through citizens advice bureaux; that was one of the first indications we had of some of the hot spots. It has enabled us to focus mainstream resources more intensively in those places. We are very blessed with our citizens advice bureaux.

Steve Kennett: We have an important opportunity with the Cannock Chase study to drill down to see how some of these things are working. We can look across the piece to see whether some are working more effectively than others. We are beginning to be able to pick up from a particular hot spot the sorts of dynamics about what works and what does not.

Trudi Elliott: The other thing that we would always want to do in relation to the CAB is to encourage people to consider supporting and volunteering for the CAB. Because of the calibre of the service, there is a lead-in time to training their advisers. I am an ex-honorary legal adviser to a citizens advice bureau. It generally takes about nine months to a year for CAB volunteers to be up to speed. So it is important that people engage with the service, volunteer and do it for the longer term. They seem to be, touch wood, coping at the moment. It is incumbent on all of us to roll in and support.

Chairman: Before we finish perhaps we could focus a little on housing, both in relation to some of the rescue and support schemes and some of the housing strategy issues.

Q145 Joan Walley: First, in relation to housing financial packages for householders, of the schemes that the Government have introduced to help homeowners in temporary financial difficulties to stay in their home, which have been most helpful and most taken up across the West Midlands?

Paul Spooner: First of all, the fact that the Government announced support to keep people in their own homes helped to galvanise action at the local level anyway. The fact that the Government put forward the mortgage rescue scheme proposal brought us, through the economic task force and the joint strategy investment board in the West Midlands, to recognise that we all have a responsibility. The HCA's role in that has been not just to promote the mortgage rescue scheme as a last resort—because that is what it is; it steps in when no other help is available—but to work with the Government Office and with all local authorities to promote the services that local authorities and Citizens Advice Bureaux offer to give people advice. That is the first stage. The second stage has been to identify those areas where people are particularly at risk and to work with the housing associations, which we have not mentioned so far today, but which have a critical role. They can not only provide mortgage rescue to their tenants, but buy properties off people in distress, rent them back to them and then enable them to buy the properties back when they get back into better economic circumstances. The HCA has worked with the housing associations in the West Midlands to keep people in their homes and to promote their role within local communities to help to provide opportunities to owner-occupiers as well as to tenants who might be looking to buy homes. The first thing that has happened is that the mortgage rescue scheme announcement and the Government's commitment to keep people in their homes have helped to strengthen our commitment locally—not only in the public and private sector, but in the third sector—to work towards targeting those communities that might be vulnerable. That has led to the hot spots that we have referred to already, not only in Cannock but in Redditch, Birmingham, Walsall, Sandwell and Wolverhampton. Coincidentally, as you would imagine, many of those places are areas where unemployment is very high anyway. We have worked closely in those areas with the local authorities, and they have worked with their citizens advice bureaux to get advice out to people who might be at risk. It is not just about keeping people in their homes, but about building more affordable homes—I think you are going to come on to that, Chairman. It is quite important that part of the Kick Start initiative announced by the Government, and the work of the HCA with our partners generally, has been to unblock projects in some of those priority areas, and to ensure that development schemes that create new, affordable homes are not blocked. There are two reasons for doing that. One is to keep those new homes being built and to meet local needs, and the second, important, reason is to support the construction sector. If you ask me what has been one of the big advantages of the task force, I would say

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that it has been to strengthen the relationship between public sector investment and the construction sector in the region. We have a strong partnership with construction regarding skills, training and getting unemployed people back into work in areas of need.

Q146 Joan Walley: May I pick up on that latter point? I am wondering how much you have been a conduit, both at the Homes and Communities Agency and at the Government Office, for referring issues back to Government following the introduction of these innovative schemes. We debated with our previous witnesses the issues of employment, the regional task force and procurement. One area where a lot more is needed is that of procurement policies for local construction firms, provided they are not in conflict with state aid rules. There are ways in which, for the benefit of the local community, a certain number of local companies can be involved in the procurement of the building and construction of homes. Have you have picked up on that?

Paul Spooner: Let me pick up on the two points that were made. First, on feedback to Government on schemes such as this, there was the need when the mortgage rescue scheme was launched to go beyond simply promoting a new scheme nationally. There needed to be a dedicated team to execute it and make sure that it worked. The national mortgage rescue scheme was set up as a dedicated resource with expertise from housing—it is actually based in Trudi's office, in the Government Office—to work across the country. That provides one point of contact to promote the scheme, and was something that was fed back and resulted in better take-up. The point about procurement in the construction sector is important. The HCA now has requirements under the next stage of Kickstart and our affordable housing programme to demonstrate how our development partners recruit and train local unemployed people and give them apprenticeships. Again, the message is feeding back to the policy side about the need to connect housing and jobs. The outcome of that is that we now have a strong commitment from the HCA, and through our partnerships, to deliver more apprenticeships in those areas where schemes are going to be unblocked.

Q147 Joan Walley: If I was to share my in-tray with you, you would see that there are a lot of companies, across the sub-region, for example, which say that all the contracts are going to contractors outside the area. Is the Government Office putting any pressure on local authorities across the West Midlands region to ensure that there is an ability to provide local employment, which, to a certain extent, comes out of the investment that is coming forward?

Trudi Elliott: The most important thing we are doing through the Economic Inclusion Panel is a piece of work on public procurement for jobs and skills. One of the things we established fairly quickly in the Economic Inclusion Panel—which is, or was, a very task-oriented group—was that there was a

commitment to do this, but enormous nervousness about what was legally possible. There was no master set of documentation that people could use so as to be certain that it would withstand challenge. Through the panel, we have commissioned lawyers to draft robust packaging and clauses right the way through the procurement process, so that when it is procuring anything, the public sector in the West Midlands can legitimately include clauses to support jobs and skills for local people, particularly those furthest from the labour market. The first stage of that work, the first draft, will be back before the Economic Inclusion Panel in November. If you were to ask me, as you have asked some other witnesses, “What would you wish for most if you had a magic wand?”, I would say it is for the public sector in the West Midlands to be four-square behind this work and to commit to it across the piece. We would then roll it out to our private sector partners, many of whom are interested in this, and then wider to outside the West Midlands. We think that the Economic Inclusion Panel is the single most powerful thing you can do. With the greatest respect, we talk about AWM's funding, but it is a drop in the ocean compared to the global public spend in this region. If we can make that public spend count twice—do whatever we are buying but also do what we have been extolling everybody else to do by separate funding—that would be much more powerful. That would be my wish. This region is at the forefront of this work. One of the reasons we are in that position is the work has been driven by a cross-sector group—unions, business and the public sector across the piece. AWM has funded it, Jobcentre Plus has lent us the people with the skills to do the procuring of the legal services and we have supported it in terms of administrative support and leadership in Government.

Q148 Joan Walley: That is most encouraging. As that is work in progress, our Committee would be very interested to be kept abreast of how it develops and to know what pressure the Government Office is putting on local authorities across the whole of the West Midlands to see how they have incorporated that into their procurement.

Trudi Elliott: Of course I would not want to prevail upon the Chairman, but a Select Committee might make recommendations that would support such an initiative. However, I couldn't possibly comment.

Q149 Chairman: Of course you couldn't, but we have heard that you are not commenting. On that area and on some of the things that Paul Spooner was saying about housing strategy being the glue that enables so many other things to happen, it would help us if you put all the things that you want to add in a note—not just for this report, but for the next inquiry on the regional spatial strategy, where all sorts of issues arise about land use and how land should be used, and how that fits with driving forward our region and getting all the bits working together. If you were able to advise us, we would be grateful.

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Trudi Elliott: We are and we will.

Q150 Joan Walley: May I add one thing to that list? I would be very interested to know about what innovative work the Homes and Communities Agency is doing to look at ways of bringing in investment for housing that could create those construction jobs, using new vehicles for finance. I am sure that if our colleague Adrian Bailey were still here, he would want to see—as I do—what scope there might be for mutuality so that we can explore the new ways of finance that have to be looked at given the problems that we have from the recession.

Paul Spooner: May I give a couple of examples? First, we have set out to capture as much of the new money that Government have made available for housing in the West Midlands. For example, we announced last week that we have commissioned the 1,000th home under the Kickstart programme, and that is more than any other region, because we have been able to work with local partners, developers, local authorities and housing associations to put together projects that satisfy the Kickstart criteria and can then bring more money into the region for housing. That is in addition to our national programme. The first thing that we have done is seek to exploit the available resources and bring them into the region. Secondly, we have worked very closely with local authorities to bring forward partnerships that will invest in land, alongside investment by the HCA, in a joint venture or a new form of partnership. In such partnerships, the local authorities will not look for an immediate return on that investment but see it as an equity stake in a long-term regeneration or housing improvement scheme. We are seeing those innovations being taken up more regularly in the region as a result of the good work in places such as Coventry and North Solihull. There are examples of long-term regeneration projects which the Regional Minister has personally backed, and they have led to local authorities providing land, and making land available on a long-term basis, to support regeneration. They have allowed that investment to ride with the development so that they will secure some return in the long term. There are new models of investment based on everybody working together very practically to recognise that we have to make a strong commitment to the long-term future of these areas and to make all assets available to support their development. That also makes it more cost-effective for the private sector, because if you are asking a developer or a housing association to pay for the land now, clearly, in these difficult times, their cash flow might prevent them

from moving forward. However, if we form a partnership with that developer or that housing association over the long term, we can all secure some reward eventually, while getting houses built and construction under way. So, those are two examples: bringing more investment to the region by producing good schemes with our partners, and creating these joint ventures around land assets, which are really helpful to the way forward. Finally, the Total Place initiative, which we talked about earlier, is a way forward, and if you wanted something from my list to go forward it would be to roll out the Total Place pilots, once they have proven successful. What that means is that you are bringing not only the procurement of housing or of local authority contracts together, but you are bringing the procurement of all the public sector partners that are in place for capital and for service delivery into one co-ordinated approach. With less money in the future, we could do more by using the Total Place approach.

Q151 Joan Walley: May I ask one last question about the feedback to Government on the amount of consultation there was with housing associations, in respect of their giving advice on mortgage rescue packages?

Paul Spooner: When the mortgage rescue scheme was launched, we clearly realised that we needed to rely on more than national promotion of the scheme. We called all the housing associations in the region to a meeting and set out not only what the scheme offered, but the expectation on them to work in their local areas to promote the scheme and make it available to not only their tenants—as I said earlier—but to other people in their areas. One or two housing associations were reluctant to step outside their existing neighbourhoods, even though they were the preferred RSL partners to local authorities.

Q152 Joan Walley: Can you name them?

Paul Spooner: All I can say is that in two or three areas we had to take specific action to encourage them, but I am very pleased to say there is now 100% response in our region.

Chairman: Thank you very much indeed. That was very useful. Trying to tackle a subject as potentially broad as this inquiry will inevitably mean that the conversation goes off in one direction and then another, even to particular sub-regions every now and again. You have answered the questions very comprehensively, and we look forward to that further note as it will be of immense help to us in drawing up our report.

Written evidence

Memorandum from HM Government (WMP 01)

INTRODUCTION

1. This memorandum outlines the issues faced by the people of the West Midlands as a result of the economic downturn and describes the support Government and its partners are providing. Issues of debt, housing, skills and jobs are described as well as the effect on social cohesion.

2. The recession is a global phenomenon caused by a world-wide crisis of credit and demand. This was outlined in the evidence provided for the Committee's previous inquiry

3. The recession has hit elements of the population in different ways. Average house prices have dropped. For many low skills are proving a barrier to accessing new employment. The recession has also hit people's lives more generally and has the potential to affect health and well-being. While there is no direct correlation between public disorder and the economic situation in the country, the Government does monitor trends such as community tensions, which might increase in an economic downturn, and which can be a spark for public disorder. The Government will work closely with the police and local agencies and community leaders to try to address any increase in tensions.

4. This memorandum has been structured to respond to the specific issues on which the Committee has requested evidence: Debt; housing; skills and training, helping people to find jobs; and social cohesion.

5. Government responded to these issues with a co-ordinated, strategic response. In April 2009 it published *Real Help Now* which outlined help available nationally in relation to homes, skills and training, jobs and benefits and money problems. Prior to the launch of *Real Help Now* Ian Austin MP, Regional Minister launched the public website *Support WM* specifically designed to signpost West Midlands businesses and people to advice.

6. The Office of the Third Sector launched *Real Help for Communities* in February 2009 to provide specific support for charities, community groups and social enterprises supporting people through the recession. It includes up to £42.5 million new funding nationally for a Third Sector plan to strengthen infrastructure and support organisations experiencing extra demand on services and reduced funding.

7. The Government is also providing specific support to vulnerable members of the community. For example, Government Office West Midlands is working with partners to establish a Regional Later Life Forum that will explore how to improve older people's access to the labour market. Additional support for pensioners is described in this memorandum.

8. Although the impact of the recession on child poverty is, as yet, unknown the Government remains committed to its eradication and introduced a Child Poverty Bill to Parliament in June 2009. Eight pilots, including one in Wolverhampton, will look at innovative ways to tackle child poverty in the longer term. Further support for children, young people and families is described throughout this memorandum.

9. Government has provided advice to Primary Care Trusts (PCTs) on services to put in place to help alleviate these problems. The Strategic Health Authority's mental health team has prepared a leaflet on maintaining mental health and a "Bounce Back" course aimed at professional people made redundant.

10. Turning to specific responses within the West Midlands the main activity has been coordinated through the Regional Minister's Economic Task Force through its "Supporting Individuals and Communities" Workstream. This has:

- (a) Examined intelligence on the vulnerability of different places to the recession to assist partners in their actions to tackle the recession.
- (b) Overseen an in-depth pilot project with Cannock Chase District Council, which has experienced a nearly 200% annual increase in JSA claimants since April 2008. This project will identify the impacts being felt on local communities and ways in which agencies can work closer together.
- (c) Worked with partners to bid for and use CLG Empowerment and Participation funding with a view to support vulnerable locations.

11. The Task Force's prime work has been tackling economic issues in the region as reported in the previous evidence provided to the Committee.

DEBT

12. Government has provided additional support to organisations to help people with debt problems. It has increased funding to the National Debtline by a further £5.85 million to March 2011. This will allow client capacity to rise by 70,000 to around 220,000 per year, and the recruitment of additional advisers. Government also provided an additional £10 million in short-term funding up to March 2010 to Citizens Advice Bureaux to extend opening hours to increase capacity (see paragraph 21a). The 2009 Budget announced a £16 million Hardship Fund nationally to support Third Sector organisations providing support and advice services to communities.

13. In response to the difficulties in the economy and the instability in the financial markets, the Government has taken decisive and immediate steps to limit the negative effects on the economy and prevent a prolonged recession. At the Budget, the Government announced plans to ensure that spending growth would increase in the short-term to help support the economy. The Government has also announced Building Britain's Future (BBF) which provides a framework for the Government's programme in the coming year and will inform an intensive effort to engage the public on our forward agenda

14. Government has also put in place support to get more money in people's pockets. The National Minimum Wage is a key part of the Government's strategy to establish fairness in the workplace and to make work pay. The Low Pay Commission estimates that in April 2008, 5.6% of jobs in the West Midlands were minimum wage jobs.

15. The Government's flexible system of tax credits provides additional support to families. In the West Midlands 584,000 families with 987,000 children benefit from tax credits.¹ This year 384,000 families in the West Midlands benefited from the £150 increase to the child element of Child Tax Credit.

16. Pension credit ensures that no pensioner need get by on less than £130 a week (£198.45 for couples). Government increased Winter Fuel Payments last winter and has committed to maintain this for the coming winter.

17. The Budget 2009 also announced additional measures to help pensioners with savings affected by low interest rates including:

- (a) increasing the capital disregard in Pension Credit and pensioner related Housing and Council Tax benefit to £10,000 from November 2009;
- (b) contacting low and middle income pensioners who have overpaid tax on their savings income; and
- (c) increasing the ISA limits in 2009–10 for people aged 50 and over up to £10,200, of which £5,100 can be saved in cash.

THE FUTURE

18. In summary, the programmes described above will put more money in people's pockets and help them avoid debt. The Government's White Paper *A Better Deal for Consumers: Delivering Real Help Now and a Change for the Future* complements the support already being provided through the CAB and National Debtline to help people avoid high levels of debt in the future.

HOUSING

19. In a recession the population at risk of losing their home or not having sufficient income to access accommodation increases with a consequential impact on health and other services. However the Council of Mortgage Lenders repossession forecast for 2009 of 75,000 has been revised to 65,000 due to Government intervention.

20. The Government's priority is to help those in financial difficulties stay in their homes wherever possible and it has developed a comprehensive package of measures to help homeowners in difficulty at every stage.

21. The Government has put in place a framework of protections and universal help for households. This includes:

- (a) Extra funding for debt advice as outlined in paragraph 12 which includes a further £10 million to March 2010 to enable Citizens Advice Bureaux to help about 500,000 more people.
- (b) FSA regulation of lenders ensures that customers are treated fairly and repossession is only ever a last resort.
- (c) This is supported by protections through the courts, in particular the Mortgage Pre-Action Protocol, which sets out clear guidance to the judiciary on what the courts expect lenders to take before bringing a claim in the courts.
- (d) Free help at Courts—universal access to advice desks is now available in Courts across England, providing free, on-the-day legal advice and representation to people facing repossession or eviction hearings. Over 34,000 households accessed free advice in court through Government-funded court desks last year. CLG has doubled its funding to £1.5 million for 2009–10, to allow increased capacity and an enhanced service at county courts.

22. Alongside this universal protection, the Government has introduced targeted assistance for households in different financial circumstances. Over 200,000 households are currently receiving direct help from the Government to stay in their home:

- (a) Support for Mortgage Interest (SMI) helps those not in work and pensioners with their eligible monthly mortgage interest payments. Changes to the qualifying period, the time limit for support and an increase in the capital limit of qualifying loans to £200,000 have been introduced.

¹ 1 April 2009.

- (b) The £285 million Mortgage Rescue Scheme helps those in priority need at risk of repossession. The Government has expanded the scheme to include households in negative equity and has revised the regional price caps. As at the end of May, 133 households had approached their local authority for advice in the West Midlands. In 31 cases, the immediate threat of repossession had been stopped, with a further 18 cases currently being assessed by the local authority.
- (c) Homeowners Mortgage Support enables eligible borrowers who suffer a temporary drop in income, to defer part of the mortgage interest loan for up to two years.
- (d) The Repossession Prevention Fund for local authorities extends small loans to families at risk of homelessness through repossession or eviction. £1.6 million has been allocated to West Midlands local authorities.
- (e) Strengthening protections for tenants—the Government have also recently announced the intention to legislate as soon as possible to provide stronger protections for tenants of repossessed landlords. We will be consulting on the proposed changes over the summer.

23. In addition to the help for households facing repossession, the Government has increased spending on the Warm Front Scheme which provides a package of insulation and heating improvements for the period 2008–2011. In the West Midlands 30,745 households are assisted by Warm Front.

24. Government is committed to providing real help to first time buyers and the house building industry by supporting the purchase of new homes. In 2008–09, there were 3,955 new affordable home completions in the region. A range of HomeBuy products have been introduced to enable thousands of first time buyers to fulfil their aspiration of homeownership. Through the Housing Pledge announced on 29 June, over the next two years we expect to start constructing around 20,000 additional affordable homes. This will enable us to deliver 55,500 affordable homes this year and up to 56,400 in 2010–11.

25. Government activity on housing has been matched by action to tackle problems in the financial sector, including a package of measures to support stability of the financial system, protect ordinary savers, depositors, businesses and borrowers, and to safeguard the interests of the taxpayer. The Housing Pledge provides an additional £1.5 billion over two years to build more affordable housing. The additional funds for the Kickstart and Local Authority new build schemes will be nationally run, competitive schemes through the Homes and Communities Agency. Flexibility will be applied to the additional funding and reflect the extent to which local areas respond to the challenge funding available. To facilitate delivery and use existing systems, for the additional funding for the national Affordable Housing Programme, the HCA will make provisional regional allocations. These will be reviewed on a regular basis in the light of in year performance on delivery and value for money and flexed between regions as appropriate to get the best results.

26. Significant parts of the region will benefit from the commitment, set out in *Building Britain's Future*, to invest £1.5 billion towards building new affordable homes over the next two years. Three West Midlands authorities will receive £400 million (27%) of the Private Finance Initiative (PFI) funding to deliver new or improved council homes as well as affordable rented homes. The authorities benefitting are Birmingham, Stoke-on-Trent and Shropshire.

27. A new Lending Panel has been established which brings together Government, industry and consumer groups in order to monitor lending to both households and businesses.

THE FUTURE

28. On 29 June, Government announced, as part of *Building Britain's Future*, a £1.5 billion investment in housing including extra funding for new affordable homes matched with reforms that deliver value for money and recognise the rights and responsibilities for those in social housing.

29. Through the Government funded Act on CO₂ helpline the Energy Savings Trust provides advice that can help people save up to £340 per year and around 1.5 tonnes of carbon dioxide from homes. A new Community Energy Savings Programme (CESP) will be launched later in 2009 delivering perhaps 100 projects in low-income areas around the country offering free and discounted energy efficiency measures, such as insulation and central heating. These strategies will help more people change their behaviours and take action to reduce their energy bills by using less energy.

SKILLS AND TRAINING

30. In order to determine what skills are required across the region the West Midlands Regional Skills Partnership produces an annual skills assessment which informs the LSCs annual strategic priorities, the Regional Skills Action Plan, and the regional framework for prioritising the investment of European Social Funds. Jobcentre Plus and the LSC work in close partnership to meet the training needs of individual customers through shared intelligence.

31. All 16 and 17 year olds will be offered a place in learning through the September Guarantee this year, and 18 year olds not in education, employment or training are being fast tracked to the New Deal. In the West Midlands participation in learning has risen from 78.5% to 80.8%.

32. Building on the £117m Government investment in youth volunteering through the charity v, which has already created 875,000 new volunteering opportunities nationally, Government is investing an additional £146 million nationally in creating full time volunteering opportunities for 14–18 year olds, through the Department for Children Schools and Families.

33. Jobcentre Plus works closely with the LSC's pre-redundancy contractor Unity to ensure an integrated training and employment support offer is made to individuals affected by redundancy. This has been implemented successfully for example with over 300 redundant workers at Wedgwood in Staffordshire and over 810 redundant workers at LDV in Birmingham.

34. The LSC has put in place a series of specific measures to respond to the threat of skills being lost alongside the opportunity for individuals to update or gain the new skills they and the economy require to prosper in the future including:

- (a) The Pre-redundancy Redeployment project has supported over 200 companies since October 2008 and made £23 million additional funding available.
- (b) Nextstep provision offering information, advice and guidance jointly located within JCP offering Skills Health Checks and Skills Accounts
- (c) £14 million additional funding to expand the Train to Gain offer to 20,000 unemployed individuals and unpaid volunteers.
- (d) £10 million additional funds to enable flexible training for unemployed individuals for up to eight weeks without any detrimental affect on benefits.
- (e) Funded training for newly employed individuals.
- (f) £2 million additional funding to set up and support the Public, Health and Social Care Skills Hub to identify/create employment opportunities and link appropriately skilled/trained individuals into them.
- (g) Providing long-term workless individuals with skills action plans, links to jobs and to identify/refer to appropriate training.
- (h) Employment linked training for unemployed individuals.
- (i) £50 million additional funding to support a range of flexibilities in the Train to Gain service to provide SME's with short term high impact training support.

35. Up to £10 million is being invested in a Volunteer Brokerage Scheme as part of Real Help for Communities. It will create up to 40,000 opportunities for people to learn new skills, maintain current skills and give back to communities through volunteering. Jobseekers Allowance claimants are eligible for the scheme after six months. The first placements began in April.

36. The West Midlands City Region has responded to the Government's invitation to bid for a Multi Area Agreement (MAA). The submission by the partnership of Birmingham, Coventry and Black Country together with Telford and Wrekin seeks to improve people's access to economic opportunities with efficiencies gained by cross boundary working and devolved powers.

37. The LSC has ensured that any redundant apprentice can now be funded in full time provision for up to six months while they complete the framework. In addition, West Midlands LSC/National Apprenticeship Service is in the process of issuing a specification for an ESF programme that will provide additional support for redundant apprentices with total funding available in excess of £600,000. The National Apprenticeship Vacancy Matching Service in the West Midlands already has 4,474 registered candidates and 888 employers on the system.

THE FUTURE

38. The LSC funded Next Steps careers advice service is now co-located in 60 out of 62 Jobcentre Plus offices within the region and provides a one to one bespoke service for individuals. Support for apprenticeships will help increase future skills levels and the September Guarantee ensures young people remain in a learning environment. The prompt, tailored support being provided for redundant workers is helping to mitigate against long-term unemployment.

HELPING PEOPLE FIND JOBS

39. The programmes below have been developed to help JCP customers back to work and to develop the skills they require to remain in long term employment.

- (a) Rapid Response Service for people under notice or recently made redundant including access to job vacancies; help with job search; benefits, tax and financial advice; skills assessment; and training.
- (b) At day one of unemployment customers are offered help in applying for jobs (including specialist help for professional and executive customers), access to vacancies and support offered by employers through a Local Employment Partnership; help with one-off costs, and specialist help for disabled people.

- (c) If people remain unemployed beyond 13 weeks the frequency of support is intensified with additional help if individuals remain out of work after 26 weeks. This includes specialist help to re-build individuals' confidence and deal with debt problems, job vacancies where an employer receives £1,000 recruitment subsidy and access to in-work training support worth £1,500, help setting up a business, including cash help and specialist advice, and advice on volunteering work.

40. In the West Midlands over 10,000 employers have signed up to the Local Employment Partnership programme where employers agree to consider some of the most disadvantaged unemployed applicants to fill their vacancies. Over the past 12 months just over 13,000 people have been placed into work through this activity. From 6 April newly unemployed customers were able to access the programme.

41. Each year approximately 30,000 graduates find work in the West Midlands using their own initiative. AWM (Advantage West Midlands) and its partners are encouraging more employers to consider the business performance benefits of employing a graduate or offering graduate placements, increasing graduate job opportunities by at least another 3000.

42. In June 2009 the Regional Minister asked regional partners to expand the opportunities for graduates to start their careers in the West Midlands and for more businesses (and in some cases public sector organisations) to benefit from graduate-level skills. Universities, businesses and a range of public sector organisations collaborated to set up the West Midlands Graduate Internship Programme.

43. The programme is the first of its kind in England and will provide up to 1,000 extra new placements and training places for graduates in the region. A key component is the ability for graduates to receive Jobseeker's Allowance whilst attending a voluntary placement, enabling them to access training to increase their job prospects. Graduates will be able to take up placement opportunities through a range of organisations and will receive pre-placement training funded by the European Social Fund. To complement the programme a number of the region's universities will be offering free or reduced price post-graduate courses.

44. The Future Jobs Fund announced in the April 2009 Budget has made £1 billion available to create around 150,000 jobs for long term unemployed young people and others who face significant disadvantage in the labour market. 100,000 of the jobs are reserved for 18—24 year olds approaching 12 months on Jobseeker's Allowance, and we are also specifically targeting 50,000 jobs in unemployment hotspots for people over the age of 18 who have been claiming out of work benefits for at least nine months. We anticipate that around 10,000 of the 150,000 jobs created will be green jobs.

45. Bids can come from anyone, but we have a strong preference for partnership bids. We expect the majority of bids to the Fund to be led by local authorities, sub-regional, city region and local partnerships, or by national or local public sector and third sector bodies.

46. We are currently assessing those bids submitted by 30 June and intend to announce the first round of allocations by early August with first job starts expected in October.

47. AWM's Connections to Opportunities initiative contributes to addressing the issue of economic exclusion. The approach seeks to assist long term unemployed or workless people on the path to employment focussing on innovative, bottom up activities.

THE FUTURE

48. Jobcentre Plus and the LSC is responding to the needs of individuals to attain suitable skills and return to work through:

- (a) its partnership work with Unity to support people under notice of redundancy;
- (b) spearheading the Integrated Employment and Skills Service as a means of assessing individuals' career and training needs to meet the needs of employers now and as the economy improves. Over 3,000 newly unemployed people have benefited from this service;
- (c) supporting the six month offer; and
- (d) Local Employment Partnerships.

49. The West Midlands Economic Inclusion Panel's agenda focuses on a small number of "high impact" proposals to tackle worklessness and ensure a higher proportion of local people benefit directly from the eventual upturn. This includes:

- (a) developing a *Public Procurement Framework for Jobs and Skills* that can be embedded in every stage of the procurement process to ensure targeted recruitment and training initiatives are included in public sector contracts to secure many more job opportunities for local people;
- (b) developing *Worklessness protocols* for growth sectors, such as Health and Housing;
- (c) devising local, work-focused support for more of the region's 236,000 Incapacity Benefit recipients; and
- (d) championing the development of new and better labour market information and guidance for young people.

SOCIAL COHESION

50. The Citizenship Survey shows that nationally cohesion levels are high at 83%, however behind this figure lie some very real challenges in particular local areas. Government places great importance on cohesion and has invested £50 million over three years to promote community cohesion and support local authorities in preventing and managing community tensions. £34 million of this has been allocated directly to those local authorities in greatest need. Local Authorities have the flexibility through Local Area Agreements to prioritise their funding to meet the needs of local communities.

51. Since September 2007 maintained schools in England have had a duty to promote community cohesion. DCSF are monitoring the effects of the economic downturn on community cohesion and so far there is no evidence of the economic downturn having an impact on schools work to promote community cohesion from Ofsted or anecdotally.

52. The Government will continue to work closely with the police and local agencies to monitor cohesion levels carefully and support local areas to maintain and improve cohesion where necessary.

53. The West Midlands will benefit from the new Migration Impacts Fund which will support local services like health, police and schools to manage any local pressures placed on the community from migration. In the West Midlands the allocation was £2,420,368 for 2009–10.

54. *Real Help for Communities* was launched in the West Midlands by the Regional Minister in April 2009. Seven of the 50 areas receiving funding from the £15.5 million Targeted Support Fund are in the West Midlands. The region's allocation is worth up to £2,771,890 and funds community organisations providing frontline services to prevent increased deprivation as a result of the recession.

55. The nature and tradition of the Third Sector means that individuals that come together as groups/bodies and organisations will underpin and extend resilience in the wider community. The Third Sector has a considerable unpaid workforce in the West Midlands and employs 2.1% of the region's workforce.

56. The LSC has ensured that individuals working as volunteers within third sector organisations are able to be supported by the Train to Gain service in the same way as if they were an employee. Additionally, through Train to Gain volunteers can be supported through the Leadership and Management Advisory Service which is designed to work with the strategic influencers within an organisation, aimed at all key directors/managers/leaders within an organisation, including trustees.

THE FUTURE

57. The Government's continuing work with local partners to monitor community tensions will help to mitigate against emerging risks. Government is also developing work to support a growing understanding and better sharing of information across boundaries, about emerging social issues whether in response to the recession, international issues or more locally driven.

58. The support provided by the LSC will produce a better trained and more effective third sector across the region and will be expected to support potential increases in the number of volunteers.

CLOSING REMARKS

59. In response to the difficulties in the economy and the instability in the financial markets, the Government has taken decisive and immediate steps to limit the negative effects on the economy and prevent a prolonged recession. At the PBR and Budget, the Government announced plans to support the economy through the global downturn and to create the conditions for future growth. The Government has also announced Building Britain's Future (BBF) which provides a framework for the Government's programme in the coming year and sets out further help including increased funding for affordable housing and new commitments on jobs and skills.

60. In the Budget the Government announced that it is delivering fiscal support worth 4% of GDP in 2009–10 through discretionary action. Alongside investment in public services, the Government also introduced further measures to improve efficiency and cut waste. The Government is determined to continue to improve and invest in public services, whilst also ensuring a sustainable path for public finances, and announced new assumptions for spending growth in the period from 2011–12 onwards.

61. BBF identifies the importance of closer working between national Government and local delivery agencies to solve the most difficult challenges facing our country and to make the most of the opportunities ahead.

Memorandum from West Midlands Business Council (WMP 02)

This submission expresses the concerns of the business community that the economic downturn is having a deleterious impact on crime rates which is impacting on local communities and on the ability of the region to recover from this recession. Business also believes that more imaginative methods are needed to address repossessions—not just in the interests of social cohesion but also to get the housing market back on track. A greater focus on workplace training is critical to help families overcome the recession.

The remainder of this submission focuses on three of the four questions in the calling notice for evidence of 11 June where we hope our evidence will assist the work of the Committee.

The level of home repossessions and the adequacy of support available to those facing difficulties with mortgage or rent payments

1.1 Home repossessions are not only a personal tragedy for the families who are affected but repossessions undermines the housing market and therefore delay the recovery of the regional economy—with its negative impact on holding back on consumer spending.

1.2 Our focus in addressing this question is to consider what urgent steps could be taken to address the inadequate supply of social housing now that repossessions have increased and which, if the right steps were taken, would also help to revive the housing market.

1.3 Business is aware that a list of regional strategic projects is being developed by Ministers. We would recommend that social housing is included as a major objective because of the following factors:

- repossessions have gone up so greater need for social housing;
- new homes will generate a boost to the wider economy within a short space of time (<2 years) and create further consumer spending on home contents;
- development of social housing will help the construction sector and the underlying housing market—thereby helping the wider economy as well; and
- keep skilled people in work for preparation of the upturn when these skilled people will be sorely needed to ensure sustainable recovery from this recession.

1.4 We support the stance of the National Housing Federation who have argued that a fiscal stimulus in housing would be good news for the wider UK economy. In February, they stated that investing in housing across the country would:

- support jobs: building 100,000 social rented homes over the next two years would save 30,000 jobs in the industry, as well as thousands who support the industry, including building materials, furniture and white goods;
- retain skills and drive innovation: Preserving construction jobs and apprenticeships will help prevent a loss of key skills that could take years to replace;
- promote long-term macroeconomic stability: Supporting the industry will enable house builders to continue to invest in housing supply and reducing the risk of a housing supply shortage once the upturn comes;
- sustain business activity: The proposed programme would improve cash flow and reduce risk for developers and suppliers currently experiencing severe financial pressure; and
- increase labour market mobility: Worsening affordability and lack of affordable and social housing make it more difficult for households to move to take up new jobs and contribute to recruitment and retention difficulties, especially in the public sector.

1.5 In addition, the new Homes and Communities Agency (HCA) can also adopt procedures that would make it easier for housing associations to initiate new build projects. For instance, when grants are being made to housing associations, more can be paid up front therefore enabling the more extensive use of funding facilities that housing associations already have in place.

1.6 In addition, the HCA can itself invest in projects by meeting land and infrastructure costs. Finally, the HCA needs to recognise that with the stalling of the housing market, the days when cross subsidy of developments by housing associations selling housing to subsidise rented housing is over for the time being. This needs to be recognised, therefore, in the grant levels awarded to housing associations. We appreciate there has been some movement by the HCA in these areas but we propose that such procedures are part of its mainstream work to keep communities together at this difficult time.

1.7 We have also proposed a number of funding mechanisms to help support the development of social housing. These include:

- *Accelerated Development Zones*—This enables local authorities to borrow against land values that would be developed due to regeneration work and would then lead to new business rates as a consequence;
- *Bond Financing*—Local authorities in Europe, Japan and North America can issue bonds, under central Government supervision, to ensure much needed local infrastructure developments take place; and

- *Prudential Borrowing*—Allowing Regional Development Agencies and other public regeneration bodies to use prudential borrowing for capital projects. At the moment only councils can use this facility.

The availability and appropriateness of training, both for new entrants to the labour market and for those seeking retraining in new skills

2.1 The proposed changes in skills structures from April 2010 are expected by the business community to cause great uncertainty and instability at a time when the importance of training is more important than ever.

2.2 At this time, the Learning and Skills Councils (LSCs) will be abolished with responsibly for 14-19 skills funding divided between the local authorities, the National Apprenticeship Service, the Young Peoples Learning Agency and the Skills Funding Agency. This plethora of bodies would be confusing for business at the best of times but for this transition to be happening at the height of the recession when the focus should be helping people and businesses improve skills and productivity to prepare for the upturn is a retrograde step for the economy.

2.3 We reluctantly accept that the regional business community's request for these changes to be put on hold while the recession is continuing is now unlikely to be met. However, we are still very concerned that the linkages between these various structures have not been ironed out—even though these changes will be fully in place in less than a year's time.

2.4 For instance, we are receiving reports from local authorities that when they come together with neighbouring local authorities they will focus on funding training for young people from their areas. But the further education system is now based, to some extent, on centres of vocational excellence (CoVes) whereby colleges develop expertise in certain areas. So basing funding on addressing the needs of young people in a sub region, would not help the young person from Herefordshire who wants to go on an engineering course at a college in the Black Country, for instance.

2.5 The then Minister for Young People, Beverley Hughes MP, wrote to the West Midlands Business Council and stated that such problems would not occur. However, the then Minister also stated that funding would be based on an analysis of trends in "travel to study" data. This has greatly concerned the business community as this is not looking at the skills gaps that business is trying to address but instead is focusing on traditional travel to study data that may not relate to skills needs now facing the regional economy. To give a practical demonstration of the inadequacy of solely looking at travel to study data, some engineering businesses are considering how to access the new commercial opportunities from the new build and decommissioning that will relate to the nuclear industry. But as these skills needs for these new opportunities are currently not provided for in regional colleges, an examination of travel to study data to ascertain funding needs would be inadequate.

2.6 We are also concerned at reports we have received that a number of local authorities are yet to be prepared for these changes as the staff they require to oversee this work are still being transferred from the LSCs. This delay may have a damaging impact on the implementation of these changes at this most difficult time in the economy.

2.7 We propose that the Committee considers recommendations that would ensure funding for further education is based on the needs of the wider regional economy and that steps are put in place to ensure this transition to these new changes are effective and secure.

2.8 In respect of retraining, we believe there should be a focus on workplace training and that all sectors should follow the lead of the Sector Skills Council for engineering, SEMTA. West Midlands Business Council with one of its members, Engineering Employers Federation, has campaigned for workplace training to be accessed via the Train to Gain service.

2.9 Traditionally, an employer approached public agencies or training providers and they would be offered a package of training. But the employer would have to have the whole package—take it or leave it—when perhaps all that was needed was just one aspect of it. This, we believe, deterred a number of small and medium sized enterprises (SMEs) to consider further the training options that were on offer.

2.10 West Midlands Business Council has been calling for workplace training assessed by the employer and checked by an outside body. This would be subsidised and would help SMEs in particular. There would be a system where each task learnt would be marked on a passport style document and units would be gained by the employee that would go towards an NVQ qualification.

2.11 So the business wins as they can train staff on the shop floor and get funding for it while the employee gains as they can get training that will take them towards a recognised qualification.

2.12 The business community is delighted that not only was SEMTA's pilot work in this area a success but they are implementing it in full for the whole of the country.

2.13 While this passport style system is not available for other business sectors, we would recommend to the Committee that recommendations are made for this to change. We are pleased that a major step forward has been achieved with SEMTA and while other "passport" style systems may exist in other business sectors, via Train to Gain and the Sector Skills Councils, in fact the ideal system adopted by SEMTA has not been accepted as yet for other sectors. This is regrettable as we believe such a step would address employers who

are termed as “hard to reach” as they will have confidence in ensuring the training process addresses the immediate needs of the business while employees who may have been cut out of the recognised qualifications and training system for whatever reason will have a chance to gain a national recognised qualification.

The adequacy of assistance to help people find new jobs; and social cohesion

3.1 In respect of this question, we have focused on the social cohesion aspect and, in particular, the problem of crime as it pertains to social cohesion.

3.2 Crime is widely recognised to rise during recessions. In May, the Police Federation of England and Wales produced the report *Crime and the Economy*. The report, examining a range of statistical data, concluded:

In years when people increase their spending by very small amounts or reduce it altogether, notably when the economy is in recession, property crime tends to grow relatively quickly. In contrast, during years when people rapidly increase their expenditure, property crime tends to grow less rapidly or even fall.

3.3 This report also stated:

The level of unemployment has also been regularly linked to rising levels of crime, and is set to reach three million by the end of this year.

3.4 Another report found that Birmingham was the worst place in the UK for crime against business. In a report produced on 30 March, the AXA insurance group produced their Business Crime Index.

3.5 The national figures recorded in this report state that malicious damage and arson were up by 14% and 23% respectively. The volume of breaking and entering crimes increased by around 13%.

3.6 AXA found that “Birmingham remains the area most likely to suffer from business crime”. Birmingham was number one in the AXA league table of business crime hot spots with a 35% increase of business crime incidents as compared to the previous year.

3.7 However, it was not all bad news for the West Midlands region. Telford was recorded as having one of the lowest business crime incidence rates in the country.

3.8 Gregor Elrick, Head of Property at AXA stated:

“Both malicious damage and arson tend to go up in a recession as premises are left unoccupied and unprotected by failed businesses, making them easier targets for vandals. Additionally, arson committed by business owners looking to claim on their insurance can rise in recessionary times. A rise in volume of breaking and entering is also typical in a recession with people turning to crime to make ends meet. We are really not surprised to see these numbers in the current economic climate and we fully expect to see them continue to rise throughout 2009”.

3.9 Crime against business has been a problem for businesses in the West Midlands for a number of years.

3.10 In 2005, the Government Office for the West Midlands produced its first baseline data for assessing the problem of crime against business in this region. It found that crime against business costs the West Midlands region £14,000 per hour.

3.11 The Minister for the West Midlands, Ian Austin MP, has asked the West Midlands Business Council to produce a regional action plan to address business crime and we are making good progress with this work.

3.12 We believe a number of initiatives can be supported to help reduce crime against business. For instance, West Midlands Police have an excellent scheme to help addicts get off drugs—which helps to reduce crime rates.

3.13 West Midlands Police state that in their area there are in the region of 1125 regular class “A” drug users, as of January 2009, stealing in the region of £96,000 per year in goods West Midlands Police estimate that the impact with just these people is £108,000,000 on the economy of the West Midlands Police area. West Midlands Police believe that this is the low end of the cost and it may well be considerably higher and some are spending £2,000 per week on their drug habit and particularly those addicted to crack cocaine.

3.14 By using West Midlands Police’s Drugs Intervention Programme’s (DIP) mandatory Drug Test data proactively, there are opportunities to utilise multi-tester data to help focus resources on the right people in order to maximise the effects of enforcement/treatment on crime and harm reduction.

3.15 There are multi agency meetings on all West Midlands Police operational command units (OCUs), which take place on a monthly basis to identify and put in place a management process of identified intensive drug users. The agencies who take part are Police Offender managers, Drug treatment practitioners, Probation Officers and anyone else who could take an active part in the management and support of drug addicts. This ensures that all agencies are focussed on DIP priority offenders and therefore the opportunity to target resources most effectively can be achieved.

3.16 The work that West Midlands Police has undertaken with its DIP programme shows that in Solihull, helping people get off drugs, has reduced crime rates by 58% over a 21 month period while the same work in the Bournville, Northfield, Kings Norton, Selly Oak and Acocks Green area of Birmingham also reduced crime rates by 40% over a 21 month period. While work in Coventry over a 12 month period, led to a saving in terms of crime reduction to the local economy of £3,224,000—according to West Midlands Police.

3.17 Despite this good track record of success, the DIP programme is not adequately resourced and it is seeking funds to expand its work. At a time when drug addiction may rise during a recession, it is essential that such work, whether in the West Midlands conurbation and other areas of the region, receive support if the worst affects of the recession upon families and communities can be avoided. We propose to the Committee that it considers recommendations in this area so that this funding gap for helping people off drugs can be addressed.

3.18 Crime against business can only be truly addressed if it is seen as a key performance indicator by the Home Office. If this happened, then police resources can be allocated in such a way to address this pernicious form of crime that harms families and jobs. The Home Office state that this objective is not possible as agreement cannot be reached on the definition of business crime. We do not accept this.

3.19 We propose that the definition of Warwickshire Police of crime against business which is “any crime committed to a business or on a businesses’ premises” be adopted with key targets that can be developed underneath this broad definition. This allows flexibility for the police and the Home Office to develop suitable targets depending on crime trends that may pertain at any given time. It also means that there is a focus on facing down crime against business, which is expected to rise in this recession, which currently does not exist.

CONCLUSION

Ensuring social cohesion at any time—but especially during a recession—helps the wider economy. It is for this reason that the regional business community has put forward its proposals for improvements in training provision, greater provision of social housing in response to the rising trend of repossessions and a greater focus on tackling crime. It is these measures, combined with measures to improve the wider business environment, that will help the West Midlands region weather the economic downturn and come out stronger when the upturn arrives.

7 July 2009

Memorandum from Dudley Metropolitan Borough Council (WMP 03)

SUMMARY

1. Dudley Metropolitan Borough Council—Directorate of Adult, Community and Housing Services (DACHS) has been proactively working in partnership with Dudley Citizen’s Advice Bureaux and provides a Mortgage Arrears Advice Service (MAAS).

2. We have detailed information about the level of indebtedness of the population, repossessions actions and the range of support available to those facing difficulties, particularly with mortgage payments. Relationship breakdown is the primary cause of mortgage arrears followed by loss of earnings. This is included in the MAAS Annual Report.²

3. Dudley has completed two Mortgage to Rent (Government Mortgage Rescue Scheme) conversions. The first was completed on Friday 26 June. We also have several others going through the process.

4. The MAAS project has had a significant impact on preventing homelessness within the Dudley Borough, accounting for 25% of all recorded preventions during the period April 2008—March 2009. The MAAS service assisted 267 households during 2008–09 that had 324 secured debts. Almost half of the people who have benefited from assistance from the MAAS service did not have arrears or had not received any formal recovery action notification from their lenders. This assistance has prevented many of the households from falling into arrears and being at risk of becoming homeless.

5. Nationally, there has been a myriad of products developed to meet emerging needs. There has been difficulty in keeping up to date with the ranges of new assistance appearing and the subsequent changes that have been made to the products. The recent summit meeting has, however, assisted with this. We are pleased that the negative equity barrier and unsecured debts issues have been resolved within the Government Mortgage Rescue Scheme as this has made it more beneficial to a wider range of households.

6. There is evidence to show that the pre-repossession protocol is being observed by lenders, however, when considering the households seeking advice from the MAAS service, there is an emerging trend that arrears letters are being issued quicker/at an earlier stage by some lenders so that they are complying with the protocol but are still able to take court action at the same time that they would have had without the protocol being in place.

² Information provided, not printed.

7. The introduction of the court desk service (Community Law Partnership) has had a limited impact in assisting clients at court as there is not always a service at the times when mortgage action cases have been listed and the assistance given is limited to advice and assistance at the time of the hearing with no follow up support.

8. The MAAS service is one of many preventative services that we have to prevent homelessness and whilst there are increasing numbers of people seeking advice from us we have a year on year track record of increasing homelessness preventions and reducing the number of households that are accepted and rehoused as a result of becoming homeless. This peaked at 813 in 2003–04 and has reduced to 296 in 2008–09.

21 July 2009

Memorandum from West Midlands Regional Observatory (WMP 04)

This submission is made on behalf of the West Midlands Cultural Research and Intelligence Group (CRAIG), which includes representation from the four cultural NDPBs: Arts Council England (ACE), MLA, Sport England and English Heritage.

1. SUMMARY

- The region’s cultural sector is a valuable but vulnerable asset which can boost the region’s ability to recover from the social and economic effects of the recession.
- The sector has a key role to play in readying people for employment (who may have lost their jobs).
- Cultural festivals and events are a relatively swift and cost-effective method of generating well-needed income for areas which may have been badly hit by the downturn.
- The cultural sector can help kick-start the regional economy by offering a means of boosting the productivity of local businesses, by improving graduate retention and by creating distinctive places which attract inward investment.
- Culture can and is providing West Midlands residents with welcome relief from the recession, helping to boost morale and therefore social cohesion.
- The onset of the economic downturn has had a negative impact on some cultural organisations which may be compromising the sector’s ability to deliver positive impacts.
- Given the likely importance of culture in the region’s post-recession recovery, there is a need for local authorities to sustain culture budgets where possible.

2. INTRODUCTION

1. Accounting for 9% of the total regional financial output or “gross value added” and employing around 160,000 local people,³ the West Midlands cultural sector—with its architects, computer game designers and restaurateurs—contributes significantly to the regional economy.

2. When the recession took hold in the final quarter of 2008, part of the response by regional cultural agencies was to launch a cross-sector research study into the impact of the recession on cultural organisations.⁴

3. This paper draws on the results of this study and others to advise members of the Select Committee on:

- The potential role of culture in the post-recession recovery process.
- Recession-induced effects on those working within the region’s cultural sector.
- Key actions which could be taken at policy level to mitigate negative impacts.

3. THE ROLE OF CULTURE IN THE REGION’S POST-RECESSION RECOVERY

4. During times of recession, various research implies that culture becomes more (not less) important to people and communities for several of reasons.

Boosting morale

5. In the short-term, there is evidence to suggest that culture can and is providing West Midlands residents with welcome relief from the recession, helping to boost morale and therefore social cohesion.

6. Past research has shown that people turn to culture for comfort. BMG Research (2009) found that the two core reasons why people engage in cultural pursuits in the West Midlands are the need to enjoy some respite or escapism from work or everyday life, and a need to spend quality time with friends and family—motivations which inevitably become more pressing the more busy and stressed people become. For

³ Culture West Midlands (2009) *Culture and Prosperity: the Economic Role of Culture in the West Midlands*, 5.1.1, 5.2.1.

⁴ <http://tinyurl.com/krk5fn>

example, one respondent from Birmingham spoke of how weekend trips to the cinema provide a focus for his busy friends to come together, and a respondent from Stoke-on-Trent spoke of how culture helped him to “unwind from a stressful year at work”.⁵

7. Evidence is already emerging which suggests that West Midlands residents may be turning to culture as an antidote to the downturn. According to the “VisitBritain Quarterly Attractions Monitor”, visitor numbers for West Midlands’ visitor attractions have exceeded the national average for both the October-December 2008 and January-March 2009 quarters. The shorter average drive time radius of visitors to West Midlands Safari Park⁶ suggests that it is local people who are behind this increase, as people increasingly enjoy leisure pursuits closer to home rather than taking (relatively expensive) trips abroad.⁷

8. The same can be said for museums. Our own survey and anecdotal accounts from people close to the sector suggests that regional museums have seen an upsurge in visitor numbers since the onset of the recession. During October-December 2008, the majority of museums that responded to our survey reported an increase in visitor numbers and revenue.⁸

Readying people for employment

9. In addition to its morale boosting properties, culture has a role to play in readying local people for employment (who may have lost jobs).

10. Past projects have demonstrated how culture can be used as a tool to boost the employability of local people. *Pathways to Employment through Sport* project used sport as a means of engaging “hard to reach” groups in learning. The project, which ran from 2002 to 2008, targeted residents living within the boundaries of the South Black Country and West Birmingham (SBCWB) Regeneration Zone, and aimed to tackle social exclusion issues through encouraging employment in sport and leisure activities. Evidence suggests that the project made significant progress in tackling the social exclusion of residents in the Zone, helping to equip nearly 2,000 beneficiaries with qualifications and over 100 with jobs. Moreover, 55% of those who were unemployed at the beginning of the project had successfully got jobs by the end.⁹

11. Similarly, Birmingham City Council’s *Gallery 37* programme uses arts training to engage disadvantaged young people in learning. Working alongside professional artists, 16–25 year olds, who may have faced challenges such as a learning difficulty or exclusion, become “apprentice artists” and are given the chance to learn new skills and gain qualifications in a supportive environment.¹⁰ Testimony to the success of the programme, the model has now been replicated in other UK cities such as Edinburgh and Oldham. As noted by Lutz *et al* (2005), the programme is successful in helping the young people “discover their talents and prepare for the world of work”, contributing to social inclusion. The artists and young people alike have spoken of how the programme has increased their confidence in their own capabilities.¹¹

Festivals and events

12. Tourism has been identified as having the potential to help the economy through the recession,¹² and as a key driver in the visitor economy, the cultural sector plays an important role in positioning the region as an attractive place to visit.

13. In particular, anecdotal accounts from people close to the region’s cultural sector suggest that there is widespread interest in using cultural events in particular to draw in visitors and boost local economies.

14. The economic impact of events has been the subject of past research. In a regional example, the 2005 “V” Festival in Staffordshire attracted 81,000 visitors (57% from outside of the region) and generated a total of £9.3 million. Although some of the spending would have taken place at the event, there is evidence to suggest significant benefits for local businesses (the majority of which said that the festival had made a positive impact on the turnover of their business).¹³

15. In this respect, events and festivals can be viewed as a relatively swift and cost-effective method of generating well-needed income for areas which may have been badly hit by the downturn.

16. Given the potential impact of events, the existing West Midlands event schedule for the next few years has possibly gained added importance in light of the current economic climate:

- Cultural events and exhibitions held in the region over the next few years as part of the London 2012 Olympic Games, are predicted to attract a total audience of over half a million, engage over 200,000 people in cultural activities and engage 8,000 people in volunteering.¹⁴

⁵ BMG Research (2009) *Cultural demand in the West Midlands*, for Culture West Midlands, section 5.3.

⁶ Advantage West Midlands (Tourism), April 2009.

⁷ ONS International Passenger Survey, October-December 2008/CAA Aviation Trends, October-December 2008.

⁸ West Midlands Cultural Observatory (2009) *West Midlands Cultural Sector Recession Research Update*, section 2 (1).

⁹ Sandwell MBC and Sport Structures Ltd (2008) *Sport Pathways to Employment: End of AWM Programme Report*, p 2, p 8, p 9.

¹⁰ See: http://www.birmingham.gov.uk/GenerateContent?CONTENT_ITEM_ID=75680&CONTENT_ITEM_TYPE=0&MENU_ID=12942&EXPAND=12939

¹¹ Jane Lutz *et al* (2005) *Arts and regeneration: case studies from the West Midlands*, for ACE, p 21–26.

¹² DCMS (2009) *Lifting People Lifting Places*, p 24.

¹³ Heart of England Tourism (2005) *An Evaluation of the Economic Impact of the “V” Festival 2005*.

¹⁴ Draft Business Plan—West Midlands Culture Programme for London 2012, March 2009.

- The combined audience for Screen WM-supported “Flicks in the Sticks” and “Borderlines” film festivals is anticipated to be in the region of 36,000.¹⁵

17. Beyond economic value, community events generate cohesion¹⁶—something which is perhaps particularly valuable during times of upheaval. The cohesive effect of community events is suggested in statements made by residents as part of the BMG Research (2009) study into cultural demand; for example, one resident emphasised the importance of carnivals as a means of “creating a community life” and bringing people “together more”.¹⁷

Graduate employment and retention

18. In the longer term, as a growing sector within the emerging “knowledge economy”, it can be said that the cultural sector plays an (increasingly) important role in regional graduate employment and retention—something which is perhaps particularly notable in a region where employer demand for higher level skills is below the national average.¹⁸

Creative industries

19. The creative industries have already been identified by government as “key to economic recovery”, by virtue of their significant economic output (in the West Midlands alone, creative industries turnover is around £7 billion),¹⁹ and their role in creating a digital infrastructure described as “fundamental” to the future competitiveness of British business.²⁰

20. Moreover, the creative industries have a key role to play in boosting the productivity of local businesses across all sectors. As is highlighted in the 2008 Regional Integrated Economic Assessment (RIEA) for the West Midlands, one of the five drivers of productivity (identified by the Treasury) is “innovation” which includes businesses’ use of design and marketing²¹—activities rooted in the cultural sector.

A catalyst for inward investment

21. There is evidence to suggest that cultural developments can be effective in encouraging investment in areas, thereby providing an economic boost to local economies.

22. In a regional example, the development of The New Art Gallery in Walsall in 2000 is credited with spearheading investment in the area, including the subsequent Walsall waterfront development.²²

23. The significant level of leverage (+360%) generated by investment in regeneration of the historic environment, reported in English Heritage’s *Heritage Dividend 2002*²³ effectively demonstrates the catalytic effect of enhanced local distinctiveness in regenerating areas. As noted by WMRO (2005):

“The character of an area, through its attractiveness and distinctiveness, is a catalyst for attracting new inward investment, creating employment and contributing to the sustainability of local economies”.²⁴

24. Similarly, BMG Research (2007) found that a sizeable proportion of business owners had opted to settle in the West Midlands because of “local heritage and tradition” (7%),²⁵ suggesting the importance of the region’s heritage sector in improving the economic viability of areas.

4. WHAT PROBLEMS EXIST FOR THE CULTURAL SECTOR IN THE SHORT TERM AS A RESULT OF THE DOWNTURN?

25. In common with many other sectors of the economy, the onset of the economic downturn has had a negative impact on some cultural organisations, which, in turn, is likely to have had a negative, knock-on effect on existing employees and on jobseekers—aswell as a negative impact on the sector’s ability to deliver the positive impacts described in section 3.

¹⁵ Correspondence with Screen West Midlands (July 2009).

¹⁶ CABE Space (2004) *The Value of Public Space: How high quality parks and public spaces create economic, social and environmental value*.

¹⁷ BMG Research (2009) Cultural demand in the West Midlands, for Culture West Midlands, section 5.10.2.

¹⁸ West Midlands Regional Observatory (2008) *Graduate retention, attraction and employment*.

¹⁹ ONS (2004 and 2007) *Inter Departmental Business Register*.

²⁰ DCMS (2009) *Lifting People Lifting Places*, p 24.

²¹ WMRO (2008) *West Midlands Regional Economic Assessment: Headline Regional Assessment*, p 13–14.

²² University of Wolverhampton/West Midlands Centre for Constructing Excellence (2008) *The Value Added by Urban Design to Development and Regeneration Conference*.

²³ English Heritage (2002) *Heritage Dividend 2002*, p 2.

²⁴ WMRO (2005) *WM Economic Bulletin, Heritage Counts!*

²⁵ BMG Research (2007) *Advantage West Midlands Regional Business Study*, p 15.

26. While there is evidence to suggest that the recession has actually contributed to an increase in audiences for certain types of low-cost cultural attractions such as museums,²⁶ there continues to be cause for concern amongst architectural, advertising, arts, media and business tourism professionals, many of whom are battling against a tide of reduced business and cash availability.

27. Evidence suggests that the region's construction industry has contracted at an even faster rate than the national average.²⁷ The national trend for an increasing lack of work availability and the "under-employment"²⁸ of architects²⁸ may therefore be affecting regional architectural firms disproportionately.

28. Some local performing arts organisations and venues may be experiencing a recession-related reduction in customers and revenue. Our own survey found that in October-December 2008, the majority of performing arts respondents had had a decrease in visitors (or had seen no change) and all had seen a decrease in revenue (or had seen no change).²⁹ Testimony to this trend, anecdotal evidence suggests that many of the organisations identified as a regional priority for ACE "Sustain" funding are performing arts.³⁰ Nationally, across all art forms, ACE research suggests that while core box office sales have held-up, there has been a more noticeable (negative) impact on ancillary income.³¹

29. Only a minority of media organisations that responded to the recent Screen West Midlands "Credit Crunch Survey" disagreed that business had been adversely affected by the recession. Most agreed that sales were lower than expected (53%), that they were having to work harder to win new business (85%), and that contract sign off for new and repeat business had slowed (75%).³²

30. While digital advertising such as "in game" advertising continues to be viewed as "fast growing",³³ the reduction in advertising revenue seen within the newspaper industry³⁴ suggests that less money is available for some forms of advertising. The shift towards online advertising (seen prior to the recession) may have been accelerated by the recession.³⁵ Indeed, local advertising company heads recently expressed concern about the demands they may have to make of staff in order to remain competitive in the year ahead.³⁶

31. Feedback from major venues such as the NEC, key business destinations and accommodation sector representatives indicates that business tourism is bearing the brunt of the economic downturn in the visitor economy (as opposed to leisure tourism which may have been less adversely affected—see paragraph 7). Forward event bookings are down significantly, hotel business trading is down, and secondary expenditure levels are significantly lower.³⁷ Dwindling revenue from corporate exhibitions has put 100 jobs at risk within the NEC group, one of our key business tourism consortiums.³⁸

32. Also, as noted recently by DCMS, a fall in household expenditure on cultural goods and services will be having the greatest impact on commercial cultural firms and those subsidised sectors that rely on self-generated income.³⁹ Our own research has continually highlighted the significant decrease in the UK-wide price of audio-visual goods in particular⁴⁰—a further indication of a recession-related drop in consumer demand.

33. The negative economic trends identified in this paper seem to have had an immediate impact on levels of recruitment. As shown in the graph below, the number of regional cultural sector vacancies advertised through Jobcentre Plus is at its lowest level since records began in 2003. The reining in of recruitment is likely to have an impact on jobseekers such as recent graduates, and also suggests that there is a likelihood of a momentary halt in the growth of the cultural workforce.⁴¹

²⁶ West Midlands Cultural Observatory (October-December 2008) *West Midlands Cultural Sector Economic Snapshot*, sections 1—2.

²⁷ ONS (February 2009) *New Orders in the Construction Industry*.

²⁸ RIBA (March 2009) *Future Trends Survey*.

²⁹ West Midlands Cultural Observatory (2009) *West Midlands Cultural Sector Economic Snapshot* (October-December 2008), section 2.

³⁰ Arts Council England (West Midlands), April 2009.

³¹ Arts Council England (March 2009) *Research on the impact of the economic downturn on a range of arts organisations: summary of findings*, section 3.

³² Screen West Midlands (2009) *Credit Crunch Survey: Interim Results*.

³³ Advantage West Midlands (February 2009) *Screen, Image and Sound Cluster Report*.

³⁴ *The Guardian* (5 January 2009) *Online is the future and the future is now*.

³⁵ DCMS (2009) *Lifting People Lifting Places*, p 32.

³⁶ *The Drum* (24 April 2009) Discussion with Birmingham advertising agency heads (<http://www.thedrum.co.uk/indepth/1825-birmingham-forum>)

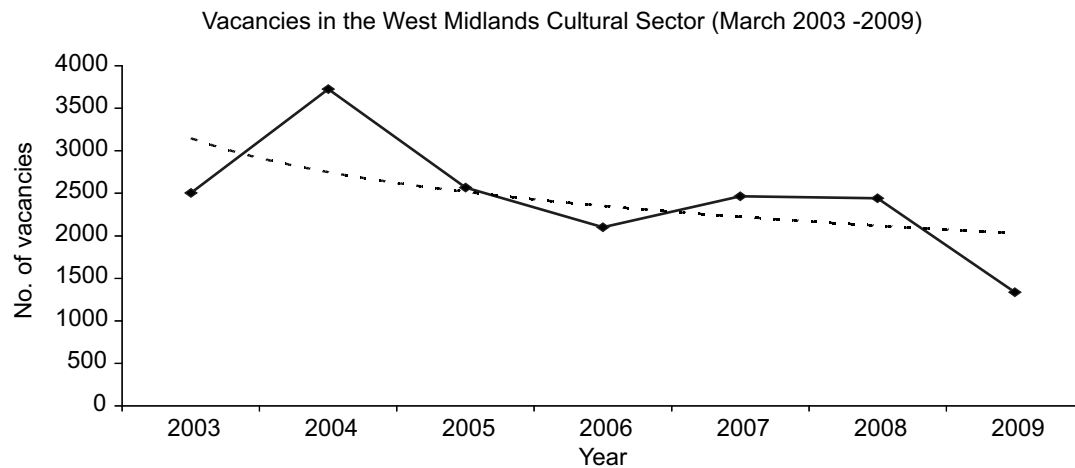
³⁷ Tourism West Midlands (February 2009) *Spotlight on the Visitor Economy*.

³⁸ *Birmingham Post* (7 April 2009) *NEC Group faces having to axe 100 jobs*.

³⁹ DCMS (2009) *Lifting People Lifting Places*, p 29.

⁴⁰ ONS (January and February 2009) *Focus on Consumer Price Indices*.

⁴¹ West Midlands Cultural Observatory (January-March 2009) *West Midlands Cultural Sector Economic Snapshot*, section 5; Note: only certain cultural jobs are likely to be advertised through Jobcentre Plus. For example, the vacancy data may be particularly useful in determining the availability of low-skilled jobs in the hotel and restaurant industry, but less useful in determining the availability of high-skilled/senior job vacancies.



Source: Jobcentre Plus, March 2003—09.

5. HOW HAVE GOVERNMENT AGENCIES RESPONDED?

34. In addition to the recession research mentioned in section 2, various sector support programmes have been launched in response to the downturn:

- Advantage West Midlands action plan for tourism—£25 million, seven-point action plan to boost tourism (to include regional TV advertising campaign).
- ACE “Sustain” programme—will provide financial support for key arts organisations suffering as a result of the recession.
- DCMS “Lifting People” programme—will provide up to 10,000 job opportunities in the cultural sector for disadvantaged groups.⁴²
- DCMS “Lifting Places” initiative, which aims to utilise empty High Street shops for cultural community activities.⁴³

31 What Further Actions could be taken to Minimise Problems in Advance of an Economic Upturn?

35. Cultural professionals remain uneasy at the prospect of increasing pressures on private and public sources of income. Anecdotal evidence from CRAIG partners suggests that cuts to local authority cultural budgets have already begun to have adverse effects on the sector:

- Cuts to the Community Services budgets at one city council have directly affected maintenance payments to some of the region’s key museums (one of which houses one of the region’s 12 collections of national importance).
- Cuts at two Black Country-based local authorities have resulted in reductions to the library service in one case and a cut in subsidies for some museums in the other. Another Black Country council is anticipating efficiency savings in the library service at for 2010–11.
- Cuts to tourism budgets have been seen in several of the region’s local authorities. For example, Town Centre Management and Attraction budgets have been reduced and staff have been cut or not replaced, leading to a lower level of service.
- Nationally, a number of arts organisations are reporting increasing pressure on local authority arts budgets.⁴⁴
- Local authorities, including one in Staffordshire and one in Herefordshire and Worcestershire, have made significant cuts to small grants programmes—the lifeblood of small-scale, community-led cultural projects.

36. As noted by various commentators, the “buoyant” arts and cultural scene in Britain can be viewed as a direct result of sustained Government investment over the last decade. This period of success is predicted to come to an “abrupt end” if the public sector fails to “hold its nerve” on spending.⁴⁵

37. As noted in section 3, the importance of culture during a recession is likely to increase rather than decrease, as people seek refuge from financial strain. It is therefore viewed as counterintuitive to reduce spend, particularly in the lead up to the 2012 Olympics, when we have the opportunity to showcase our vibrant cultural scene.

⁴² DCMS (2009) *Lifting People Lifting Places*, p 6–7.

⁴³ DCMS (2009) *Lifting People Lifting Places*, p 7–8.

⁴⁴ West Midlands Cultural Observatory (January-March 2009) *West Midlands Cultural Sector Economic Snapshot*, sections 2.3 (17), 3.4.

⁴⁵ *The Guardian* (14 March 2009) Arts world braced for “hurricane” as recession hits/*London Evening Standard* (22 April 2009) *Don’t ruin arts boom by cutting cash says opera boss*.

38. To summarise, the region's cultural sector is a valuable but vulnerable asset which can boost the region's ability to recover from the social and economic effects of the recession. It is recommended that every effort is made to encourage local authorities and other public bodies in the West Midlands to sustain culture budgets where possible.

20 July 2009

Memorandum from The National Housing Federation (WMP 05)

1. The National Housing Federation welcomes the opportunity to submit evidence on the effect of the recession on the people of the West Midlands. Our submission outlines:

- The level of rent arrears our customers are experiencing and how the sector is responding to levels of debt.
- Evidence of home repossessions and assistance provided by associations.
- Some examples of the role housing associations are playing in terms of supporting residents to access training opportunities and opportunities to improve their skills.
- The support housing associations are giving to help their residents find new jobs.
- The evidence housing associations have found on social cohesion.

2. The Federation represents 175 housing associations in the West Midlands who own nearly 250,000 homes on behalf of over 450,000 people. Housing associations are independent, social businesses. In 2007 associations in the region employed over 11,000 people directly and had a combined turnover of close to £950 million. A recent study has calculated that direct employment by associations in the West Midlands contributes £280 million to the regional economy *per annum*.

ISSUE 1: THE LEVEL OF INDEBTEDNESS IN THE POPULATION, AND THE ASSISTANCE AVAILABLE TO PEOPLE TO COPE WITH IT

3. The evidence supplied by our members is that, in terms of rent arrears, there has not been a distinct rise in rent arrears to date. This is largely due to robust arrears procedures and money management support.

4. However, most associations have seen an increase in the number of tenants accessing money services over a 12 month period. Waterloo Housing Association found that they had an increased number of tenants seeking advice on priority debts and secondary debts, which are far larger in size than their actual rent arrears.

5. The client groups most affected appears to be those in the 40–59 age bracket and those in marginal employment. A small number of customers are being made redundant but their circumstances vary according to whether they have received a payout or not. Whitefriars Housing Group is aware that a number of their working residents are being affected by short time working and a reduction in overtime. Trident Care and Support has seen higher levels of problems on those with state benefits and fixed incomes at the lower end. Worcester Community Housing has also seen an increase in indebtedness for sheltered housing in the last month and there is a greater reliance on Housing Benefit.

6. Customers who receive care and support services (according to Trident Care and Support) appear to show increased signs of poverty, including not having money to pay for food, utility bills being unpaid and phones being cut off.

7. Most housing associations already have in-house debt management services or a referral system to a debt advice service. Further staff training on debt is being given. Some housing associations have increased funding to provide additional debt support workers in their partner agencies or funding new benefits or debt advisors. For example, Whitefriars Housing Group is funding an additional advice worker at Coventry Law Centre and Stafford and Rural Homes has appointed an in-house benefits advisor who increased customers' incomes by £26,000 in just six months. Other associations have established links with local credit unions. For example, Worcester Community Housing has set up a loan guarantee scheme with a local credit union.

ISSUE 2: THE LEVEL OF HOME REPOSSESSIONS AND THE ADEQUACY OF SUPPORT AVAILABLE TO THOSE FACING MORTGAGE OR RENT PAYMENTS

8. The level of repossessions by housing association on their rented properties is extremely low. One housing association quoted an eviction rate of 0.02% for last year.

9. However, anecdotally there appears to be a number of single people giving up their tenancies and it is thought that people are returning to their family home as the cost of maintaining a tenancy becomes unsustainable.

10. A number of housing associations are in a benchmarking group with other housing associations that provide shared ownership. In all, only one mortgage repossession has been instigated by the housing associations in the last year. In general housing associations are finding other ways to support their

leaseholders. Accord Housing Group has seen an increase in the number of requests for flexible tenure, where the percentage of equity owned by the leaseholder can be reduced. This assists the leaseholder in remaining in their own home.

11. However, the number of shared ownership homes repossessed by mortgagees has increased each quarter in the last year. Housing associations are trying to mitigate this by having discussion with the lenders.

12. Orbit Housing Group has now assisted four owner occupiers with the mortgage rescue scheme and 22 are in the process of completion, with a further five being negotiated with the lender. They have received 35 referrals since the scheme has been established in the region. Festival Housing Group has had one referral through the Government's mortgage rescue scheme but the client is in negative equity so they are in negotiations with the lender. Through their own scheme they have completed 14 from last year's funding and they intend to complete a further 14 in this financial year. Take up is low due to the restricted criteria, which the Federation has lobbied CLG on.

13. Trent and Dove Housing have entered into an agreement to deliver the Mortgage Rescue Scheme, alongside the Housing Options service that they currently provide under contract to East Staffordshire Borough Council. They will be offering a parallel scheme from their own resources for some of those who do not qualify for the Government scheme.

14. Whitefriars Housing Group has employed a "home keep" worker to working with their customers in debt to help them avoid losing their home.

ISSUE 3: THE AVAILABILITY AND APPROPRIATENESS OF TRAINING, BOTH FOR NEW ENTRANTS TO THE LABOUR MARKET AND FOR THOSE SEEKING RETRAINING IN NEW SKILLS

15. A number of housing associations have engaged in the "Adult Advancement and Careers Service" prototypes funded by the Learning and Skills Council. Housing associations are working with other key agencies including Job Centre Plus to ensure that residents are provided with appropriate advice whichever service they approach. This new model is already showing success and examples can be provided.

16. Some housing associations employ in-house staff to support people into appropriate training. Whitefriars Housing Group employs a job support worker to work with people in their homes to support them into work and training.

17. Stafford and Rural Homes has developed a training programme of 35 courses this year to empower customers to develop skills and make a contribution to communities.

ISSUE 4: THE ADEQUACY OF ASSISTANCE TO HELP PEOPLE FIND NEW JOBS

18. Midland Heart has its own training and recruitment agency, Pathways. It has seen a 15% increase in people accessing the service. They are seeing an increase in the number of nuclear families accessing the service and more customers that have never had a CV, more customers making appointments for assisted job search, more customers enquiring about mortgage interest payments and more customers with specific trades. As a result of the recession and demand for the service, the jobs board is now being updated daily.

19. From the service Midland Heart provides in Lozells, of those wanting to find work a number have applied for ESOL (English as a Second Language) courses prior to their being able to enter the labour market.

20. Ashram Housing Association is working with Pertemps and Accord is working with Hays on employment and training opportunities.

21. Some housing associations also provide physical resources. William Sutton Homes provide an IT training suite on their estate in Tamworth, with specific IT training courses.

ISSUE 5 SOCIAL COHESION

22. Some housing associations have seen an increase in the number of people volunteering, with one association reporting a 15% increase in volunteering, particularly those who have been made redundant and are looking to learn new skills. Those volunteers are mainly middle aged and older people.

23. Accord Housing Group has seen an increase in work placements and there is an increased interest in volunteering.

24. Midland Heart has found that 69% of volunteers at their Coventry one stop shop in Foleshill have found employment, demonstrating the effectiveness of volunteering.

25. Interestingly, housing associations have a record of staff volunteering. Whitefriars staff are volunteering to work at the Citizens Advice Bureau in Coventry in their own time.

26. Of those housing associations who responded to our call for evidence, none had seen an increase in racially aggravated crime. Some had seen more reporting due to the establishment of better reporting mechanisms, such as the creation of the South Worcestershire Hate Incident Partnership, which actually showed that the highest number of reports of racism were made by staff at the local hospital.

27. Housing associations are active in a huge variety of ways to support social cohesion and some examples are listed below:

- “Walk Like a Warrior” project for youth engagement and citizenship- a partnership between Worcester Community Housing, the local rugby club and the police; and
- recruiting young people to help clean up estates;

20 July 2009

Submission from West Midlands UNISON (WMP 06)

The West Midlands region of UNISON has more than 126,000 members working across all areas of the public services including local government, health service, schools, higher and further education, probation, police service, the utilities as well as the voluntary sector. These members live and work across the breadth of the West Midlands and provide essential public services to the most needy in our communities.

UNISON is pleased to be able to make this submission to the West Midlands Regional Committee. While the recession has severely impacted on other sectors of the economy, such as manufacturing, retail and professional services, the public sector has not been immune. This submission will outline some of our major concerns about the impact of the recession on our members and will indicate some of the measures that UNISON believes must be taken by government to ensure a speedy and equitable economic recovery.

UNISON has played an active role in the architecture established by the government to tackle the impact of the recession. Cliff Williams from UNISON sits with other trade unionists from across the TUC on the national body charged with identifying practical measures to address the recession. Roger McKenzie, the West Midlands regional secretary of UNISON, sits on both the Council of Economic Advisors and the West Midlands Task Force and plays an active role in the workstreams that have been set up by government in the region as well as the Economic Inclusion Panel established by Advantage West Midlands, the regional development agency. This engagement means that UNISON does not stand aside from the fray to criticise the government. Instead we are fully engaged to ensure that the voices of public sector workers are heard at the highest levels.

UNISON has grave concerns arising from the European election results on Sunday 7 June, where not only did the BNP take two seats in the UK, but throughout Europe the parties of the far right saw an increase in their voting strength and consequently in their representation in the European Parliament. Such a swing to the right in the European Parliament's composition threatens the EU's already fragile social model and may ultimately bury it. While the BNP did not win seats in the West Midlands we share the view that there is no room for complacency as the number of votes received by the fascists demonstrates.

The gains by the fascists cannot be disconnected from the crises that are currently sweeping Europe, the financial crisis, the economic crisis and the political crisis, each of which is mirrored in our own country. These elections saw the extreme right benefit from the fears and anxieties of workers, political disillusion with main stream parties and the destruction of trust in political, economic and financial institutions. They threaten the very fabric of democratic society.

UNISON acknowledges the real impact of recent national and international events on the everyday lives of our members. Working people face real fear and anxiety about their jobs, houses, pay, pensions, standard of living and services. Our members, whether nationally or in this region, cannot rely on bail outs and bonuses and now they face unprecedented worry about their future and that of their children. In addition recent events at Westminster reveal that the machinery of the government to deal with these issues is compromised.

The figures announced in the Budget on 22 April 2009 estimated government deficits of £175 billion in 2009–10 and 2010–11, a projected increase in public sector net debt to 80% of Gross Domestic Product (GDP) by 2016 and total cuts in public spending of £47 billion between 2011 and 2018. On top of this there will be efficiency savings and capital programme reductions. The reality may well prove to be even worse than these figures if, as many commentators believe, the Treasury's expectations of improved growth in 2011–12 prove over-optimistic.

UNISON is clear that this deteriorating budget situation is the result of the crisis in our financial system which has decimated tax revenues and plunged the economy into recession, as well as costing the public between £50 billion and £200 billion in government bail-outs.

UNISON condemns the fact that in an attempt to close these deficits the government plans sharp cuts in public spending as a proportion of GDP and an increase in savings expected from the “Operational Efficiency Programme” from £30 billion to £35 billion by 2010–11. An additional £9 billion a year in efficiency savings must also be found between 2011–12 and 2013–14. Efficiencies are often more stressful and

demoralising than straight cuts in service provision, demanding the same level of service quality and the fulfilment of all new initiatives but with less money and resources to do it. The cuts and efficiencies proposals aim to reduce spending in key areas of our public services through “shared services” across all public services and increased outsourcing.

UNISON further condemns the plans of both the Conservatives and Liberal Democrats who are proposing even sharper cuts in public spending and more radical cost-cutting measures, including the closure of key programmes, further privatisation, and attacks on public sector pay and pensions. These plans would devastate the regions public sector and its already hard pressed workforce. The International Monetary Fund in May 2009 disgracefully encouraged the UK Government to make greater cuts in state benefits and services for an ageing society.

UNISON is resolutely opposed to any cuts in spending and service provision. Any such cuts will undermine our social goals as well as the hoped-for speedy economic recovery. Cutting back welfare benefits and service provision will only make it harder to help families and communities struggling to cope, as well as taking money out of the economy and further undermining tax revenue. Public spending is not the cause of this crisis, and public services will be essential to restarting our economy and building a fairer and more sustainable society in future. Those who work in public services, and those who rely on them, should not be made to pay the price for a crisis created by millionaire bankers and speculators. Instead public service workers in the region should be recognised as a key engine for economic recovery.

UNISON also condemns the fact that Private Finance Initiative schemes are now often being expensively subsidised even further by the Government, which is stepping in to lend finance to consortia because the banks will not, so that infrastructure investment can proceed.

UNISON has launched the “Million Voices” campaign for a stronger economy and a fairer society and is committed to campaigning for an alternative Budget strategy to address the economic crisis and the Operational Efficiency Programme, including:

- (i) fair taxation measures: a 50% income tax for sums over £100,000 a year which could raise £7 billion a year, a wealth tax and a crackdown on tax avoidance;
- (ii) saving money by stopping spending on Trident, defence, ID cards, management consultants, agency staff and the Private Finance Initiative (PFI);
- (iii) a fairer and greener economy based on sustainable long term growth; a finance sector geared to serving people and industry; and aid for key parts of our manufacturing industries; and
- (iv) resisting the siren call of privatising companies who will claim to offer a short cut to cost saving but, as we have seen through PFI and Strategic Service Partnerships, will end up extracting excess profits from the public sector while services are fragmented and deteriorate.

UNISON believes that “business as usual” cannot continue while the democratic deficit between parliament and the electorate continues. Unresolved questions such as the unelected nature of the house of lords, the membership of parliament, the voting system, the relationship between parliament and the executive and the nature of local versus state control, have been pushed into the limelight and affect our members through their effect on the governance of public services. These constitutional issues impact on everyday lives and need to be addressed if public trust is to be restored. UNISON believes that these questions must be tackled through the relevant machinery of the union, by engaging members, regions and branches in the debate.

UNISON believes that in the immediate future we must speak out on behalf of our members to represent our economic interest and to ensure working voices are heard in the debate about how we are governed.

More than ever workers need their unions. We are re-engaging with our members and our communities, promoting our agenda for a fairer society and public services. UNISON is facing up to the real fears our members have. We are ensuring that as a union we are providing practical support to branches and activists to deal with the daily problems of cuts and redundancies. We are engaging in those processes where we can show the most effective use of resources to protect jobs and services. UNISON, on behalf of our members, have a right to be engaged in the decision making that shapes public services and shapes the use of investments and capital.

UNISON believes that our values as well as the demands outlined in this submission will secure a better future for our members and their families. We will continue to promote these views both throughout our membership and with government. We believe that by securing the active participation of our members in

taking those values forward government and the siren voices from business will be compelled to change course. Only by engaging the full participation of our members can we earn the right to have our voice heard in this vital debate about the future economic and political direction of this country.

17 July 2009

Memorandum from Citizens Advice Bureau service (WMP 07)

1. EXECUTIVE SUMMARY

- Citizens Advice Bureaux (CAB) are at the forefront of dealing with the impact of the economic downturn as it affects individuals and communities. We therefore have a significant of evidence base which informs our comments on the effectiveness of the Government's response.
- The CAB service in the West Midlands operates over 380 sites and in 2008–09 delivered advice and information to over 190,000 people on 682,000 advice issues.
- Our evidence shows that whilst there are significant impacts on individuals and communities and the pressure on front-line services is immense there are some examples of additional investment by local authorities in front line CAB services.
- Further measures that should be taken to support individuals include:
 - (a) activities to put more money in people's pockets particularly through welfare benefits take up;
 - (b) providing more support for people in debt, including improved debt recovery practices;
 - (c) improving access to free, independent and trustworthy advice; and
 - (d) investment in preventative solutions such as financial capability/education.

2. INTRODUCTION

The Citizens Advice service in the West Midlands welcomes the opportunity to be able to submit evidence to the West Midlands Regional Committee inquiry, *The effects of the economic downturn on the people of the West Midlands region*.

2.1 About the Citizens Advice service

The Citizens Advice Bureaux network is the largest independent network of free advice centres in Europe, providing advice from over 3,200 outlets throughout England, Wales and Northern Ireland.

The Citizens Advice service provides free, independent, confidential and impartial advice to everyone, about their rights and responsibilities. It values diversity, promotes equality and challenges discrimination. The service aims:

- to provide the advice people need for the problems they face; and
- to improve the policies and practices that affect people's lives.

2.2 Citizens Advice service in the West Midlands

In the West Midlands the Citizens Advice service is the largest third sector provider of advice, operating from 35 high street bureaux and providing regular outreach services from over 350 additional locations across the region including libraries, hospitals and doctors' surgeries.

During 2008–09 190,254 people in the region were able to turn to Citizens Advice for help to resolve their money, legal, employment or other problems.

Those 190,254 people had 682,541 issues:

- Debt 35%;
- Benefits and Tax Credits 29%;
- Employment 9%; and
- Housing 6%.

3. WHAT PROBLEMS EXIST AND HOW THEIR EFFECTS CAN BE MINIMISED IN ADVANCE OF AN ECONOMIC UPTURN

3.1 Introduction

The CAB service in the West Midlands is at the front line of support for individuals and communities through the current economic downturn. The depth and breadth of our advice enables us to be able to track key recession patterns and report these in "real" time. Our comprehensive coverage across the region enables us to drill down into our regional data to show local variations.

3.2 *Levels of indebtedness, and the assistance available to people to cope with it*

The level of enquiries, relating specifically to debt and benefits, dealt with by the CAB service across the Region continues to rise. The overall number of benefit and debt advice issues reported by West Midlands CAB increased significantly by 27.7% and 27.3% respectively during the period December 2008 to March 2009 when compared to the preceding quarter.

Significant increases in advice issues were observed in a number of debt-related areas including:

- (i) mortgage and secured loan arrears, up 35.5%
- (ii) hire purchase arrears, up 49.1%;
- (iii) fuel debts, up 39.5%; and
- (iv) unsecured personal loan debts, up 34.9%.

Bankruptcy advice issues also increased by 34.9% while increases of approximately 25% were observed for issues relating to:

- (a) credit, store and charge card debts,
- (b) bank and building society overdrafts, and
- (c) council tax/community charge arrears.

These changes largely mirror national trends, although comparison of *per capita* advice issues indicates demand in the West Midlands for advice relating to Jobseekers Allowance, redundancy, and mortgage and secured loan arrears is higher than the national average.

For the purposes of this enquiry, we commissioned a survey of the bureaux in the region to investigate over-indebtedness. The survey showed the average levels of debt per client ranged from £15,000 to £30,000. The collective levels of debt being dealt during 2008–09 included Citizens Advice Shropshire which handed over £16,000,000 of new debt in the year and Sandwell CAB dealing with £43,000,000.

Additional funding has been injected into front line CAB services by some Local Authorities in response to this increased demand.

In Bromsgrove, funding from the Department of Communities and Local Government through Bromsgrove District Council enabled the bureau to employ a part time debt advice to help the bureau deal with the 28% rise in mortgage arrears enquires they are seeing and to support work with the government mortgage support schemes.

In Wolverhampton, additional funding for the next two years has been provided to the bureau for the purposes of responding to the increased demand through extending frontline debt advice capacity.

These additional investments support local CABx to meet increased demand and we would recommend that all Local Authorities across the region look to provide additional funding for independent advice during the economic downturn.

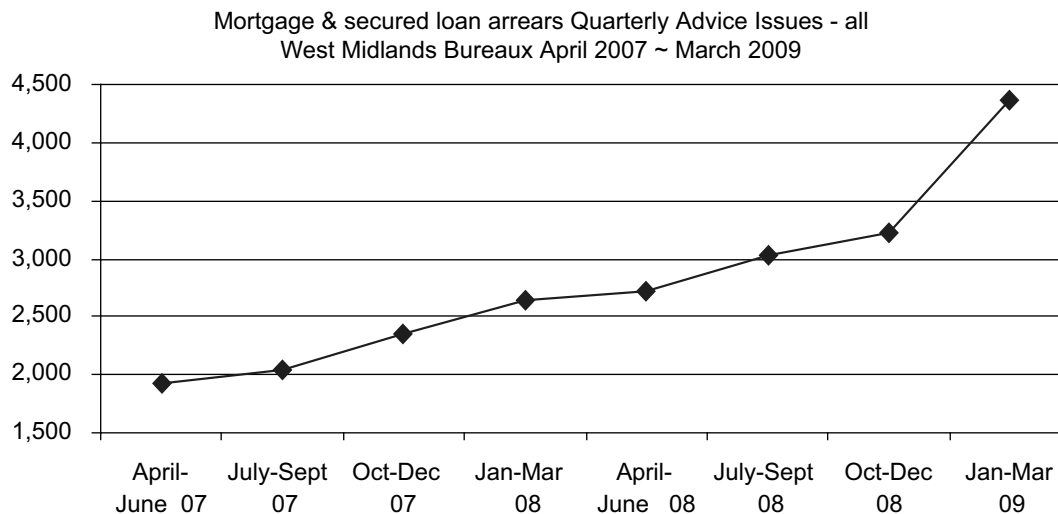
Finally, in addition to the investment seen from Local Authorities, the Financial Inclusion Fund continues to fund face to face debt advice services in some of the most deprived areas of the region. Advisers across the region dealt with 2,617 new enquiries in the period January to March 2009, with the average debt per client amounting to £14,000 and the total debt dealt with amounting to £37,000,000.

3.2 *The level of home repossessions and the adequacy of support available to those facing difficulties with mortgage of rent payments*

During 2008, mortgage and secured loan repossessions and repossession actions rose sharply, and the government introduced a broad-ranging package of measures in late 2008 designed to help people stay in their homes. As house prices continued to fall and unemployment began to rise with the economic downturn, there is evidence of arrears problems extending across a wider range of the population.

In April 2009, the Government Office for the West Midlands reported 125 households approaching local authorities in the region with mortgage difficulties. Of these 60 households were at risk and classed in priority need.

In 2008–09 the CAB service in the West Midlands dealt with over 39,000 enquiries relating to housing, the table overleaf shows how enquiries relating to mortgage and secured loan arrears have risen since 2007.



We support the approach which the government has taken to put in place a mortgage safety net to help people stay in their homes. The evidence so far suggests that the measures are making a difference overall, though it is too early to judge their impact fully. The evidence relating to the schemes that have been put in place are dealt with in section 4 below.

4. HOW EFFECTIVELY GOVERNMENT AGENCIES AND OTHER REGIONAL BODIES ARE ADDRESSING THESE PROBLEMS

We have already highlighted in our response examples of where local government has provided additional investment for front-line CAB services and the valuable work that funding from the Financial Inclusion Fund enables.

The CAB service is also playing an active role in the delivery of two other Government initiatives:

4.1 *Additional Hours of Advice Project*

Citizens Advice received £10 million in additional funding to increase support for people affected by the current economic conditions in England and Wales. £9.16 million of this has been allocated to local CABs to increase their opening hours thereby helping more people until March 2010.

In the West Midlands, 28 bureaux are sharing funding of over £825,000 and will:

- help over 50,000 additional people; and
- open for over 6200 additional hours over the lifetime of the project.

Other outputs include recruiting and training new volunteers to deliver advice during these additional sessions.

4.2 *Mortgage support schemes*

Citizens Advice Bureaux have been involved in the delivery of the two main mortgage support schemes:

- Mortgage Rescue Scheme; and
- Homeowner Mortgage Support Scheme.

The impact of these schemes at a regional and national level so far has been limited, but both schemes are relatively new. Both schemes though do provide additional options for advisers to offer to clients and they include advice as an integral part of their process.

4.2.1 *Mortgage Rescue Scheme*

This scheme began in January 2009 and it has been difficult to obtain an up to date picture of Local Authority participation.

Recent national headlines have highlighted that only a very small numbers of households have been helped by the mortgage rescue scheme, but bureaux received around 60 enquiries during April 2009 and there is evidence that the existence of the scheme is buying time for more bureaux clients. For example:

A West Midlands CAB saw a 34 year old man living with his partner and two children aged two and six years. He had recently become unemployed and was in receipt of Jobseekers Allowance. Payments towards mortgage interest had not yet commenced. From all sources their total household income was £973 per month. The man had other debts and had seen a CAB debt adviser. He had been referred to his local authority housing department as a candidate for the Government backed mortgage rescue scheme. He was facing eviction because of the mortgage arrears and applied for the warrant to be suspended resulting in a court hearing on the day the eviction was due to take place. The mortgage lender agreed for the eviction to be postponed to give time for the option of the mortgage rescue scheme to be explored.

A national survey⁴⁶ of the advice sector involving 500 Debtline callers and over 380 advisers reported that:

- 73% of advisers that have tried to get clients accepted onto the scheme report problems;
- 46% report clients' homes being worth more than the limit for the scheme;
- 44% report that clients do not meet the priority need criteria;
- 33% report that clients are not eligible for homelessness assistance; and
- 20% report that clients' lenders are unwilling to participate in the scheme.

4.2.2 *Homeowner Mortgage Support Scheme*

This scheme only came into operation on 21 April and during April 2009, 47 enquiries relating to the scheme were dealt with by the West Midlands bureaux.

Our initial concerns are around lender sign-up (so far only Government backed banks are signed up) and the scope and the complexity and bureaucracy of the scheme.

4.2.3 *Other initiatives*

Other initiatives that have also been introduced include:

- pre-action protocol for mortgage arrears—our evidence suggests this has made an impact on the willingness of prime lenders to negotiate, but less so on sub-prime lenders;
- expansion of county court desk schemes—23 courts are now covered in the region, some by CABx; and
- support for Mortgage Interest—changes to the qualifying period, the time limit for support and an increase in the qualifying capital limit have been introduced.

5. WHAT ADVICE AND ASSISTANCE PEOPLE NEED TO HELP THEM LIVE MORE SUSTAINABLE LIFESTYLES IN THE FUTURE

Looking to the future, we would recommend that the advice and assistance that people need include a range of activities, these being:

- preventative work through Financial Capability; and
- putting more money into people's pockets.

5.1 *Preventative work through Financial Capability*

The Citizens Advice Financial Capability initiative supports bureaux to deliver basic financial education in their local communities. This focuses on the skills and knowledge people need to make informed decisions about budgeting, borrowing and saving. An independent evaluation by the National Institute of Adult Continuing Education showed that learners' confidence in their financial skills increased by an average of 30% following training.⁴⁷

⁴⁶ Mortgage and secured loan arrears: Adviser and Borrower Surveys April 2009. Advice UK, Citizens Advice, Money Advice Trust and Shelter. May 2009.

⁴⁷ www.financialskillsforlife.org.uk

Citizens Advice Bureaux across the Region are incorporating financial capability into the work that they do, recognising that it is absolutely essential now and in the future that we create confident consumers.

In the East of England, the Regional Development Agency has invested in financial capability, recognising the importance that gaining these skills can have in helping individuals back into work and the wider benefits that this has to the regional economy.

Investment in financial education is one way in which the impact of recession on communities can be lessened and we would recommend regional and local leadership and investment in financial education activities.

5.2 *Putting more money in people's pockets*

Too many people miss out on benefits and tax credits that could make a huge difference to their well being. The Department for Work and Pensions estimates that unclaimed means tested benefits nationally stands at up to £10bn. Take up figures for Housing Benefit are between 81% and 87% but only between 63% and 69% for Council Tax Benefit.

At the Local Authority level benefit take up activities contribute to a number of National Indicators.

We would recommend that activities to increase take-up of benefits and tax credits are undertaken by all Local Authorities in the Region in partnership with the voluntary and community sector.

5.3 *Providing more support for people in debt*

Citizens Advice believes that all creditors, not just the credit industry, but also central and local government and utility companies, should improve their debt collection and enforcement practices. Debtors who are paying what they can afford should not be subject to further collection and enforcement action by their creditors.

In 2008–09, bureaux in the West Midlands advised on over 19,000 debt enquiries relating to Council Tax debt, and increase of over 9% from the previous year. Administration practices by individual Local Authorities vary considerably and can have a huge detrimental effect on individuals and families.

A bureau in the West Midlands advised a client who had been a self-employed plasterer but whose work had dried up due to the economic downturn. Although the client had found additional work, it paid considerably less and he fell into Council Tax arrears. The Local Authority instructed bailiffs to recover a £500 debt, the bailiffs refused to accept anything less than £25 per week (the client was only earning £200 per week) or else they would take his goods and his van which he needs to get to work. The bailiffs refused to listen to the client when he tried to explain what he earned or what he could afford to pay.

We would recommend the universal use of a good practice protocol which by setting down clear procedures and keeping them regularly under review, all parties can ensure that cases of arrears are dealt with quickly and realistically and complaints are handled efficiently.

5.3 *Improving access to free, independent and trustworthy advice and support for people affected by the economic downturn in 2009 and beyond*

The CAB service in the West Midlands is already responding to the economic downturn through opening for more hours, helping more people and encouraging people to seek advice as early as possible.

Over 1,500⁴⁸ volunteers regularly give up over 11,500 hours per week to their communities in the West Midlands through volunteering for us and more people would like to. In our recent survey 87% of bureaux reported an increase in volunteers offering their services. They also tell us that lack of additional capacity in the bureau to provide adequate training and support for volunteers and suitable space/premises are the key limiting factors preventing bureau being able to accept more volunteers.

Volunteering can provide a valuable role in helping move people back into further education or into work. In 2007–08, 27% of volunteers who left the service in the region did so to go into paid work and a further 9% left to go into further education.

Even with additional investment, 81% of bureaux we surveyed have had to increase waiting times to see a debt adviser, half have had to turn clients away and 44% have had to increase waiting times to see a generalist adviser.

Local initiatives, such as the proactive response from Bromsgrove and Wolverhampton Councils, are needed and we recommend that this good practice is replicated across the Region, to ensure that:

- It is much simpler and quicker for people to be put in touch with an advice service that can help them.

⁴⁸ 2007–08 figures.

- There are adequate advice services in local communities able to advise people before they lose their jobs.
- Advice is given to the 82%⁴⁹ of people that report they need debt advice following repossession.

Such initiatives benefit from being developed in partnership with County, Unitary and District Council services so that local services are joined up for the benefit of the individual and community.

17 July 2009

Memorandum from Jobcentre Plus (WMP 08)

1. Work for those who can and support for those who cannot is the reason why Jobcentre Plus was created and why we have:

- modernised the network of 63 Jobcentres across the West Midlands to provide a professional, modern service;
- centralised the processing and payment of benefits in seven sites; and
- established part of a virtual contact centre network, and driven up performance to industry standards.

1.1 These changes have helped to give Jobcentre Plus the flexibility and resilience to respond to increasing workloads. In responding to the challenges of the economic downturn Jobcentre Plus in the West Midlands has maintained a strong focus on its three key aims to:

- help people into work;
- help employers fill vacancies; and
- give people of working age the help and support they are entitled to if they cannot work.

1.2 Jobcentre Plus has taken speedy and innovative action to deploy resources and support measures where they are most needed. In partnership with other organisations and employers the focus is on giving individuals the help they need to get back to work.

2. The impact of the economic downturn in the West Midlands and the challenge to Jobcentre Plus.

2.1 As in all regions, the West Midlands has experienced a rise in redundancies during the economic downturn. The scale of redundancies notified by employers in the West Midlands over a six month period can be seen in the following table.

<i>Period</i>	<i>Potential redundancies</i>
December 2007–May 2008	10,342
December 2008–May 2009	25,374

Source: Potential redundancies involving at least 20 employees notified to Department for Business, Innovation and Skills.

2.2 All parts of the region have been affected by redundancies, but there are some significant variations. For example, redundancies in Staffordshire increased by up to 631%, compared with 122% increase in Birmingham and Solihull.

2.3 New claims to Jobseeker's Allowance in the region increased in the same periods as follows:

<i>Period</i>	<i>New claims</i>
December 2007–May 2008	130,066
December 2008–May 2009	221,561

Source: Office of National Statistics.

2.4 In May 2009 the total of Jobseeker's Allowance claimants stood at 175,000, a percentage rate of 6.4%, compared with a national rate of 4.7%

2.5 The region has six of the top 10 parliamentary constituencies with the highest percentage of Jobseeker's Allowance claimants:

⁴⁹ Mortgage and secured loan arrears: Adviser and Borrower Surveys April 2009. Advice UK, Citizens Advice, Money Advice Trust and Shelter. May 2009.

<i>Parliamentary constituency</i>	<i>Jobseeker's Allowance claimants</i>	<i>Percentage rate</i>
Birmingham, Ladywood	8,415	11.2%
Birmingham, Hodge Hill	4,813	10.5%
Birmingham, Sparkbrook and Small Heath	6,818	9.4%
Birmingham, Erdington	5,257	9.2%
Wolverhampton South East	3,830	9.1%
Birmingham, Yardley	3,606	8.4%

In addition the Wolverhampton North East, Walsall South and Walsall North constituencies all have a claimant count rate of at least 8%.

Source: Office of National Statistics.

2.6 The impact of unemployment on counties

<i>County</i>	<i>Percentage increase in Jobseeker's Allowance claimants over last 12 months</i>
Worcestershire	141%
Staffordshire	134%

Herefordshire, Shropshire and Warwickshire have all increased by over 100%.

Source: Office of National Statistics.

2.7 Impact on localities

North Warwickshire has experienced the highest increase in the West Midlands over the past year (171%).

Tamworth, Wychavon, Redditch and Cannock have all seen increases of over 160%.

Increases of over 150% were recorded in Lichfield (157%) and Wyre Forest (152%).

Source: Office of National Statistics.

Information about people leaving the Jobseeker's Allowance register is shown in paragraph 6.1 "Helping people back into work"

3. JOBCENTRE PLUS RESPONSE TO THE CHALLENGES

Help for employees under notice of redundancy

3.1 The Rapid Response Service is the cornerstone of the Jobcentre Plus response to job losses through redundancy. The service provides a flexible range of support for all employees at risk of redundancy and is also available to people who are made unemployed through redundancy.

3.2 In the West Midlands the delivery of the Rapid Response Service is very much a partnership response to redundancies. Jobcentre Plus has built on the strong and close working relationship with the local Learning and Skills Council that was developed during the response to the closure of MG Rover in 2005. This partnership now provides a flexible and wide-ranging response to the needs of individuals affected by redundancy.

3.3 In many cases the offer of help is triggered when the Department for Business, Innovation and Skills notifies Jobcentre Plus of businesses that have formally declared an intention to make at least 20 employees redundant. Immediately on receipt of this information a network of Employer Engagement Managers based across the region attempts to make contact with local employers to offer help to them and their employees. Since November 2008 they have offered help to over 700 employers. This offer has been accepted by 376 employers with a total of 20,410 employees.

3.4 Many redundancies come without advance warning, because of sudden closure of businesses or when companies give notice to less than 20 employees. In these circumstances Jobcentre Plus Employer Engagement Managers use informal information sources eg news media and local network of contacts to trigger the response as described above. For example 450 employees lost their jobs immediately when the Shropshire based company Wrekin Construction went into administration. The Employer Engagement Manager responded to news reports by organising a response by partners within a few days.

3.5 The practical help to businesses and their employees is delivered on site whenever possible. Jobcentre Plus engages with the employer and trades unions to establish the scale and timing of job losses and advise on a planned response. At all times the aim is to help employees under notice move into new jobs as quickly as possible. Whenever possible Jobcentre Plus will engage with Unity, the local Learning and Skills Council regional redundancy response contractor, to provide a comprehensive suite of support measures for employees. Unity has a contract worth £23million to deliver pre-redundancy and redeployment support to up to 17,000 individuals.

3.6 Support delivered by Jobcentre Plus alongside Unity includes:

- information, advice and guidance for individual employees;
- access to job vacancies;
- practical help in writing CVs, applying for jobs, job interview techniques;
- upskilling or retraining where appropriate;
- financial help to purchase essential items required for new jobs; and
- practical help and advice about claiming benefits.

Case studies of Rapid Response Service projects are shown in Annex 1.⁵⁰

3.7 Employees of companies that go into administration are often made redundant with no notice, thus preventing them from gaining early access to help from Jobcentre Plus and our partners. In recent months Jobcentre Plus in the West Midlands has developed links with insolvency practitioners and administrators with the aim of overcoming this problem. Arrangements are now in place so that administrators supply information in confidence about redundancies. This has enabled Jobcentre Plus to work up a response to the 800 job losses in advance of LDV going into administration. The nature of company insolvency often means that administrators are only able to give Jobcentre Plus 24 hours notice of redundancies, but it does mean we are often able to get staff to the company at the time when employees are being dismissed.

4. HELP FOR UNEMPLOYED PEOPLE

4.1 A comprehensive package of targeted support has been put in place to help individual customers from their first day of unemployment through to their return to work. Some people need very little help to find work again quickly, while others require more help. The support is therefore flexible and responsive to individuals' needs so that they can receive the right help when they need it most. Additional initiatives have been put in place in the West Midlands to augment the national measures.

Advisers in Jobcentres are at the heart of services to individual customers. They have a key role in understanding their customers' needs and helping them access the most appropriate support to get back to work.

4.2 In April 2009 Jobcentre Plus introduced a new package of help, particularly for those with no recent experience of looking for work after being in stable employment for a number of years.

4.3 From Day one of unemployment Jobcentre Plus advisers offer individual customers the most relevant option following an initial interview. This includes:

- Jobcentre Plus led group information session: delivering advice on current job search techniques and help to take stock of transferable skills and how they match jobs in the local labour market;
- one to one coaching follow-up session: delivered by providers with a track record of supporting individuals to find work;
- one day seminar with a contracted provider: offering more in-depth support; and
- information and advice seminar with specialist providers: offering support for newly unemployed professionals.

Additional financial support for Jobseeker's Allowance Claimants

4.4 *Mortgage interest payments*

From January 2009 customers have been able to receive support with interest payments on mortgages of up to £200,000 after 13 weeks of unemployment. Customers had previously been limited to help with mortgages up to £100,000 and had to wait 39 weeks before applying.

4.5 *Social Fund*

Unemployed customers in financial difficulty can apply for an interim payment of benefit or a loan from the Social Fund if they have to wait for an initial payment of Jobseeker's Allowance. An additional £125million was made available for Social Fund payments in the April 2009 budget.

4.6 If customers remain unemployed for six months they now receive extra support from Jobcentre Plus advisers. This involves regular extended meetings with advisers to discuss the best approach to finding work and options including:

- jobs supported by recruitment subsidies and funding for in-work training;
- help to become self employed;
- work related training; and
- voluntary work placements.

⁵⁰ Ev 67-8

5. ADDITIONAL INITIATIVES TO HELP UNEMPLOYED PEOPLE IN THE WEST MIDLANDS HAVE LED THE WAY FOR SOME OF THE ENHANCED SUPPORT INTRODUCED NATIONALLY FROM APRIL.

5.1 Jobcentre Plus in the West Midlands spearheaded the Integrated Employment and Skills Service providing individual customers with flexible and easy access to career guidance. The service is made available to our customers as soon as they become unemployed and is delivered through a partnership of Jobcentre Plus advisers and Next Steps Careers advisers. Over 3,000 newly unemployed people have benefited from this service from September 2008 to the end of March 2009 when the service was rolled out nationally.

5.2 The National Voluntary Training Pathfinder is another example of innovation to help unemployed people in this region who are at risk of greater disadvantage in the labour market during the downturn. It was aimed at the longer term unemployed (at least six months) and overcame the financial barriers to training. Under this initiative Jobseeker's Allowance was paid to customers taking up to eight weeks full time work-focused training. Over 450 unemployed customers have taken advantage of the National Voluntary Training Pathfinder from the end of September 2008 to the end of March 2009. This initiative was extended nationally in April 2009 to become part of the six month offer.

5.3 Jobcentre Plus acted quickly to identify the emerging needs of senior managers and professional level employees in the region who began to be made redundant in large numbers towards the end of 2008. Detailed research was conducted with a cohort of professional level customers in the region giving Jobcentre Plus valuable feedback on the downturn's impact on this group. This has informed the procurement of specialist training to fill gaps in their CVs which will enable them to offer enhanced skills to new employers. The national package of support for professional and executive customers from April has built on this early work.

6. HELPING UNEMPLOYED PEOPLE BACK INTO WORK

6.1 94,825 people stopped claiming Jobseeker's Allowance between March and the end of May 2009. Many of these went into work in response to the 75,465 vacancies notified to Jobcentre Plus in the West Midlands in the same period. All the efforts of Jobcentre Plus are geared to helping people into work and employers fill their vacancies, with over 500 people being helped into work every day.

6.2 *Local Employment Partnerships*

In the West Midlands Jobcentre Plus has embraced Local Employment Partnerships. Under the partnerships employers agree to consider some of the most disadvantaged unemployed applicants to fill their vacancies. In the West Midlands there are now over 10,000 employers signed up to the Local Employment Partnership programme. Over the past 12 months just over 13,000 people have been placed into work through Local Employment Partnership activity. Local Employment Partnerships are good examples of Jobcentre Plus providing job broking help while the local Learning and Skills Council delivers training support. From 6 April newly unemployed customers were able to access the programme and the measures that support Local Employment Partnership recruitment such as pre-employment training and Work Trials.

Case studies of Local Employment Partnerships are shown in Annex 2.⁵¹

6.3 Recruitment agencies and employment businesses are major providers of employment, reflected by the fact that over 40% of vacancies notified to Jobcentre Plus in the West Midlands come from this sector. In March 2009 West Midlands Jobcentre Plus and the Recruitment and Employment Confederation signed a Memorandum of Understanding reflecting the close co-operation between both organisations. The formalising of this co-operation will help Jobcentre Plus and Recruitment and Employment Confederation members to achieve dual aims of meeting the needs of employers and unemployed job seekers.

6.4 Building on the spirit of partnership in the region, the Minister for the West Midlands has added his sponsorship to the emerging Public Service Compacts. These bring together the job broking and training expertise of Jobcentre Plus and LSC as catalysts to drive up recruitment in public sector organisations during the recession. The recently launched Public Sector Compact in Stoke on Trent will be a model for the rest of the region, with the intention of establishing a similar Compact in Sandwell Metropolitan Borough. Jobcentre Plus will draw on its experience of supporting Local Area Agreements and Working Neighbourhood Funding in taking the Compacts forward.

7. OPERATIONAL FLEXIBILITIES TO MAINTAIN SERVICES TO CUSTOMERS

7.1 Even though we have seen record Jobseeker's Allowance claim volumes in the region we are still ensuring that over 84% of customers are seeing personal advisers within 3 days of claim. In May the first payments for new Jobseeker's Allowance claims were being made in 10 days, below the national target of 11.5 days.

7.2 To ensure we continue to deal with the increased workload we have already implemented a number of measures to speed up recruitment and training of 1,300 additional staff including:

⁵¹ Ev 68-9

- fast track recruitment process;
- moving staff from back office and central functions within Jobcentre plus to customer facing roles; and
- condensing training programmes for key operational job roles;

8. CONCLUSION

8.1 Jobcentre Plus in the West Midlands and nationally is an effective and flexible organisation which has demonstrated its ability to cope with increased workloads and deliver on the Government's welfare to work agenda. The focus now is to continue to deliver first rate support to those who find themselves out of work at this difficult time.

8.2 We are reviewing our service delivery plans to ensure we can accommodate the planned growth in staff, ensuring maximum use of our own and partner premises, and that our service hours are extended where necessary to provide the support to our customers.

8.3 We are continuing to invest in developing our people to ensure they are equipped with the skills, knowledge and support required to provide high quality customer services during these challenging times. We are absolutely committed to working with our partners to achieve the best possible outcome for every individual customer.

Annex 1

RAPID RESPONSE SERVICE CASE STUDIES

LDV, Washwood Heath, Birmingham

Over 800 employees made redundant when the company was placed in administration on 8 June 2009.

Jobcentre Plus prepared a rapid response to these redundancies in partnership with Birmingham City Council, Advantage West Midlands the Regional Development Agency, the Learning and Skills Council and Unity its regional redundancy response contractor. Birmingham City Council has brigaded this partnership as an LDV Task Force.

Help for employees includes:

- Making claims to Jobseeker's Allowance and assistance with claiming other benefits. New claim interviews conducted within five working days of employees losing their jobs.
- Rapid processing of Jobseeker's Allowance claims to reduce financial hardship for individual customers.
- Access to job vacancies including those offered through Local Employment Partnerships.
- Help and advice on job search techniques, producing an up to date CV and job interview techniques.
- Individual assessments of transferable skills and an action plan.
- Re-training linked to current job opportunities.

On 11 June advisers from Jobcentre Plus, Unity, the Redundancy Payments Office, Her Majesty's Revenue and Customs, and Birmingham City Council joined the Price Waterhouse Coopers administrators at the LDV site delivering advisory workshops for the redundant workers.

The Jobcentre at Washwood Heath opened throughout the following weekend to enable over 750 ex-employees to make claims to Jobseeker's Allowance.

During this time over 500 ex-employees have registered with Unity for individual advice and guidance.

A "Community Jobs Fair" is scheduled for 24 July at Villa Park. Jobcentre Plus is leading on employer engagement for this event.

Waterford Wedgwood (now WWRD UK Ltd), Barlaston, Staffordshire

Over 300 employees made redundant In January 2009. Jobcentre Plus supported redundant workers alongside administrators from Deloitte and Unity redundancy advisers.

Over 237 ex-employees received individual advice and guidance. 85% of these have gone forward from training arranged by Unity.

95 ex-employees attended practical training in CV writing, job search and interview techniques.

20 ex-employees had started work by the end of February.

Fole Dairy, Uttoxeter (Dairy Farmers of Great Britain) 246 redundancies

Jobcentre Plus and partners delivered an on-site Job Shop and Job Club.

188 workers received individual advice and guidance.

90 received practical help with CV, job search and interview techniques.

Training included upgrading LGV and fork lift truck licences.

A chef at the company started work at Alton Towers following help with Job application and interview techniques.

Corus, Wolverhampton (61 job losses) and Wednesbury (168 job losses)

Dedicated Resource Centre set up for workers at risk of redundancy.

Support at the Resource Centre delivered by:

Jobcentre Plus, Unity, Business Link, Next Steps, City of Wolverhampton College, Wolverhampton City Council.

Birmingham City Council: 133 care workers being made redundant

Jobcentre Plus organised a jobs fair on 15 May at Highbury Hall to bring workers under notice in contact with employers offering care work vacancies.

The Employers in attendance were Aspect care, Trident care and Pertemps care support. There was also a Jobcentre Plus stand providing job search and benefit advice. A second jobs fair was scheduled for 23 June.

Annex 2

LOCAL EMPLOYMENT PARTNERSHIP CASE STUDIES

In Erdington, Birmingham, Dura Automotive are recruiting up to 90 new staff to cover machine operator and finishing roles. A pre-employment training programme has been developed to allow prospective employees to gain experience in the use of capstan lathes and power presses.

TM Safety in Birmingham is at present recruiting up to 100 new staff to carry out Traffic management duties. A pre-employment training programme is currently providing the training to give people the relevant qualification/licensing to allow them to successfully move into this area of work.

West Midland Ambulance Service is recruiting up to 250 Emergency Care assistants and drivers across Birmingham and the Black Country. Pre employment programmes will provide a routeway for customers into these positions.

120 people are needed for a new legal service company in Warwick via Reed Consultancy Agency. Pre employment activities will support this recruitment process.

Barclays Contact Centre in Coventry is using Local Employment Partnerships to support the recruitment of 60 new staff.

Asda have vacancies for over 1,000 people at new store openings across the region in Chelmsley Wood, Birmingham, Rugby and Wednesbury. Pre employment training courses are being delivered for the jobs on offer.

Kelvedon House Care Home in West Bromwich, has been recruiting in significant numbers under Local Employment Partnerships. The company are opening a new home in nearby Darlaston in July and again there will be significant recruitment through Local Employment Partnership.

In Staffordshire and Stoke several recruitments have seen a range of products and measures under the Local Employment Partnership initiative made available to redundant workers. New Look Retail in Stoke recently recruited for 30 full and part time positions. Recently unemployed customers from Woolworths and MFI were among successful applicants who were offered a position after completing a pre-employment training course with Local Employment Partnership award winning provider Stoke College.

Staffordshire District is currently working collaboratively with the Black Country District to support national employer TK Maxx. The company is looking to recruit 25 first line manager positions at both the Walsall and Stoke sites. Jobcentre Plus is providing a tailored made package of support to the "Executive" Jobseeker by way of invitation to an exclusive recruitment open day event, followed by pre-employment training and a guaranteed interview for successful candidates.

Outfit Stoke is due to open a new retail outlet in mid August, the employer is looking to recruit 35 full and part time positions. Redundant workers who have been referred to the Stoke College through response to redundancy or rapid response programme will be given priority for the pre-employment training opportunity. The employer is looking for a mix of long term and recent unemployed customers.

15 July 2009

Memorandum from Advantage West Midlands (WMP 09)

1. SUMMARY

1.1 This submission covers the action taken by the Advantage West Midlands in response to the impact of the recession on the people of the West Midlands. The activity being undertaken by the Agency to support businesses through the recession and help them prepare for the upturn is also very important in addressing the impacts of the recession on people. This activity was covered by the Agency's previous submission to the Committee's previous inquiry.⁵²

1.2 The recession is having a severe impact on the West Midlands economy. Labour market conditions continue to deteriorate as a result. At 10.3% the region now has the highest unemployment rate of the UK regions. Six West Midlands Districts have featured among the worst ten performing Districts in the country in terms of the percentage point increase in their claimant count unemployment proportions over the last year—Walsall, Redditch, Sandwell, Tamworth, Cannock Chase and Wolverhampton.

1.3 The Agency continues to develop and fund a range of projects and programmes that deliver against the priorities set out in the West Midlands Economic Strategy (WMES). The recession has served to bring many of the issues identified in the Strategy into sharper focus. It has meant we have had to change the way we tackle some issues. The majority of our activity is focused on supporting businesses. The major initiatives funded by the Agency, that directly address the impact of the recession on the people of the West Midlands include:

Business: Increasing the number of people with graduate-level skills employed in the West Midlands—for example through the new West Midlands Graduate Internship Programme (commenced operations in July 2009).

Place: Supporting our Market Towns and rural areas—for example through the new Support Package for Market Towns (announced in May 2009) and focusing public sector resources through Regional Funding Advice.

People: Regenerating and supporting our most deprived communities—for example, through our ongoing Regeneration Zones programme and through new initiatives such as our £11.5 million Connections to Opportunities programme.

1.4 The Agency created—and provides the secretariat for—the region's Economic Inclusion Panel. The Panel is working to address the barriers that prevent people from participating in the workforce. It brings together the most important regional stakeholders to identify and share best practise and develop longer term strategies to tackle worklessness, complementing the more immediate focus of the Task Force.

1.5 The Agency has also played a leading role in the work of the West Midlands Council of Economic Advisors and the West Midlands Task Force. The Task Force has established a Supporting individuals and communities workstream, to which the Agency has been an important contributor.

2. HOW THE RECESSION IS AFFECTING PEOPLE—LABOUR MARKET IMPACTS

Regional labour market impacts

2.1 The recession is having a severe impact on the West Midlands economy (Appendix I⁵³ summarises the overall impact). Labour market conditions continue to deteriorate as a result. The three months to May 2009 saw employment levels fall by 25,000 compared to the previous quarter and the regional employment rate drop to 70.0%, 2.7 percentage points lower than a year earlier. Unemployment rose by 52,000 in the three months to May, to stand at 276,000 in total. At 10.3% the region now has the highest unemployment rate of the UK regions and 2.7 percentage points above the national average. The increase in claimant count unemployment, however, has been smaller than in recent months. A number of local authority districts (including all of Staffordshire) actually saw falls in the number of claimants between May and June, although a number of these falls will be attributable to seasonal changes. The number of notified vacancies in the region also rose over the three months to June, more sharply than the national average.

⁵² West Midlands Regional Committee inquiry on the impact of the current economic and financial situation on businesses in the West Midlands Region, submission by Advantage West Midlands, 20 April 2009.

⁵³ Ev 74

The impact on different social groups

2.2 The recession is having a differential impact on different social groups (more detail is provided in Appendix II).⁵⁴

- Gender—Males have seen a greater rise in unemployment rates than that seen by females, but females have seen a sharper fall in employment rates and a greater rise in economic inactivity rates.
- Age—Younger age groups have seen a greater rise in unemployment than older age groups.
- Ethnicity—White ethnic groups have seen the greatest rises (absolute and relative) in claimant levels, but claimant rates remain higher amongst a number of non-white ethnic groups, particularly for black/black British ethnic groups.
- Disability—People with a disability have seen less of an impact as a result of the recession than those without a disability, narrowing the gap in their relative employment performance.
- Those with no qualifications—The employment rate of people with no qualifications has fallen more sharply than for those people with qualifications.

2.3 The tighter labour market means that it is harder than ever for the economically excluded to find work.

Local labour market impacts

2.4 Over the year to June, the greatest absolute increases in claimant count unemployment have been in Birmingham (up by 14,871), and Staffordshire (up by 10,566). The greatest relative increases⁵⁵ have been in Tamworth (170%), Wyre Forest (164%) and North Warwickshire (162%). Birmingham (44%) and Wolverhampton (58%) have seen the smallest relative increases. In terms of the change in claimant count proportions⁵⁶ the largest rises over the year to June have been in Walsall (3.4 percentage points), Redditch (3.3 percentage points) and Sandwell (3.2 percentage points). The smallest increases have been in South Shropshire (1.0 percentage points) and North Shropshire (1.4 percentage points). Six West Midlands Districts have featured among the worst ten performing Districts in the country on this measure—Walsall, Redditch, Sandwell, Tamworth, Cannock Chase and Wolverhampton. Appendix III⁵⁷ provides further detail on local authority claimant count unemployment across the West Midlands.

2.5 On behalf of the Task Force, Advantage West Midlands has undertaken analysis to better understand the impact of the recession on communities. A range of factors will influence the extent of the impact, including:

- the absolute and relative scale of change they experience, for example in terms of job losses, and change in rates of unemployment;
- the underlying socio-economic conditions, which underpins their resilience and prospects for recovery; and
- the capacity of appropriate local and regional bodies to deliver support.

2.6 Early results from this analysis suggest that areas such as Sandwell and Walsall are a particular concern because they have been very severely impacted by the recession, and this comes on top of already high levels of disadvantage/deprivation. The longer term “resilience” of these areas is already quite low. In such areas, pre-existing levels of unemployment were high, particularly for specific vulnerable groups including black and minority ethnic groups and those with no qualifications. Whilst other areas such as Redditch, Cannock, Tamworth and North Warwickshire have also recorded very significant increases in unemployment, they are possibly more resilient as a consequence of stronger underlying conditions. In these areas unemployment has climbed rapidly, but from a relatively lower base.

3. ACTION TAKEN BY ADVANTAGE WEST MIDLANDS

3.1 The Agency continues to develop and fund a range of projects and programmes that deliver against the priorities set out in the West Midlands Economic Strategy. The Strategy was developed in the context of five regional challenges around Enterprise, Innovation, Skills, Transport and Economic Inclusion. The recession has served to bring many of these challenges into sharper focus. In some cases it has meant we have had to change the way we tackle particular issues. The majority of the Agency’s activity is focused on supporting businesses through the recession and helping them prepare for the upturn. This was covered by the Agency’s previous submission to the Committee. The major initiatives funded by the Agency, that directly address the impact of the recession on the people of the West Midlands are summarised below, set out according to the three main themes of the WMES—Business, Place and People.

⁵⁴ Ev 74–5

⁵⁵ Percentage change in claimant count.

⁵⁶ The claimant proportion is the number of claimants resident in an area as a percentage of the working-age population resident in that area (a resident-based measure).

⁵⁷ Ev 76

Business

increasing the number of people with graduate-level skills employed in the West Midlands

3.2 Around 50,000 graduates leave West Midlands Universities each year. Approximately 30,000 graduates per year find work in the region (not all of these come from West Midlands Universities). Prior to the recession it was estimated⁵⁸ that, to move into line with better performing regions, the West Midlands needed an additional 3,000 graduates each year going into private sector jobs. Further, employers needed to raise their business performance by up-skilling at least 70,000 people to graduate level. Current estimates suggest the recession has reduced the number of traditional graduate level jobs by around 10%, hence we need to find another 3,000 graduate level jobs or placements.

3.3 The region has developed over the last three a range of services to help employers to find suitable graduates and to help graduates find jobs or work placements:

- The new Grad Central online service (www.grad-central.co.uk), launched in March 2009, is targeted to place at least 2,000 more people with graduate level skills into jobs in the region's private companies over the next four years. The £2.5 million programme, funded by Advantage West Midlands, will help smaller businesses in particular to recruit the graduates they need to develop their business.
- Graduate Advantage, the well established service led by Aston University, continues to place graduates with firms to help them gain crucial work experience. In the six years since its creation, Graduate Advantage has arranged 474 placements and has funding from Advantage West Midlands to provide a further 400 placements by 2011.
- First Move West Midlands is a directory of graduate jobs; the 2009 edition contains a list of more than 1,000 small and medium sized businesses willing to accept graduate CVs, and is available online and in printed copy. Last year 75% of graduates in the region received a printed copy of the directory.
- We are also piloting a graduate development programme Graduate Works to support the development of graduates involved in business and professional services and manufacturing businesses in North Staffordshire and business and professional services in the Black Country. This supports graduate-level high fliers working in companies and provides them with intensive training to develop skills, attitudes and aptitudes to improve the productivity of the small and medium-sized businesses in which they work. Evidence has shown that the programme enables businesses to see a return on their investment in graduate talent at a much earlier stage than normally is the case.

3.4 The recession has meant the need for a more targeted effort to encourage new and smaller businesses that have not traditionally employed graduates to take them on to provide valuable work experience to graduates as well as helping business to withstand the recession and prepare for the upturn. In Autumn 2008 Graduate Advantage piloted wage subsidies for small businesses taking on placements. The response from businesses was very positive. Advantage West Midlands, the Institute of Directors (IoD) and the region's Higher Education Institutions worked with Jobcentre Plus to explore ways to expand this approach. An innovative solution was found, involving the use of European Social Fund and Advantage West Midlands funding.

3.5 The scheme (West Midlands Graduate Internship Programme) commenced operation in early July 2009, enabling graduates to access internships via university careers offices, Jobcentre Plus or Graduate Advantage. They will be matched to an employer offering a work placement of up to 26 weeks, identified by the IoD and other employer networks, Graduate Advantage or individual universities. The service will deliver at least an additional 250 internships/placements over the first six months. If the level of demand from employers is high, the figure could be greater. The possibility of longer-term funding will be considered in the light of experience from the initial implementation.

Place

Supporting our Market Towns and rural areas

3.6 Support for Market Towns—Market Towns targeted for support through the recession under this £500,000 programme, announced in May 2009, include Evesham, Droitwich, Kidderminster, Stourport-on-Severn and Tenbury in Worcestershire; Atherstone in Warwickshire; Uttoxeter, Leek and Rugeley in Staffordshire; Ellesmere, Ludlow, Market Drayton, Oswestry and Whitchurch in Shropshire; and Leominster and Ross-on-Wye in Herefordshire. Towns will be able to access the following support:

- Specific larger employers in the private sector will be contacted by Advantage West Midlands and offered a package of business support to help retain jobs during the recession, build business resilience and plan for the future.
- A £250,000 programme to support independent retailers will be introduced. The Skillsmart Retail programme will be developed alongside retailers and other partners with support from Business Link West Midlands.

⁵⁸ Drawing on work undertaken by the West Midlands Regional Observatory on behalf of the Regional Skills Partnership.

- £150,000 is being made available to the Citizens Advice Bureau and similar service advisors to increase their support services across the region’s worst affected Market Towns and rural areas.
- An extra £100,000 is being invested in the promotion and marketing of festivals and events, driving additional trade and visitors to the towns.

Focusing resources, through the West Midlands’ Regional Funding Advice

3.7 Through our leading role in developing the West Midlands’ Regional Funding Advice to Government, the Agency has encouraged public sector partners in the region to focus their collective resources on 20 “impact investment locations” across the region. Accounting for around £1 billion worth of public investment per annum over the next 10 years, this prioritisation is even more important given the pressure on public finances and the consequent need to avoid fragmentation of investment. This prioritisation has already led to some successes—for example Sandwell and Bourneville Colleges have now been designated as two of only 13 major LSC capital projects to proceed.

People

Regenerating and supporting our most deprived communities

3.8 The region has a significant number of deprived communities that demand a co-ordinated and holistic approach to regeneration. Business performance, poor environmental conditions, low-quality housing, lack of affordable housing, limited transport links and a lack of enterprise (including social enterprise) commonly stand out as key factors holding these areas and individuals back. Low educational attainment and skills, poor health, low levels of employability and limited aspirations tend to compound these physical challenges. The diverse and changing nature of the population in our deprived areas poses a specific challenge in addressing economic inclusion, ensuring community cohesion and providing equality of access to facilities and services.

3.9 The six Regeneration Zones identified in the WMES are the principle focus for the Agency’s regeneration work. Investment going into the Zones over the 2002–07 period has created over 800 businesses and created or safeguarded more than 6,000 jobs.⁵⁹ Example Regeneration Zone projects include:

- Nechells Baths—The Agency committed £700,000 to the redevelopment of a derelict former public baths building, to provide a focal point for the Nechells community to access employment support services, crèche and nursery facilities. In the last two years flagship tenants, Pertemps People Development Group, has successfully put more than 350 local, long term unemployed back into work, as well as enabling over 200 local people to gain educational qualifications to enable them to get work or study further.
- Bordesley Centre—The Agency committed £2.9 million to the Muath Welfare Trust’s Bordesley Centre facility, significantly increasing the capacity of the community centre to provide access to employment support and extensive training facilities (delivered up to NVQ level 5 level). Over 600 students a year are enrolled on over 30 different courses to suit a wide variety of interests and abilities. The Centre has an increasingly popular women’s-only day-time provision. In partnership with City College and Birmingham University, it offers a supportive academic environment for students who want to gain further qualifications, develop new skills or retake exams.
- BEST skills centre in Brierley Hill—Costing over £500,000 to establish, with funding from the Agency and Dudley Council through Future Skills Dudley, the centre opened its doors in 2005. The key aims of the scheme include providing the first rung of vocational skills training and support for local unemployed people, and finding work placements and eventually full-time jobs for trainees in the construction industry. Over 600 people have been trained.

3.10 The Agency recognises the value of—and supports—the Third Sector, and the important part it plays in supporting communities. Work undertaken in 2008⁶⁰ estimated there were more than 5,500 social enterprises in the West Midlands, supporting over 156,000 jobs and generating over £500 million per annum in traded income. The main beneficiaries of their services are their local community. More recent work⁶¹ on the Voluntary and Community Sector (VCS) estimated that there were around 14,500 VCS organisations in the region. Many of these organisations, which collectively employ over 47,000 people generating a total income of £3.3 billion, are engaged in supporting communities that are currently suffering as a result of the recession.

3.11 The Agency provides funding support for a number of Third Sector organisations to ensure they have the capacity to work with the Agency and other partners to develop and deliver regional strategy. Organisations funded for this purpose include Regional Action West Midlands (RAWM), Social Enterprise West Midlands (SEWM) and the West Midlands European Network. They play an important role in project development and delivery as a result of their specialist knowledge and ability to innovate. For example, SEWM provided advice and direction on the development of contracts between Business Link and Third

⁵⁹ Regeneration Zone Evaluation Study, Advantage West Midlands, June 2008.

⁶⁰ West Midlands Social Enterprise Baseline Mapping, Advantage West Midlands 2008.

⁶¹ The economic footprint of the voluntary and community sector in the West Midlands, Regional Action West Midlands, March 2009.

Sector organisations for specialist support and brokerage for social enterprises. Equally, the Fair Finance Consortium—comprised of Third Sector organisations that have a seat on the Regional Finance Forum—is a network of lenders that offer alternative loans to social enterprises, existing businesses and individuals who have difficulty accessing finance from more traditional sources. Examples of Agency funded projects, involving the Third Sector, with a focus on supporting communities include:

3.12 Connections to Opportunities—An £11.5 million region-wide four-year programme to address those furthest from the labour market. Bids have been invited from Local Strategic Partnerships with a requirement for them to engage the Third Sector in project development and delivery. The aim is to help 6,000 people towards employment, with half of those securing jobs as a result of the programme (the programme will enable individuals to engage in mainstream provision and support from Job Centre Plus). A range of pilot projects have already commenced, testing innovative approaches in Regeneration Zone areas, including:

- An East Birmingham North Solihull Regeneration Zone project to assist employers mentor workless people (outputs to date include 25 organisations using coaching and mentoring; 62 managers and supervisors developed as job coaches/mentors; 58 previously workless employees coached/mentored; 90% of mentees sustaining employment).
- Black Country ICT Gateway project focused on building ICT literacy with workless groups (outputs to date include four training hubs established; 6,828 people trained, 348 people progressed into further learning and 77 voluntary organisations engaged in the network).
- North Staffordshire (Aspire Housing) project, focused on an area of Newcastle under Lyme including (i) job preparation with young people with no/low qualifications and (ii) action research on the barriers to lone parents and the over 50s accessing employment.

3.13 Routes to Opportunity—A £1.2 million programme, managed by B:RAP, a BME-led Third Sector organisation. Its focus was to help BME Third Sector organisations gain contracts from the public sector as part of an approach to increasing the viability of these organisations. Outputs from the programme include the provision of business development support to 155 BME Third Sector organisations, with 50 individuals benefiting from management development and leadership training, including coaching and mentoring.

3.14 Community Asset Ownership—Birmingham—The Agency is funding a number of projects (with a total investment of £870,000) to enable communities to take ownership of physical assets, enabling them to target activity on the needs of the community and provide them with a sustainable future.

Working at a strategic level with partner organisations

3.15 The Agency created—and provides the secretariat for—the region’s Economic Inclusion Panel. Established in October 2008 and chaired by the Regional Director of the Government Office for the West Midlands (GOWM), the Panel is working to address the barriers that prevent people from participating in the workforce (the WMES economic inclusion challenge). It brings together the most important regional stakeholders to identify and share best practise and develop longer term strategies to tackle worklessness, complementing the more immediate focus of the Task Force. The Panel is currently concentrating on:

- development of a Public Sector Jobs Alliance—a formal commitment to a range of region-wide initiatives to tackle worklessness, building on the Government’s Jobs and Skills Pledge, the National Employer Partnerships Pledge and the Stoke on Trent Jobs and Training Compact;
- development of a Public Sector Procurement Framework—to underpin the Public Sector Jobs Alliance and deployed to maximise the training and job opportunities arising from public procurement;
- further work to create Worklessness Protocols for the Housing and Health sectors, linked to the region-wide Integrated Employment and Skills Programme; and
- an ongoing research programme—including research on the impact of multiple barriers facing workless individuals and the impact of place (urban and rural) on rates of worklessness for particular groups (including BME groups, young people and people receiving Incapacity Benefit).

3.16 The Agency has also played a leading role in the work of the West Midlands Council of Economic Advisors and the West Midlands Task Force. The Task Force has established a supporting individuals and communities workstream. The Agency has played an important part in contributing to the activity of this workstream, which has included:

- gathering intelligence on the vulnerability of different places, to assist partners in their actions to tackle the recession;
- an in-depth pilot project with Cannock Chase District Council, which has experienced very high increases in claimant count unemployment over recent months. The project will identify the impacts being felt on local communities and ways in which agencies can work more closely to tackle these issues; and
- working with partners to bid for and use Communities and Local Government (CLG) empowerment and participation funding to support vulnerable locations.

APPENDIX I

HOW THE RECESSION IS AFFECTING THE WEST MIDLANDS ECONOMY

- The recession is continuing to have a severe impact on the West Midlands economy. The Purchasing Managers Index (PMI—one of the best available leading economic indicators) for the West Midlands continued to show falling output and new orders in June, but at a much smaller rate of contraction than in recent months. Output has now fallen for 13 months running and in the 12 months to June the region saw the steepest decline in output of the English regions. A number of other regions actually saw output return to growth in May and June but the West Midlands is one of three English regions continuing to see a contraction in output.
- During recession the economy of the West Midlands tends to be especially vulnerable because of the significance of manufacturing and the de-stocking resulting from falls in demand, which accentuates the impact on production. On a positive note, there is some evidence that businesses in the region are now becoming more optimistic about the future.
- The recession is undoubtedly affecting all sectors in all locations however the impact is, and will continue to be, sharper in some than others. The recession hit the construction sector before many other sectors, with negative output growth reported since Quarter 2 of 2008. Economic forecasts expect construction to be one of the sectors worst affected by the recession due to weak confidence amongst home-buyers, investors and developers. They forecast a sharp drop in output from the sector in 2009, with a return to slight growth late in 2010.
- The manufacturing sector has also seen a rapid contraction in both output and employment in recent months. Quarter 1 2009 saw a particularly steep contraction in manufacturing output, falling 5.5%, compared with the previous three months and down 13.8% on the same period in 2008. This is the largest quarterly fall since 1974.
- In terms of sub-sectors, the greatest falls during Quarter 1 2009 were seen in transport equipment industries (–13.6%); machinery and equipment industries (–12.5%) and basic metals and metal product industries (–9.1%)—all sub-sectors in which the West Midlands has a high proportion of businesses and employment relative to national averages.
- Looking forward this contraction is likely to continue. The Engineering Employers Federation and British Chambers of Commerce have forecast that manufacturing output will fall by 8.6% and 9.0% respectively in 2009. The automotive sector, a major contributor to the region's economy, has seen particularly sharp falls in output in recent months. Nationally total car production so far in 2009 is 54% lower than at the same point in 2008.

APPENDIX II

THE IMPACT OF THE RECESSION ON DIFFERENT SOCIAL GROUPS

Gender—Males have seen a greater rise in unemployment rates than that seen by females, but females have seen a sharper fall in employment rates and a greater rise in economic inactivity rates.

In the year to March-May 2009 unemployment rates rose by 4.1 percentage points to 10.3% in the West Midlands. For men the rise was 4.5 percentage points bringing their unemployment rate to 11.8%. In comparison women have seen a rise of 3.6 percentage points over the year, rising to a current rate of 8.4%. The number of unemployed men within the region has risen by 67,000 over the year (a rise of 63%), whilst the number of unemployed women has grown by 43,000 (a rise of 75%).

The number of male Jobseekers Allowance claimants in the region has risen by 59,700 in the year to June 2009 (+82%) whilst the number of women claimants has risen by 18,200 (+70%). Over the year the claimant rate for men has risen by 4.0 percentage points to 8.9%, whilst for women it has risen by 1.4 percentage points to 3.5%. It must however be noted that claimant rate is recognised to have weaker coverage of female unemployment due to the eligibility requirements for claiming employment benefits.

In terms of employment rates, over the last year the number of men in employment in the region has fallen by 49,000 (a drop of 3.7%). The number of employed women has fallen by 39,000 (-3.4%). The employment rate for men fell by 3.0 percentage points in the year to March-May 2009 to 73.6%; for women is fell by 2.5 percentage points to 65.9%.

Over the last year the number of economically inactive men in the region has fallen by 14,000 (a drop of 4.6%) whilst the number of economically inactive women has remained unchanged. The male economic inactivity rate now stands at 16.4% (down 0.8 percentage points over the year). Female economic inactivity rate have risen by 0.1 percentage points over the year to 27.8%

Age—Younger age groups have seen a greater rise in unemployment than older age groups.

The unemployment rate for 16–24 year olds has risen by 8.0 percentage points in the year to January-March 2009, compared to a 2.9 percentage point rise for 25–49 year olds and a 1.1 percentage point rise for the 50 years-retirement age group. The unemployment rate for 16–24 year olds is now 23.4%, significantly higher than the equivalent rates for 25–49 year olds (7.7%) and 50 years—retirement (5.4%).

Employment rates have also fallen most among the youngest age band. The employment rate for 16–24 year olds fell 6.1 percentage points in the year to January-March 2009, compared to a fall of 3.1 percentage points for the 25–49 age group and a fall of 0.2 percentage points for the 50-retirement age group.

In terms of JSA claimant levels, the number of claimants aged 18–24 rose by 20,000 in the year to June 2009 (+ 65.9%), by 43,400 (+ 82.1%) for claimants aged 25-49 and by 14,300 (+ 98.8%) for claimants aged 50 + . Whilst younger age groups have seen the smallest relative growth in claimant levels it is recognised that the claimant count has relatively poor coverage of this client group due to eligibility requirements.

Ethnicity—White ethnic groups have seen the greatest rises (absolute and relative) in claimant levels, but claimant rates remain higher amongst a number of non-white ethnic groups.

In the year to January-March 2009 white ethnic groups have seen a 3.5 percentage point increase in their unemployment rate, in contrast to a 1.2 percentage point fall in the unemployment rate of non-white ethnic groups. Similarly over this period white groups have seen their employment rate fall by 3.5 percentage points, whilst non-white ethnic groups have seen their employment rate rise by 3.2 percentage points. However non-white ethnic groups continue to have a higher unemployment rate and a lower employment rate than white ethnic groups, albeit the gaps has narrowed during the recession.

In the year to May 2009 the greatest rise in JSA claimant levels has been amongst the “White—British” ethnic group with an increase of 61,760 (+ 99%). The largest relative rise in claimant levels has been for the “White—other” ethnic group, rising by 141%, followed by “White—British”. The “White—British” group represented 71% of the region’s claimant stock in May 2009, up from 64% in April 2008. Nevertheless it must be recognised that whilst the relative change during the recession has not been high, claimant rates remain higher amongst a number of non-white ethnic groups, particularly for black/black British ethnic groups.

Disability—People with a disability have seen less of an impact as a result of the recession than those without a disability, narrowing the gap in their relative employment performance.

In the year to January-March 2009 the employment rate for those having a disability has fallen by 1.4 percentage points. This compares to a fall of 3.4 percentage points for those without a disability. As a result the gap between the employment rates of those with and without a disability has narrowed, although the employment rate of those having a disability remains much lower than the overall employment rate.

The unemployment rate for people with a disability increased by 2.1 percentage point over the year to January-March 2009 (to 12.4%), compared with a rise of 3.3 percentage points (to 8.8%) for those without a disability.

Those with no Qualifications—The employment rate of people with no qualifications has fallen more sharply than for those people with qualifications.

In the year January-March 2009 data the employment rate of people with no qualifications fell by 5.7 percentage points from 47.5% to 41.8%. This compares to a drop of approximately 2.7 percentage point for people having any type of qualification, dropping from 77.8% to 75.1%.

The unemployment rate for people having no qualifications rose more than for people having any type of qualification in the year to January-March 2009. The unemployment rate for people with no qualifications rose by 5.8 percentage points over the year from 11.7% to 17.5%, whilst the rate for people with any qualification rose 2.9 percentage points from 5.4% to 8.3%.

APPENDIX III

CLAIMANT COUNT UNEMPLOYMENT BY LOCAL AUTHORITY

LOCAL AUTHORITY CLAIMANT COUNT LEVELS AND PROPORTIONS⁶² (NON-SEASONALLY ADJUSTED)

	June 2009		Change on Month			Change on Year	
	Claimant Level	Claimant Proportion	Claimant Level	Claimant Proportion	Claimant Level	Claimant Proportion	Percentage Rise in Claimant Level
Regional	176,625	5.4	-842	0.0	77,701	2.4	79%
Herefordshire	3,056	3.0	2	0.0	1,626	1.6	114%
Stoke-on-Trent	8,843	5.9	-138	-0.1	4,017	2.7	83%
Telford and Wrekin	4,843	4.8	-5	0.0	2,558	2.5	112%
Shropshire	4,995	2.9	-91	-0.1	2,592	1.5	108%
Bridgnorth	875	2.9	-3	0.0	526	1.7	151%
North Shropshire	1,028	2.9	-19	-0.1	495	1.4	93%
Oswestry	829	3.5	-26	-0.1	396	1.7	91%
Shrewsbury and Atcham	1,716	3.0	-30	-0.1	921	1.6	116%
South Shropshire	547	2.3	-13	-0.1	254	1.1	87%
Staffordshire	18,759	3.7	-328	-0.1	10,566	2.1	129%
Cannock Chase	3,085	5.2	-54	-0.1	1,852	3.1	150%
East Staffordshire	2,456	3.7	-159	-0.3	1,332	2.0	119%
Lichfield	1,969	3.4	-29	0.0	1,166	2.0	145%
Newcastle-under-Lyme	2,954	3.8	-53	-0.1	1,499	1.9	103%
South Staffordshire	2,168	3.4	31	0.1	1,138	1.8	110%
Stafford	2,163	2.9	-67	-0.1	1,122	1.5	108%
Staffordshire Moorlands	1,583	2.8	-17	0.0	957	1.7	153%
Tamworth	2,381	4.9	20	0.0	1,500	3.1	170%
Warwickshire	11,948	3.7	-255	-0.1	6,324	2.0	112%
North Warwickshire	1,509	3.9	-67	-0.2	933	2.4	162%
Nuneaton and Bedworth	3,889	5.2	-11	0.0	1,989	2.7	105%
Rugby	2,238	4.1	-42	-0.1	1,155	2.1	107%
Stratford-on-Avon	1,688	2.5	-62	0.0	997	1.4	144%
Warwick	2,624	3.1	-73	0.0	1,250	1.5	91%
Birmingham	48,384	7.7	-109	0.0	14,871	2.4	44%
Coventry	11,152	5.7	-83	-0.1	4,470	2.3	67%
Dudley	10,614	5.8	56	0.1	5,111	2.8	93%
Sandwell	12,890	7.4	58	0.1	5,484	3.1	74%
Solihull	5,285	4.4	-65	0.0	2,708	2.2	105%
Walsall	10,772	7.2	-175	-0.1	5,118	3.4	91%
Wolverhampton	11,436	8.0	155	0.1	4,220	2.9	58%
Worcestershire	13,648	4.1	176	0.1	8,036	2.4	143%
Bromsgrove	2,100	3.8	35	0.1	1,189	2.2	131%
Malvern Hills	1,079	2.6	57	0.1	650	1.6	152%
Redditch	2,801	5.5	-19	0.0	1,667	3.3	147%
Worcester	2,648	4.5	51	0.1	1,418	2.4	115%
Wychavon	2,315	3.3	-1	0.0	1,430	2.1	162%
Wyre Forest	2,705	4.6	53	0.1	1,682	2.8	164%

Source: ONS, Labour Market Statistics, July 2009.

21 July 2009

Memorandum from West Midlands Leaders Board (WMP 10)

1. INTRODUCTION

1.1 Thank you for the opportunity to submit evidence to the Committee. This is a high-level regional response made on behalf of the region's local authority Chief Executives. It is not exhaustive and is intended to add and complement evidence submitted by individual local authorities.

1.2 In response to the Sub-National Review, the councils of the West Midlands have established the West Midlands Leaders Board. The Leaders Board acts as the single voice for local government in the Region and has developed from its predecessor organisation the West Midlands Local Government Association. While led by council leaders, the new organisation includes arrangements for wider non-executive, cross-party input.

⁶² Claimant Proportion—number of claimants resident in an area as a percentage of the working-age population resident in that area. A resident-based measure.

1.3 The Leaders Board is made up of all the councils in the region and represents the broad range of local government interests at a regional level, promoting and supporting constituent authorities as well as influencing regional policies which affect the economic, social and environmental well being of their communities.

2. SUMMARY OF KEY POINTS

- Councils routinely work positively and proactively with partners to support individuals and communities across a wide range of activities.
- Councils are experiencing an increased demand for many of their services, for example homelessness and housing benefit applications linked to debt counselling.
- The increased demand on services is being made in the context of increased budgetary constraint.
- Local authorities and their partners are working well on tackling long-term disadvantage and immediate recession issues. However, the effectiveness of local delivery is limited by the ability to effectively pool mainstream resources.
- More prioritisation, resources and decision-making needs to be delegated and devolved to appropriate local, sub-regional and regional levels.
- Councils have routine contact with individuals and communities and are using this contact to signpost various forms of support.
- Local authorities are working with partners locally and sub-regionally and responding to the recession in a wide range of ways.
- Different places in the region are being affected in different ways, which require local solutions and there are wide variety of initiatives to this end.
- Regionally, local government is playing an active role in the Regional Minister's Task Force and working collectively for example on developing Regional Funding Advice to government and ensuring its delivery.
- There is a need to mainstream and integrate regional recession activity with the wider regional decision-making processes around the Single Integrated Regional Strategy.

3. IMPACT OF THE DOWNTURN ON THE PEOPLE OF THE WEST MIDLANDS

3.1 The downturn is having widespread and varied effects on the people of the West Midlands. The most immediate effect is on those people and households who are facing reduced working hours or losing their jobs. There are knock on effects for example in terms of anxiety and long-term health impacts. Debt and other financial issues may put quality of life and homes at risk. The increased strain on families may also put pressure on children's school performance or increase the risk of domestic violence.

3.2 In addition, there are numerous secondary impacts. These include, for example the increasing difficulty in finding homes due to substantially reduced developer activity and reduced rates of building affordable housing. This is exacerbated by the lack of available mortgage funding from lending institutions. Similarly, shop and office vacancies are having adverse effects on the environmental quality of many town and district centres. There are also suggestions that the downturn is linked to increases in certain types of crime and that there will also be longer-term implications for community safety and cohesion.

3.3 The impact on people, communities and businesses varies from place to place and individual to individual. Councils working with partners already address many of these issues at local level through mechanisms such as Local Area Agreements and Crime and Disorder Partnerships.

3.4 A number of mechanisms are being deployed to monitor and analyse the trends of broad economic impact, so as to better understand and respond to their local situation. These arrangements include sub-regional and local observatories such as the Black Country and the Warwickshire Observatories. Of course, councils routinely collect and analyse a substantial amount of local data and monitor a wide range issues and circumstances, not least for their Local Area Agreement priorities and targets and the wider National Indicator Set.

3.5 At regional level the impact on the West Midlands as a whole is monitored, by among others the Regional Minister's Economic Task Force and the West Midlands Regional Observatory. The downturn is also reviews regularly at meetings of the West Midlands Leaders Board and Regional Chief Executives Group.

3.6 There are many different ways of assessing impacts and vulnerability to the recession; however, it is clear that all local authority areas are being affected to a greater or lesser extent. It is not the intention to provide detailed information about the impacts at local, sub-regional and regional level which would be better done by other organisations.

3.7 The local government family understands that the social and economic impact of redundancy is not necessarily in the same location as where the employment is lost. This recognition has highlighted the need for strong sub-regional relationships and inter-agency joint working.

3.8 As a broad picture it would appear that as well as hitting locations with a high proportion of employment in vulnerable sectors such as manufacturing and construction, other places, for example in southern Staffordshire are also registering high proportional increases in JSA claimant rates. This is partly due to professional and managerial commuters to the conurbation losing their jobs. The extent of the impact on skilled and highly paid jobs is a feature not seen in previous recessions.

3.9 Nonetheless, many places continue to suffer from long term disadvantage and relatively high levels of existing JSA claimants. Consequently, such places may not register high percentage increases, but the absolute increases show high levels of community and individual distress. As the mix of impacts will play out differently in different places it is important that delivery is coordinated and tailored at the local level. This will include differences between urban and rural areas arising, for example from the distance people need to travel to alternative employment.

3.10 The actions taken to tackle immediate recession related problems therefore need to be devised and taken within the context of local and regional objectives and long-term strategies that look to address these underlying problems as well as immediate demands.

4. LOCAL GOVERNMENT RESPONSE

4.1 A central role of local government is to routinely support individuals and communities across a range of needs and activities such as children and young people, social care, housing, employment and the like. Consequently, councils around the region are reporting increases in demands for their services. Third Sector organisations such as Citizens Advice Bureau and Credit Unions are also experiencing increased pressures and are looking to councils for increased support.

4.2 These demands are being met at the same time as councils themselves suffer from the effects of the recession from, for example reduced income from investments, decreasing value of assets, falling revenue from charging and much reduced rates of developer and redevelopment activity. Additionally, councils are also stretching their resources to meet the tight deadlines of new initiatives such as the Future Jobs Fund.

4.2 Some of these demands may increase further in the longer term, as for example the reduced value of personal assets makes more people eligible for council funded social care.

4.3 Regionally, local government has produced a report (attached) which includes examples and case studies of the actions being taken across the region, as well as giving some indication of the impacts on councils themselves. Some general themes and additional examples of the kinds of actions being taken are set out below.

5. EXAMPLES OF COUNCIL ACTION

5.1 All councils are responding according to their local circumstances with partners through a wide range of activities to support communities, individuals and businesses. Immediate responses have been put in place and where appropriate refocusing and reprioritisation taken place. However, this work is being undertaken in the context of existing objectives and strategies so that they add value to existing activity.

5.3 Councils are working with partners to ensure a joined-up local response using existing or bespoke partnerships as appropriate. For example, the Worcestershire Economic Task Force works within the framework of the county's Local Strategic Partnership to deliver its actions. Through the normal discharge of their activities local authorities routinely engage individuals and communities. This relationship is being put to full use during the current recession.

5.4 Councils are also being flexible in the geography of their responses working locally and sub-regionally through variously titled task forces and economic response units, for example the City Region's sub-regional submission to the government's Future Jobs Fund initiative.

5.5 One of the best ways to support individuals is to make sure that they have appropriate job opportunities. To this end, councils continue to work to retain, support and attract businesses and remain committed to their long-term development and economic strategies.

5.6 Similarly, in response to rapid decline in development and house building, councils are using their assets creatively to bring forward initiatives such as local housing companies. Among other things, these will help address the declining rates of affordable housing provision.

5.7 At a regional level, local government has been working collectively and together with regional partners to submit Regional Funding Advice to government. The agreement on twenty Impact Investment Locations around the region and the development of delivery and monitoring processes has demonstrated commitment to delivery of key projects which should increase certainty around physical, infrastructure and economic development.

5.8 Locally, through the delivery of their services, councils have routine contact with a wide variety of people for many reasons. A key role for Councils is therefore signposting people and businesses during the recession to the services, advice and guidance they need, directly by frontline staff, through their own recession websites and through newsletters and mail-outs.

5.9 An important part of this is working with partners to simplify access to information for example through roadshows, events and setting up one stop shops which bring together a range of organisations able to support and advise individuals in one place. This includes taking advice out to individuals, for example the Branching Out Bus initiative takes credit union, CAB and county and district advisors out to rural areas of North Warwickshire.

5.10 While activity varies from place to place, councils are undertaking innovative initiatives such as Birmingham's Financial Inclusion Partnership which among other things aims to increase financial literacy and improve access to affordable credit. Other councils are providing interest free loans for households (South Staffordshire), or giving access to legal advice to prevent repossessions (Walsall's Court Desk scheme with Citizen's Advice Bureau), or forming locally specific partnerships to keep people in their own homes such Nuneaton and Bedworth's Housekeeper Partnership which involves agencies, lending institutions and solicitors.

5.11 Councils' regulatory, licensing and enforcement roles play a key role in protecting residents during the recession. In addition, to ensuring standards are maintained, trading standards departments, such as those in Coventry and Birmingham are helping people to avoid being scammed or falling prey to loan sharks due to increasing financial pressures.

6. WEST MIDLANDS TASK FORCE

6.1 Local government is taking an active role in the Regional Minister's Economic Task Force with four representatives; two council leaders and two chief executives.

6.2 At leader level, Cllr Roger Phillips (Herefordshire) and Cllr Ken Taylor (Coventry) attend as representatives of the regional local government family.

6.3 At Chief Executive level, Mark Barrow (Newcastle-under-Lyme) acts as the regional Chief Executive lead on the economic downturn and Stephen Hughes attends as the Chief Executive of Birmingham.

6.4 It is understood that the West Midlands' Task Force was the first to broaden its focus from business and the economy to establish a community strand and this has been welcomed.

6.5 Mark Barrow chairs the Supporting Individuals and Communities workstream of the Task Force on behalf of local government. The workstream is made up of a wide range of partners. Its administration is provided by the West Midlands Leaders Board secretariat and its work has included:

- Intelligence on the vulnerability of different places to the recession to assist partners in their actions to tackle the recession.
- Initiating an in-depth case study with Cannock Chase District Council, which has experienced a nearly 200% annual increase in JSA claimants since April 2008. This study will identify the impacts being felt on local communities and aims to indicate ways in which agencies can work closer together to tackle these issues.
- Working with partners to bid for and use CLG Empowerment and Participation funding to support vulnerable locations.

6.6 The workstream also recognises the importance of the third sector in reaching and supporting vulnerable individuals who may not feel comfortable approaching more official support in times of difficulty. While benefiting from increased numbers of volunteers, many third sector organisations are struggling to supervise and train the new recruits and are often themselves financially vulnerable to the recession. Work being carried out through the workstream will seek to map the co-incidence of third sector and community vulnerability, so as to help better target support. In addition, work is also underway to identify the various forms of support available to third sector organisations.

6.7 The Task Force has an important role to play in sharing information and co-ordinating activity regionally. However, most delivery is local. The workstream therefore seeks to add value and not duplicate the substantial amount of work already underway locally to tackle both underlying disadvantage and the impacts of the recession using existing mechanisms such as Local Strategic Partnerships and Local Area Agreements as well as more focused, specific arrangements.

6.8 For example, many of the LAA priorities and targets across the region such as on worklessness, skills levels and NEETs draw partners together to directly tackle impacts of the recession, while other priorities address some of the consequential impacts such as on crime, health and housing.

6.9 To date, the Task Force has had an understandable focus on the immediate affects of the recession. However, it is moving to take a more strategic regional overview and assess systematically the potential risks and vulnerabilities of different economic sectors, places and communities to improve the region's preparedness and resilience to further shocks. As this process continues the importance of linking this to the decision-making processes for the Single Integrated Regional Strategy increases.

6.10 The structures being established for this, the Ministers Task Force and other existing regional panels and groups need to be streamlined to avoid duplication and ensure accountability and transparency.

6.11 Whatever the structures are, it is important that the lessons from the recession and the need to strengthen local and community resilience to economic shocks inform regional policy development.

7. MOVING INTO THE MEDIUM AND LONG-TERM

7.1 It is clear that this is a much deeper and protracted recession than was envisaged last winter when the Task Force was set up. In the context of this and the long-standing social and economic issues in the Region there is a need to take a longer perspective than at present.

7.2 In many ways the recession has not created new issues but illuminated and exacerbated existing weaknesses. Despite real progress, many places, for example, particularly in the Black Country and in North Staffordshire are still suffering the consequences of earlier recessions.

7.3 The Region has determined its longer-term priorities in this respect and the implementation of the existing Regional Economic, Spatial and Housing strategies are playing an important role in addressing these long-standing issues.

7.4 However, with the emergence of Single Integrated Regional Strategies, which will set an integrated framework for future economic prosperity and community well-being, it is critical that there is a strong link between regional activities and local priorities and intelligence. Both informing and working within the context of these strategies, councils are continuing to deliver their strategies and services to improve the economic and social future of their communities.

7.5 In developing the new Single Integrated Regional Strategy for the West Midlands, it is important that the lessons from the recession are learned for example in supporting local, community as well as regional resilience to future economic shocks, seeking to reduce intra-regional disparities as well as closing region to region output gaps.

7.6 It is therefore important that actions and decisions made to tackle the recession are mainstreamed and linked to long-term Regional Strategy processes and governance to ensure transparency and consistency but also to ensure that they support localities in tackling their priorities and delivering real change on the ground.

7.7 To this end, it is important that regional agencies are sighted on the community and social dimensions. For example, it will be important that the communities aspect of the Homes and Communities Agency is fully explored and developed as appropriate.

8. DELIVERING LOCAL OUTCOMES

8.1 Councils and their partners, including agencies are working together locally to tackle the recession as well as is possible within their current flexibilities. It is clear however that despite significant public sector investment over recent years, long-standing disadvantage remains, both in terms of people and places.

8.2 The significant medium term reduction in public expenditure will make tackling these issues increasingly difficult and improvements to current working arrangements between organisations are likely to yield only marginal improvements. To make real inroads more fundamental changes are needed.

8.3 To more effectively tackle the recession, there is strong evidence that the most effective action being taken close to the point of delivery and interaction with the citizen. Every local area has its own situation, dynamics and relationships with surrounding areas. This is accentuated in areas bordering other regions and devolved administrations. These areas often require a different focus and involve more complex delivery arrangements which regional agencies can find more difficult to respond to.

8.4 Government needs to deliver on its commitment in the Sub-National Review to delegate and devolve economic decision-making to the appropriate spatial level. More widely, delegation, influence and control of local decision-making and spending cannot and should not be decoupled from the issue of tackling the recession and long-standing economic disadvantage.

8.5 Through their important convening and leadership roles, Councils have a key role in this and have established mechanisms and structures for engaging partners and determining priorities, not least through their Local Area Agreement arrangements.

8.6 With an increased premium on the effective use of public spending it is increasingly important that organisations are able to jointly determine priorities and pool funding accordingly. Perhaps as importantly, to enable this to happen, Whitehall departmental targets need to reward their agencies for interagency working, integrating services and the achievement of local and regional outcomes. Within the LAA context, it may be that a duty to deliver outcomes would be a more effective than the current duty to co-operate, which places no emphasis on the end result.

8.7 Similarly, the greater allocation to the Area Based Grant vehicle by other agency and public service funding streams should be encouraged. This would enable resources to be used in more imaginative ways, allowing monies to be moved to agents able to deliver innovative solutions. The three Total Place pilots in the West Midlands, Birmingham, Coventry and Worcestershire should provide an increased insight into the potential for this, and indeed may prove a better vehicle for pooling inter-agency funding.

8.8 Such joining-up should enable the more complex issues of community support for example around health, education, community cohesion to be properly integrated in measures to tackle the economic situation.

8.9 It is hoped that the forthcoming government consultation on local democratic renewal will lead to stronger more clearly defined powers for local government as promised in Building Britain's Future. This should take full account of the findings of the CLG Committee's inquiry May report, *Balance of Power: Central and Local Government*.

8.10 The Committee found this balance to be inefficient and its conclusions and recommendations seek to redress this balance. This included: "looking forward to seeing more pooling of resources under the LAA, and for those resources to come more equally from other partners as well as local government"

8.11 The Committee also recognised the value of local government being able to "assimilate" local services such as local policing and health care into their strategic vision for the locality.

23 July 2009

Supplementary memorandum from HM Government (WMP 01A)

ILLEGAL MONEY LENDING TEAMS

- Since 2004 BIS has committed £16.5 million to tackling illegal money lending starting with two pilots in Birmingham and Glasgow. From 2007 the project was rolled out nationally. BIS is now funding a specialist team in every region.
- The launch of the national hotline and the Stop Loan Sharks campaign on Directgov will step up our action to warn against the dangers of illegal lending.

BACKGROUND—KEY POINTS

Research into illegal money lending by Policis and the Personal Finance Research Centre (PFRC) in 2006 estimated:⁶³

- 165,000 households in the UK are using illegal money lenders; approximately half of these are located in the most deprived areas;⁶⁴
- the total amount of money lent by illegal money lenders is some £40 million per annum. Repayments to these lenders total around £120 million per annum which averages about £730 per household using an illegal money lender;
- the total cost of credit charged by illegal money lenders was on average £185 per £100 advanced, approximately three times the cost of credit from the highest-cost legal lenders and more than double what people expected to pay; and
- the evidence suggested that users of illegal lenders in the UK are more likely to live in conditions of poverty and are overwhelmingly long-term unemployed. The profile of illegal lender users has a strong female bias, often being single mothers living in social housing.

ROLE OF TRADING STANDARDS

Enforcement against illegal or unlicensed money lenders, also known as loan sharks, is the responsibility of trading standards departments, under the Consumer Credit Act (1974). However, trading standards departments have not had the resources or expertise to conduct such investigations. In addition, relatively little was known until recently about the incidence and impact of illegal lending.

Illegal money lenders are those who lend money to people without a credit licence. The Consumer Credit Act 1974 requires lenders to be licensed by the Office of Fair Trading (OFT). Trading without a consumer credit licence is a criminal offence.

A pilot project was set up in autumn 2004 as part of the Government commitment to tackle illegal money lending. Under the pilot, DTI funded two better-resourced and dedicated teams based in the Trading Standards Departments in Glasgow and Birmingham, primarily to investigate offences of illegal money lending.

The work of the two illegal lending pilot teams and the DTI commissioned research into the scope and extent of illegal lending in the UK⁶⁵ have made a huge contribution to raising awareness of the nature and impact of illegal lending; understanding how best to tackle the problem; knowing where there are likely to be concentrations of illegal lending; and understanding the need to provide victims of loan sharks with help to access affordable credit and other sources of support.

⁶³ http://www.pfrc.bris.ac.uk/publications/credit_debt/Reports/Illegal%20lending_06.pdf

⁶⁴ As measured by the top 5% of the government's index of multiple deprivation (IMD) scores. The areas of greatest deprivation and credit exclusion are in the poorest micro-communities, predominantly in estates in Scotland, the North and Midlands.

⁶⁵ PFRC and Policis: *Illegal Lending in the UK: research report*, Department of Trade and Industry, November 2006—<http://www.dti.gov.uk/files/file35171.pdf>

Illegal money lenders operate primarily in urban areas with high proportions of rented accommodation. They tend to target the most vulnerable in society, such as single mothers in receipt of benefits, people with drug dependency and people with mental health issues, although the profile of victims varies widely. Illegal lenders often impose penalty charges for missed payments and “top up” loans, with the result that borrowers do not know how much they need to repay nor for how long. Some loan sharks draw their victims into a criminal lifestyle if they are unable to pay their debts, for example receiving stolen goods, shop-lifting, providing false alibis and even prostitution. Investigations into illegal money lending have also uncovered offences relating to benefit and mortgage fraud, blackmail, drugs, firearms and counterfeit goods.

NATIONAL APPROACH

Since 2004 the Illegal Money Lending Project has created dedicated teams to deal with this problem, piloting the project in Birmingham and Glasgow. The teams set up a hotline and advertising campaign encouraging the public to inform them of illegal money lenders operating in their area.

The initial focus in the two pilot areas was on securing convictions but as the project rolled out nationally its objectives were expanded in order to provide a greater focus on the Government’s Financial Inclusion agenda. This meant placing greater emphasis on helping victims of illegal lenders move towards sources of affordable credit, recording and monitoring those referrals and understanding the interventions require for a sustained move away from illegal lending.

As well as arresting and prosecuting the loan sharks the teams are working with partners in the community to ensure victims get access to advice and support, for example access to affordable credit through DWP Growth Fund supported credit unions.

ILLEGAL MONEY LENDING PROJECT OBJECTIVES

- to set up enforcement actions against loan sharks and to ensure that victims get access to advice, support, and access to affordable credit eg through DWP Growth Fund supported credit unions;
- to have an impact on illegal money lending, see more prosecutions for illegal money lending and eventually reduce the incidence of illegal money lending;
- to increase awareness of the problems of illegal lending amongst partner agencies and third sector providers of affordable credit;
- to create a climate where victims can come forward—confident that prosecutions will be undertaken, and convictions obtained, without fear of reprisals;
- to change the perception amongst those lending, that illegal money lending is rarely prosecuted;
- to develop formal relationships and processes for referring victims/enquiries to local debt advisers or sources of legal affordable credit and to record those referrals; and
- to develop an understanding of the victims’ needs in the medium to long term and the interventions required for a sustained move away from illegal lending.

The anti-loan shark teams are staffed by specialist Trading Standards officers and work closely with the Police.

There are regional teams in:

- London—focused on Hackney, Newham and Tower Hamlets;
- North East—focused on Newcastle and Tyneside;
- East Midlands—focused on Nottingham, Leicester and Derby;
- South West—focused on Bristol and Plymouth;
- Wales—focused on Cardiff, Swansea and the Valleys;
- The Birmingham pilot team has expanded into Yorkshire and Humberside (focusing on Sheffield and Leeds), the North West (focusing on Merseyside and Greater Manchester) the South East and East—focusing on (Peterborough, Great Yarmouth, Lowestoft, Portsmouth, Southampton and Hastings); and
- the Glasgow pilot team covers the whole of Scotland.

Key Facts

- The Government has committed £16.5m since 2004 to the Illegal Money Lending Project (IML) and will continue to fund a team in every region until March 2011.
- The launch of a single national hotline number (0300 555 2222) and the ‘Stop Loan Sharks’ website campaign on Directgov in March 2009 will step up action to warn against the dangers of illegal lending.
- The mid-term evaluation of the IML project due in November 2009 will focus on the impact on communities of the removal of a loan shark.
- An estimated 165,000 households in the UK use an illegal money lender each year.

- Around £40 million is loaned per year, and an estimated £120 million repaid
- Loan sharks prey on some of our most vulnerable communities, often use violence and keep poor families locked into extortionate repayments they cannot afford.

WHAT THE PROJECT HAS DELIVERED SO FAR

Since the pilots in 2004:

- over 800 illegal lenders have been identified, leading to more than 600 investigations;
- helped more than 10,000 people including the most hard to reach;
- written off more than £30 million of illegal debt (money the victims would have had to pay back);
- secured more than 50 years of prison sentences for illegal lending and related criminal activity;
- POCA proceedings on-going for more than £4.5 million;
- seized and confiscated over £570,000 cash;
- secured more than 100 successful prosecutions and more in the pipeline; and
- over 300 victims have been referred to alternative (legal) sources of financial support (CAB/Money Advice/National Debt Line/Credit Unions)

ACTIVITY AND ACHIEVEMENTS FROM THE BIRMINGHAM (CENTRAL)⁶⁶ IML TEAM

Prosecutions

Birmingham (Central) 11.

Total nationally 97.

Number of Defendants

Birmingham (Central) 10.

Total nationally 152.

Prosecutions resulting in Custodial sentences

Birmingham (Central) 10.

Total nationally 21.

Total value of illegal lenders' loan books (savings to victims)

Birmingham(Central) team total £16 million.

National £31.6million.

Value of associated criminal activity

Birmingham(Central) team total £110,000.

National £963,518.

Cash seized

Birmingham (Central) team total £173,200.

National £568,550.

Note 2: Links to recent report published in May 2009 on Sub-prime lending and loan sharks—*Circling the Loan Sharks Predatory lending in the recession and the emerging role for local government*”.

<http://www.nlgn.org.uk/public/press-releases/recession-could-cause-increase-in-loan-sharks-says-new-report/>

<http://www.nlgn.org.uk/public/wp-content/uploads/circling-the-loan-sharks.pdf>

1. ECONOMIC INCLUSION PANEL

1.1 The West Midlands Economic Strategy, *Connecting to Success* (launched in December 2007) identified a £10 billion output gap in the region,⁶⁷ 20% of which can be ascribed to economic exclusion—the failure to use the talent and potential of all of the people in the region.

1.2 The recession has only served to increase the challenge of Worklessness. October 2009 Labour Market Statistics confirm that the West Midlands has.⁶⁸

⁶⁶ As the Birmingham team covers five English regions figures have been disaggregated to show the West Midlands totals.

⁶⁷ In October 2009, a review conducted by the West Midlands Regional Observatory estimated that the region's output gap had increased to £15 billion.

⁶⁸ Source: Labour Market Statistics 11 October 2009—Figures to September 2009.

- the highest ILO unemployment rate of any UK region at 268,000 (10%) (up from seventh highest in 2007 and 3.4% on September 2008). This is, however, down 14,000 (0.5%) in the quarter, the largest fall of any UK region;
- a Jobseekers Allowance (JSA) claimant count at 186,100: up 800 on the previous month and 69,900 on September 2008;
- 55,455 Young People registered for JSA: up 965 on the previous month and 24,455 on the baseline of 31,000 in 2008; and
- an employment rate dropping from 72.2% to 70% in the 12 months to September 2009 compared to a national average of 72.5%.

Purpose

1.3 The Economic Inclusion Panel has been established—with AWM funding—specifically to address this challenge. Chaired by Trudi Elliott, Regional Director of the Government Office for the West Midlands, the Panel brings together leaders from across the public and third sectors to consider new ways to tackle the £2 billion productivity gap ascribed to Worklessness; to identify and champion the wider, and more consistent, deployment of existing practice and to identify—and propose the means to fill—crucial gaps in current provision designed to tackle Worklessness. Details of the Panel’s current membership can be found at Annex A.⁶⁹

Ways of working

1.4 The Panel meets to steer the work of a number of Task and Finish Groups, each commissioned to explore in more detail a particular Worklessness Theme and bring back recommendations for action. The Panel has deliberately adopted a “Think Tank” or “Gingerbread Group” approach to its agenda, as a means to maximise the strategic input and added value from leaders who regularly attend, and—by avoiding a “traditional” Committee-style approach to the worklessness agenda—to secure ongoing leadership buy-in. In turn, the Panel looks to each member to contribute resources from within their own organisations to progress the more detailed work undertaken within each Task and Finish Groups. where the emphasis is squarely placed in arriving at a small number of high impact proposals, rather than a plethora of recommendations that risk duplication of replication of current or planned mainstream approaches to Worklessness.

The Panel’s Work Programme

1.5 The Panel’s Forward Work Programme consists of ten Key Worklessness Themes, to be delivered via a series of time-bound Task and Finish Groups:

- The Economic Inclusion Worklessness Research Programme. which has already published its regional economic inclusion baseline report;
- Health and Housing Mapping and Gapping: developing Worklessness Protocols for the Housing and Health sectors, linked to the West Midlands Integrated Employment and Skills Programme, led by Jobcentre Plus and the Learning and Skills Council;
- Health and Disability: exploring the means to enhance marketing of current employment and training provision to Incapacity Benefit recipients, linked to the Fit for Work Programme and providing advice and guidance directly to local people in GP’s surgeries;
- Older Workers and Older Jobseekers: identifying the needs and channels for delivering advice and guidance to older job seekers and older “labour market returners”;
- Better Engagement of BME Communities: taking forward outcomes of the DWP-funded regional event planned for 30 November 2009 to consider *Narrowing the Gap*;
- Young People: to develop new forms of labour market support for the expanding cohorts of young people leaving full time education during the recession, and who will otherwise form the next cadre of long term unemployed adults (building on the Prime Minister’s Backing Young Britain announcement in Birmingham in August);
- Championing Best Practice in Tackling Worklessness: through the creation of a DWP/CLG funded Worklessness Network;
- Equality and Diversity proofing the Panel’s Work Programme: by transforming the West Midlands Equality and Diversity Partnership into the Panel’s Equality and Diversity Advisory Forum;
- Working with the West Midlands Economic Task Force: specifically to identify jointly with the Task Force’s Communities and Individuals Strand specific localities in which the Panel’s recommended actions might be applied “in the round”, and identifying the means to maximise jobs and supply chain opportunities flowing from the Green New Deal; and
- A Public Procurement Framework for Jobs and Skills.

1.6 At the core of this Work Programme is the development of *A Public Procurement Framework for Jobs and Skills—harnessing public sector buying power*, which aims to embed Targeted Recruitment and Training programmes at the heart of public sector commissioning and procurement. The Panel sees this Framework as a key enabler in tackling Worklessness, and as a means to ensure far more local citizens have the opportunity to benefit from the eventual upturn in the economy. Further details of the Framework can be found below.

2. “A PUBLIC PROCUREMENT FRAMEWORK FOR JOBS AND SKILLS—HARNESSING PUBLIC SECTOR BUYING POWER”

Purpose

2.1 The Public Procurement Framework for Jobs and Skills is being developed for public and third sector organisations in the West Midlands who wish to increase access to jobs and skills opportunities for local people through the procurement exercises they undertake.

2.2 The Economic Inclusion Panel has commissioned the Framework to address the need to:

- recognise that while social clauses are only one dimension of a wider sustainable development agenda, and only one strand of a sustainable procurement strategy, they need to be promoted separately and forcefully to prevent actions on jobs and skills from being subsumed in the wider debate on sustainable procurement and climate change;
- build on lessons learned from the wide range of non-contractual, voluntary agreements entered into by public and third sector organisation and private sector contractors, designed to facilitate access to jobs and skills, but based primarily on the premise of Corporate Social Responsibility;
- challenge the perceived legal barriers that constitute major obstacles to the legitimate inclusion of jobs and skills clauses in procurement exercises, as well as the need to identify and address the genuine legal, organisational and organisational-culture barriers that can impede their deployment; and, most importantly,
- ensure public sector buying power can be used as a key lever in tackling the unacceptable levels of long term unemployment and worklessness experienced by so many across the West Midlands and the UK.

2.3 The Framework has therefore been designed to support public sector leaders, chief executives and procurement teams to embed jobs and skills clauses in their organisations’ procurement strategies, policies and operating frameworks, so that consideration of the relevance of jobs and skills clauses becomes the “default” position for each and every procurement exercise undertaken by the public sector.

2.4 It aims to enable public and third sector organisations to contribute significantly to tackling Worklessness, and its consequences, by:

- setting out the economic business case for placing jobs and skills “centre-stage” in the theatre of public procurement;
- securing public sector leadership commitment to making access to jobs and skills a core consideration of procurement exercises from the outset;
- addressing specifically the real and perceived legal barriers to the use of jobs and skills clauses in procurement exercises;
- exploring the policy tensions, organisational-culture issues and decision-making structures that can either impede or facilitate action;
- identifying the barriers that may prevent more Small and Medium Size Enterprises (SMEs), Social Enterprises and other Third Sector organisations from bidding for public sector contracts;
- sign-posting procurers and prospective contractors to the range of free support and advice services that can help both parties deliver on the jobs and skills requirements set out in the Framework; and
- providing detailed advice and guidance (including bespoke templates) to help embed a focus on jobs and skills throughout the end-to-end procurement process—from setting strategic priorities to contract implementation and monitoring.

A strategic approach to harnessing public sector buying power

2.5 The Framework comprises four identified approaches to securing contractor support for Targeted Recruitment and Training (TR&T) initiatives, and to thereby secure greater access to jobs and skills opportunities for local people. The four distinct approaches set out are as follows:

- *Approach 1: Charters*: through which public sector organisations share their strategic priorities and goals (specifically around Worklessness) with current and prospective contractors; encourage the adoption of exemplar behaviours and practices and look to develop new customer-supplier relationships.

- *Approach 2: Voluntary Agreements*: whereby public sector organisations work with their existing contractors to secure commitments to specific jobs and skills outcomes over a specified time period, with support provided to contractors by a range of public sector agencies. This approach can be used retrospectively with longstanding contractors and in the middle of long term contracts.
- *Approach 3: The specific use of Contract Clauses*: whereby public sector organisations include jobs and skills clauses within a specific procurement exercises, leading to a contractually agreed set of outputs and outcomes.
- *Approach 4: The strategic application of contract clauses*: whereby public sector organisations deliberately adopt a “default” position, which requires clauses specifying jobs and skills requirements to be routinely considered for their relevance to all stages of the commissioning and procurement process and each and every procurement exercise undertaken (and measure on an ongoing basis the percentage of contracts and the proportion of expenditure to which such clauses apply, in addition to tracking outputs and outcomes).

2.6 The strategic and systematic approach set out in Approach 4 ensures that jobs and skills contract clauses are always considered first. If they are found not to be relevant to the contracts under consideration, the procuring organisation can move sequentially to consider the use of a Voluntary Agreement and then, if this is not considered appropriate, to introduce a Jobs and Skills Charter. As Table 1 illustrates, approaches 1, 2, and 3 offer a menu of appropriate responses which underpin the strategic approach to procurement set out in Approach 4.

Table 1

Approach 4		
The strategic application of contract clauses to the end-to-end Procurement System		
Approach 1	Approach 2	Approach 3
Jobs and Skills Charters	Voluntary Agreements	Use of Contract Clauses

The Content of the Framework

2.7 The Framework will consist of three specific, related products:

- An Introductory Guide, which will provide key information on embedding jobs and skills as core considerations throughout the procurement process and the issues to be considered when doing so;
- A Main Guide: comprising comprehensive guidance on each of the key themes set out at paragraph 2.2 above including EU and UK legal and policy matters and supply-side issues, as well as showcasing the wide range of free, public sector recruitment and training support services that are available to procurers and prospective contractors;
- A Toolkit for Stakeholders containing model Jobs and Skills Charters, Voluntary Agreements and model jobs and skills clauses; detailed guidance and recommended checklists for procurement professionals; a self assessment tool for businesses, and information on relevant EU Case Law: all of which will be available for downloading from the internet and adapting to meet the needs of individual public and third sector organisations and prospective contractors, including SMEs and Social Enterprises.

Deploying the Framework—specific recommendations

2.8 The Framework will also include around a dozen key recommendations which will focus for example on:

- securing widespread public sector leadership “buy-in” to adopt and champion the Framework across the West Midlands, within their own area of the public sector and personal networks, and to embed its deployment within their respective organisations;
- early adoption by the West Midlands Leaders Board, 33 Local Authority Chief Executives and the shadow Joint Strategy and Investment Board, specifically in relation to the 20 Impact Investment Locations and 70 infrastructure projects that constitute the West Midlands Regional Funding Advice;
- the business support systems that need to be in place to ensure the Framework is understood and well received by prospective contractors, and the support systems that need to be in place to encourage third sector organisations to engage further in public sector procurement exercises; and
- the commitment of members of the Economic Inclusion Panel to promote the Framework to their respective, parent Government departments.

Harnessing public sector buying power—the scale of the opportunity

2.9 If the Framework is adopted widely and leads to a major shift from the current, paucity of contracts specifying jobs and skills outcomes (probably less than 1% nationally), then we might develop the following type of measure.

2.10 It is estimated that in the West Midlands alone the public sector spends and invests circa £16b annually through procurement exercises (nationally the figure is £175 billion). Let us assume that £1m of procurement expenditure has the potential to create up to four jobs and/or training opportunities. If just 10% (£1.6 billion) of this investment was linked directly to jobs and skills requirements, this could secure access to up to 6,400 jobs and training opportunities per year. It is not so much the accuracy of the “multiplier” that is key here,⁷⁰ but the scale of the opportunity to tackle Worklessness that public sector procurement presents.

Development and Launch

2.11 The Framework is subject currently to a second, wide-ranging quality assurance process. It will be submitted for the Panel’s consideration and approval on Thursday 26 November 2009. Subject to the Panel’s endorsement, the Framework will go through a final design and publication phase, prior to formal launch by the end of 2009.

Annex A

ECONOMIC INCLUSION PANEL MEMBERSHIP

<i>Panel Member</i>	<i>Organisation</i>	<i>Panel Member</i>	<i>Organisation</i>
Trudi Elliott (Chair)	Government Office West Midlands	Margaret Tovey (Vice Chair)	Jobcentre Plus
Mike Barnes	Regional Action West Midlands	Mark Barrow	Newcastle-Under-Lyme Borough Council
Mike Beasley	Regional Skills Partnership	Gerard Coyne	Advantage West Midlands Board Member
Roger Crouch	Sandwell Metropolitan Borough Council	David Darlaston	Business In the Community
Peter Blythin	NHS West Midlands Strategic Health Authority	Olwen Dutton	West Midlands Local Government Association
Steve Goode	Regional Offender Management Office	Geoff Hughes	Herefordshire County Council
Roger McKenzie	Regional Secretary Unison	Zahid Nawaz	Equalities and Human Rights Commission
Mark Pearce	Advantage West Midlands	Julie Robson	Learning and Skills Council
Mark Rogers	Solihull MBC	Laird Ryan	Equality and Diversity Partnership
Anne-Marie Simpson	Homes and Communities Agency	Jane Slowey	Foyer Federation
Freer Spreckley	Social Enterprise West Midlands	Paul Williams	National Housing Federation
<i>Officials supporting the Economic Inclusion Panel (EIP)</i>			
Marie Greer	Advantage West Midlands	Jan Kimber	EIP Secretariat
John Lee	EIP Secretariat	Bridget Mauldrige	EIP Secretariat
Rosie Paskins	West Midlands Regional Observatory		

Taskforce Achievements

The Taskforce, led by the Regional Minister, has been a major enabling and influencing force. Its key successes include:

- Providing a *fora* to bring together key regional partners to plan strategy and identify shared priorities based on a collective understanding of the evidence and market, involving leading regional figures from across the public sector, private sector and third sector working with experts from key sectors eg construction.
- Enabling the region to collectively identify and feed back policy ideas to central government to influence thinking as well developing and communicating the key needs of the region (eg scrappage scheme, short-time working, access to finance);

⁷⁰ For example the West Midlands Construction Centre of Excellence (WMCCE) applies a multiplier of one job created for every £2 million of construction expenditure.

- Ensuring that consistent and simplified key messages are given out by the public sector;
- Facilitating new partnership working (eg across agencies, LAs, business, third sector) which has led to the development of a more innovative, cross agency response to identified issues

The Taskforce has encouraged partner organisations to re-prioritise resources to help mitigate the impact of the recession. Specific initiatives include:

- Continuing to work with—and build capacity in—those parts of the region with the weakest economies and those that are being most affected by the recession, for example in North Staffordshire and parts of the Black Country.
- A package of support for Market Towns.
- Additional funding for CAB.
- Providing support to graduates (Graduate Internship Programme) and apprentices facing redundancy.
- Helping displaced professionals (pilot developed in WM and led by Jobcentre Plus)
- Re-focusing the advice and support available to businesses through Business Link, the Manufacturing Advisory Service and AWM's access to finance activities.
- Establishing the Advantage Transition Bridge Fund (ATBF) which provides loans of £50-250,000 to viable SMEs which have been unable to access commercial funding.
- Additional funding to CDFIs.
- Working with banks to ensure that the Enterprise Loan Guarantee scheme is working in the region.
- Working with the automotive, construction and business & professional services sectors to identify requirements for sector-specific support and produce action plans.
- Working with leading strategically companies such as Jaguar Land Rover, JCB, Wedgwood, Fox's Biscuits etc—to assist them in developing new technologies, support modernisation and where necessary, assist those who have been made redundant.
- Providing additional funding for UKTI for international trade.
- Establishing a Business Link credit crunch hotline and workshops.
- Establishing a Procurement working group.
- Launched the 10 Day Prompt Payment code—73 public sector bodies have signed the pledge.
- Unblocked and accelerated priority infrastructure projects in danger of stalling for example in Stoke, Solihull and Coventry.

Supplementary memorandum from Jobcentre Plus West Midlands (WMP 08A)

QUESTION 79

The figures below show the number of Crisis Loan Applications received in the West Midlands compared to the rest of Great Britain.

The percentage increase between consecutive six monthly periods is higher in the West Midlands than it is across the rest of the country as a whole.

Crisis Loan Applications Received

	<i>Oct 2007–Mar 2008</i>	<i>Apr 2008–Sep 2008</i>	<i>Oct 2008–Mar 2009</i>	<i>Apr 2009–Sep 2009</i>
West Midlands	82,470	117,060	144,450	180,800
GB excl West Midlands	1,079,130	1,210,110	1,423,620	1,621,370

Percentage change from previous six months

	<i>Apr 2008–Sep 2008</i>	<i>Oct 2008–Mar 2009</i>	<i>Apr 2009–Sep 2009</i>
West Midlands	41.9%	23.4%	25.2%
GB excl West Midlands	12.1%	17.6%	13.9%

Source: DWP Social Fund Policy, Budget and Management Information System.

Notes

1. The information provided is Management Information. Our preference is to respond to questions using Official National Statistics but in this case we only have Management Information available. It is not quality assured to the same extent as Official National Statistics and there are some issues with the data, for example, it does not include applications which have not yet been entered on to the Social Fund Computer System.

2. Figures have been rounded to the nearest 10.

Comment

The increases in Crisis Loan applications received in Great Britain are probably partly due to the gradual rollout (from October 2006 to December 2008) of Crisis Loan applications for living expenses on an 0800 telephone number, with accompanying publicity, and partly due to the economic downturn. No analysis has been carried out of the reasons for the greater percentage increases in West Midlands than in the rest of Great Britain.

In Budget 2009 additional funding totalling £263 million was secured for the Social Fund Loans scheme in 2009–10 and 2010–11.

Supplementary memorandum from West Midlands Leaders Board (WMP 10A)

INTRODUCTION

This brief note is intended to provide additional factual context to the evidence session on 8 October on:

- the West Midlands Leaders Board;
- the Joint Strategy and Investment Board; and
- the transfer of responsibility for commissioning learning provision for 16-19 year olds from LSC to local government.

WEST MIDLANDS LEADERS BOARD

The West Midlands Leaders Board brings together all 33 local authority Leaders in the Region to provide leadership and direction for local government activities at the regional level, building on the successes of West Midlands Local Government Association (WMLGA) which it replaces.

BACKGROUND

Local Authority Leaders Boards grew out of the Government's Review of sub-national economic development and regeneration (SNR). Their legislative basis is provided by the Local Democracy, Economic Development and Construction Bill currently going through Parliament (Royal Assent is expected in autumn 2009). The Bill's guidance notes describe Leaders Boards as: "a means to enable local authorities to act collectively and decisively at regional level."

WEST MIDLANDS APPROACH

WMLGA has always been a successful organisation partly due to regular review of activities, structures and cost effectiveness. Given changes in the role and priorities of local government it had been decided that a review of the existing organisation was timely. This, coupled with the extent of the proposed changes in regional governance arrangements including the abolition of Regional Assemblies and the introduction of

a single integrated regional strategy (bringing together the Regional Spatial Strategy and the Regional Economic Strategy), focused thinking and ideas on future roles and structures. This was brought together with the Government proposals to create West Midlands Leaders Board as of 13 July 2009.

WEST MIDLANDS LEADERS BOARD—PURPOSE AND OBJECTIVES

Purpose—To represent and promote the regional interests of the local authorities in the West Midlands Region and the communities they serve.

OBJECTIVES

- (i) To secure a strong, coherent regional voice for local government and to promote the West Midlands in relation to regional, national and international issues.
- (ii) To provide a focus and mechanisms for regional collaboration in policy areas where regional working will promote economic, social and environmental prosperity and drive even more added value.
- (iii) To provide “value added” services to support organisational development and improvement activities.

PRIORITIES

There is broad agreement that the initially the main priorities for WMLB should be:

- Planning and Environment;
- Housing and Regeneration;
- Transport;
- Citizens and Communities; and
- Support for constituent authorities.

In line with draft legislation in the Local Democracy, Economic Development and Construction Bill and the current consultation on guidance on the establishment of leaders boards, WMLB will submit a “Scheme” to CLG setting out among other things how the Leaders’ Board will made-up and operate and how it will work with the Regional Development Agency in particular the process by which joint decisions will be made.

MEMBERS PANEL

As part of the structures surrounding the WMLB a cross-party Members Panel has been established. Its role is to provide a cross party view to the Leaders Board on certain matters, contribute to regional policy development and provide a mechanism to formally engage the main political groupings in the West Midlands.

The Panel comprises four local authority leaders and one elected member nominated by each of the regional Conservative, Labour, Liberal-Democrat and Independent political groups.

JOINT STRATEGY AND INVESTMENT BOARD

In the West Midlands, WMLB and AWM have established a shadow Joint Strategy and Investment Board (JS&IB) to oversee and move forward the agenda for change created by the SNR. It will be formalised following the passing into law of the Bill, now before Parliament, on the dissolution of the WMRA.

The Board comprises six members of the West Midlands Local Authorities Leaders Board and up to six Board members of Advantage West Midlands. AWM have recently agreed to offer one of these places to Business Voice WM so that the business community has a seat on the JS&IB. It works closely with the Regional Minister and with other key funding agencies in the West Midlands.

Meeting for the first time in November 2008 and regularly since, the first task of the shadow JS&IB was the development and submission of the West Midlands Regional Funding Advice (RFA) to government. This was sent to the Regional Minister in early March 2009.

TRANSFER OF 16–19 COMMISSIONING RESPONSIBILITIES TO LOCAL GOVERNMENT FROM LSC

From April 2010 local authorities will take responsibility for the commissioning of learning for 16–19 year olds from the LSC.

In accordance with legislation and guidance, all relevant councils in the West Midlands have established Sub-Regional Groups (SRG) for commissioning purposes:

- Worcestershire, Herefordshire, Shropshire and Telford;
- Birmingham and Solihull;
- Coventry and Warwickshire;
- Black Country; and

— Staffordshire and Stoke.

Each SRG shadowed the LSC for the 2009–10 commissioning plan process and are currently working alongside LSC/YPLA on their 2010–11 commissioning plans.

Beyond this, the YPLA will continue to work with councils to support and facilitate the production of their plans, assessing them against a National Commissioning Framework as well as checking their affordability.

Regionally, the LSC and the Directors of Children’s Services have been holding regular meetings through a Regional Strategic Planning Forum to ensure the smooth transfer of responsibility.

In the West Midlands, local government and AWM, supported by the YPLA and others are working to the early establishment of a Regional Planning Group (RPG).

Among other things, it is proposed that this group will ensure a closer link between commissioning and the wider regional economic and skills context. Additionally, in the West Midlands we are working to develop regional skills and employment advice to councils to assist in their commissioning. This will build on the existing West Midlands Regional Skills Assessment process.

To further enhance the link between the economy, skills and learning, simplify and unify regional arrangements and to improve accountability, the WMLB and AWM are working to draw the RPG into the wider structures sitting underneath the Joint Strategy and Investment Board.

28 October 2009
