Realising New Opportunities for a Sustainable Economy

Heather Lee,
Gateshead Council
Case Study
Tackling Economic Inactivity

Overview

Economic challenges in a changing economy

Operating in a new financial landscape

Achieving Council priorities
Economic Challenges in a Changing Economy

- Economically and Socially
  - Loss of skilled jobs that have not been replaced
  - Workforce with skills that were no longer in great demand
  - Low levels of individual entrepreneurship arising from an employee culture
  - Ill-health arising from industrial occupations
  - Relatively high levels of worklessness and poverty due to a lack of good jobs
  - Migration of the better-off to the suburbs and rural areas
  - Lack of aspiration amongst many people, particularly young people
Operating in a New Financial Landscape

Delivery of employment support in Gateshead commenced in 1997 as a means of addressing high unemployment rates in our deprived wards.

Initially funded through a mix of internal and external funding until 2005:

- Single Regeneration Budget (SRB)
- Neighbourhood Renewal Funding (NRF)
- Working Neighbourhood Fund (WNF)
- European Social Fund (ESF)
- Single Programme (SP)

2005 – 2009 mainline funded through Council monies

- 2009 – Present
  - Council reduction in funding of £120 million
  - Reduced staffing by one third
  - Reduction in funding for non-statutory services
  - Reducing budget = reduced number of residents supported
Achieving Council Priorities

Why deliver?

• Help the Council meet key economic challenges and ensure that economic growth is inclusive and sustainable

• Contribute to delivering priorities set out in the Council Plan ‘Prosperous Gateshead – a thriving economy for all’

• Safeguard jobs

• Promote the Council’s ability to trade at a regional and national level and generate profit for reinvestment

• Opportunity to deliver better outcomes by helping more residents to move off benefits
Creating a strong and resilient local economy which delivers jobs, housing and growth for local people for a sustainable and prosperous Gateshead

Use of social clauses, supplementary planning documents and Section 106 agreements

Partnership working to maximise resources

Trinity Square development
The use of Social Clauses, Supplementary Planning Documents and Section 106 Agreements

- Utilising these differing types of planning methodology, Gateshead Council has sought, over the last 12 years, to maximise the benefits for its residents, of any large development in the borough:
  - Payments to provide additional facilities and services
  - Complimentary infrastructure secured
  - Higher standards of public realm development achieved
  - Employment and training opportunities developed
- Effective partnership working has thus enabled the full maximisation of social benefits in the borough and achieved considerable outcomes
Partnership working to Maximise Resources – Town Centre Developments

- Retail led development of 4 local town centres over the last 3 year period
- Partnership development with Morrisons, ASDA and Tesco to generate local employment opportunities for unemployed Gateshead residents
- Recruitment partnership developed with the Council, Gateshead College, Jobcentre Plus and local welfare to work training providers
- In excess of 1,000 unemployed residents gained employment
- Return on Investment – estimated return of over £10m in benefit savings to the exchequer and an increased economic spend locally of over £14 million
Trinity Square Development

Trinity Square Gateshead opened in May 2013, comprising:

- Tesco Extra
- 993 student flats
- Additional retail outlets

- 650 people employed in construction, the majority of which resided in Gateshead, with overall 75% of workers having an NE postcode
- End users now employ over 800 people, including the key anchor and development partner Tesco, who has over 500 staff working at its store
- The majority of these were previously unemployed, with over 140 long-term unemployed
- Over 90% of these are Gateshead residents, putting £5m a year in salaries, back in to the local economy
Harnessing economic growth and enabling the Council to be more financially sustainable in order to redirect resources to investment for local people to realise new opportunities

Strategic context – Change Programme

Developing a sustainable delivery model – Welfare to Work:

- Traded services
- Commercial contracts
- External commissions
- Internal commissions
Work Programme and Welfare to Work Contracts

Commercial Contract

- Gateshead Council’s trading strategy – initially established to allow the Council’s Construction Services to trade competitively for contracts
- DWP Work Programme – in 2011, the DWP Work Programme presented an opportunity for the Council to trade within the welfare to work market on a payment by results basis
- DWP Work Programme – the Council’s Employment and Enterprise Support Services Team has been contracted as a supply chain partner delivering ‘end to end’ employment support to all payment groups on behalf of People Plus (formerly Avanta) since May 2011
- DWP Work Programme delivery – between 2011 and 2015 the team have had a £2.5m turnover resulting in a £625k profit (profit margin of 25%) to the Trading Company
- Corporate: Reinvestment – the Council has also received an additional £255k contribution to the centre

External Commissions

- Performance driven grant funded programmes e.g.:
  - Generation NE: Cabinet Office locally devolved pilot.
  - Big Lottery Building Better Opportunities: Support for people with multiple barriers - Wise Group supply chain partner.
  - Talent Match Work Experience Placements: Talent Match supply chain partner

Internal Commissions

- Gateshead Housing Company – delivering employment support to tenants
- Families Gateshead (Troubled Families) – delivering employment support for residents with multiple barriers including worklessness.
- Syrian Refugee Integration - commissioned to deliver employment, skills and financial inclusion support for refugees
Working to actively source partner organisations within Gateshead and beyond to maximise funding bids and new financial models for a maintainable local economy

Prime contractor status – New Enterprise Allowance

North East Combined Authority
New Enterprise Allowance

Awarded NEA contract as a Prime Contractor for the NE through the Gateshead Trading Company

• From January 2015 to end of July 2016 (DWP MI)
• Partnership approach – working alongside local enterprise agencies
  • Helping to sustain and build capacity and capability in existing business start-up infrastructure
  • Risk mitigation
  • First individual Local Authority to be awarded DWP Prime Contractor status

• Payment by results model with a contract value of £1.4m
• 6,092 people referred from Jobcentre Plus:
  • 2,933 starts on programme
  • 1,939 supported to develop business plans
  • 1,290 commenced trade

To end of July Gateshead Trading Company are 4th nationally on Commenced Trades at 110% of DWP Minimum Performance Level.
North East Combined Authority

- Influence over decisions which affect the wider region as a whole regarding employment and skills
- Influence over funding streams and priorities to ensure the needs of Gateshead residents and businesses are met
- Involvement in the co-design of programmes
- Working with the LEP to influence decisions around funding programmes such as DWP and SFA Opt in for ESF funding
- Ability to access and influence funding unavailable to individual Local Authorities
  - Generation North East – tackling youth unemployment
  - Mental Health Trailblazer – joining up health and employment support
Key Messages

• Better use of external partnerships
  • Enabling role

• Smarter internal working
  • Commissioning

• Income generation
  • For reinvestment in Council priorities

• Embedding a more commercial culture within the Council

• Risk management
Heather Lee, Employment, Skills & Inclusion Manager
Gateshead Council

Telephone: 0191 433 2056
Email: heatherlee@gateshead.gov.uk
www.gateshead.gov.uk