

Lifting participation and employment for disadvantaged job seekers: Demand-led and Supply-Sensitive Reforms. A paper for the ACOSS 2011 National Conference by Toni Wren¹, 29 March 2011.

Precis

Australia's national unemployment rate is at historically low level of 5 percent, the envy of the western world. Employers report skill and labour shortages and our ageing population will further reduce the pool from which they draw. However perhaps as many as two million Australians would like to work or increase their working hours. This includes more than 680,000 Australians receiving income support directly due to unemployment, 60 per cent of whom have done so for more than a year and a significant number of the Disability Support Pensioners and recipients of Parenting Payments.

High levels of joblessness blight too many of our communities and families and is the major cause of child poverty in Australia.

Australia needs to move towards an employment and training system which better meets the needs of both employers and job seekers – one that is dual customer focused and is both **demand-led and supply-sensitive**. This includes the current JSA/DES/Indigenous programs and vocational education and training system engaged with disadvantaged job seekers. Demand-led in that it starts with the needs of employers and works backwards and involves them in the design and delivery of the training (more work experience, on the job training, offers of jobs at the end). Supply-sensitive in that it offers smarter ways to engage, educate and employ people who have not succeeded in traditional school or training environments. The paper includes examples of good practice from Australia and overseas which illustrate these points.

Governments at all levels can play a stronger role as enablers to achieve this and the paper recommends three specific actions for governments:

- **Develop local workforce plans which bring employers and providers together** and tap into national research and workforce planning undertaken by employer bodies and Industry Skills Councils. Ensure there is a 'dividend for the disadvantaged' in any public expenditure on infrastructure – including natural disaster recovery funds now being established. This means writing into contracts the requirement to employ or offer traineeships/apprenticeships for disadvantaged unemployed people. Now is the time for the incoming NSW Government to act on this in its early days. Governments, the economy and local communities get a double win - the new infrastructure **and** reduced unemployment.

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- **Ensure policy and program levers and incentives reward demand-led and supply-sensitive practice** - such as JSA providers establishing deep relationships with local employers and training allocated to providers with proven employer relationships and job outcomes.
- **Encourage research and collaboration to spread best practice** - both to and between employers, employment and training providers, nonprofit community-based social service providers and governments. For too long the culture of competition has reduced the ability to learn from others and work across sectors to achieve higher outcomes.

1. The case for reform

Despite a national unemployment rate of around 5 per cent, the envy of many in the Western world, unemployment and low workforce participation still blights too many of our families and communities. At the same time employers report a lack of skilled and suitable employees and there is increasing pressure to meet high demand areas, such as in the resources sector, with skilled migration from overseas.

As the Prime Minister noted in her CEDA speech in February this year: *“We look with particular care and concern on the large number of working-age Australians, possibly as many as two million, who stand outside the full-time labour force, above and beyond those registered as unemployed. Around 800,000 are in part-time jobs but want to work more. Another 800,000 are outside the labour market, including discouraged job seekers. And there are many thousands of individuals on the Disability Support Pension who may have some capacity to work... It is vital that we unlock all the potential of our labour market: Both the young people who are the workers of the future. And the adults of working age whose absence from the labour force is not only a social tragedy but an economic risk.”*²

More than 680,000 people currently receive Newstart and Youth Allowance in Australia and the number of unemployed people receiving income support for more than one year continues to grow. In September 2008, the start of the Global Financial Crisis, there were already 281,845 Newstart and Youth Allowance recipients who were not full-time students or full-time Australian Apprentices. In February 2011, there were 410,392, an increase of just over 190,000. People who have been receiving these payments for more than one year now make up 60 percent of the total³. Nearly 800,000 receive Disability Support Pension at June 2010, about 96 per cent of whom have received income support for more than one year.

One of the biggest challenges we face is lifting the adult language, literacy and numeracy - for many of our disadvantage job seekers, both where English is a first or second language. The 2006 Adult Literacy and Life Skills Survey indicated that 60 per cent of unemployed Australians had a level of literacy below the accepted standards needed to work in the emerging knowledge-based economy⁴. Skills Australia estimated that there were at least 390,000 unemployed people with levels below the levels required by the workforce in December 2009. At that time there was Federal funding for 19,900 or five per cent under the Language, Literacy and Numeracy Program⁵. Since then the Federal Government has announced an extra 70,000 places over four years in its 2010-11 Budget, however there is significant

² The Hon Julia Gillard, MP, speech to CEDA, 1 February 2011.

³ Author's analysis of *Labour Market and Related Payments, a monthly profile*, DEEWR, September 2008 and February 2011.

⁴ 2006 Adult Literacy and Life Skills Survey, ABS Cat. 4228.0, 2008.

⁵ *Australian Workforce Futures*, Skills Australia, March 2010.

capacity to increase the quantity and reform the way these programs are delivered to improve pathways to employment.

Australia's ageing population will put greater pressure on our workforce in the future. Currently, there are five working age people for every aged person but that this is expected to fall to 2.7 by 2050⁶. However as early as this year the impact will be felt, as there will be fewer young Australians entering the working age cohort than last year and this trend will continue at least until 2026⁷.

*We also know that "a lack of paid employment is the most important cause of child poverty in Australia, and is associated with problems like poor health, higher disability, lower educational attainment and skills, elevated financial stress and increased risk of violence for lone parents. In Australia around 70 percent of poor children live in jobless families – the highest share in the OECD – making joblessness the main cause of childhood poverty."*⁸

There is considerable scope to lift the performance of employment and training services across all levels of Government – not just those contracted by the Federal Government to deliver Job Services Australia, Disability Employment Services and Indigenous Employment Program. The Brotherhood of St Laurence in their submission stated: *"despite the reforms in 2009, assistance to highly disadvantaged job seekers who are not 'job ready' and face multiple barriers to open employment remains poor and must be substantially improved. Employment outcomes result for only 15 per cent of JSA Stream 4 clients and only 28 per cent of this stream are reported as achieving positive outcomes (September 2010 data, DEEWR 2010). Only one-third of those obtaining employment have permanent jobs."*⁹ In December 2010, these outcomes had improved slightly to 22.8 per cent into employment and 15.8 per cent into full time training or education.

Research on unemployed people undertaking Productivity Places Program (PPP) training in 2008 shows less than 20 per cent of completers obtained work in their area of skills training, and less than 50 per cent obtained employment at all.¹⁰ If PPP performance is assessed on the number of unemployed people starting training and attaining employment, it is likely to show that the total number of starters to jobs is closer to one in four attaining employment and one in 10 attaining employment in their area of skills training – a very poor outcome¹¹. It may also reflect the failure of the current system to effectively integrate vocational training with those that deliver work experience and individualised employment assistance.

The existing Australian workforce development system is predominately supply driven. Within the Australian vocational education and training system, funding is largely allocated, and performance mainly measured, on input and activity measures such as enrolments and student contact hours delivered. As noted by Skills

⁶ 2010 Inter-Generational Report, Department of Treasury, 2010.

⁷ Professor Graeme Hugo, Briefing Paper, Skills Australia/ASSA Joint Scenario Development Forum, 7/2/11.

⁸ Family joblessness in Australia, Peter Whiteford, SPRC Newsletter, Number 102, May 2009.

⁹ Submission to Minister for Employment Participation on the future of Job Services Australia, Brotherhood of St Laurence, January 2011.

¹⁰ Analysis of 2008 PPP job seeker participants contained in *Outcomes from the Productivity Places Program*, NCVER, 2009. 2009 outcomes not yet published.

¹¹ Author's estimate based on NCVER 2009 research, stating that completion rates for apprentices and trainees who started training in 2003 was under 50% and "appear to be lower for other vocational courses".

Australia, the UK shifted from measuring inputs to outputs and increased their success rates from 50 to 75 per cent over the decade 2000 to 2010¹².

While there has been an increased focus on employer involvement in the content of skills qualifications, there has not been enough attention to how it is delivered for disadvantaged job seekers, many of whom have not succeeded in traditional classroom-based education or training. In 2009, less than 14 percent of delivery in the Australian public system took place solely in the workplace (and 70 percent was campus based) and Skills Australia has acknowledged there is significant scope to “*substantially increase the proportion of training delivered in the workplace.*”¹³

There is also a need to ensure training is allocated to providers who have developed deep relationships with local employers and can access funding when and where employers want it. Registered Training Providers report that training dollars for disadvantaged job seekers allocated by State Governments is rarely allocated on the basis of confirmed demand from employers in a specific location and there is little lead time to engage employers for on the job training components or employment offers. They described funding allocations as “*arbitrary*” and that “*funding bodies determined training, not where and when employers wanted it.*”¹⁴

2. What is Demand-led

A demand-led program starts with an employer and ‘works backwards’ to meet the needs of the individual. In practice, this means designing and delivering services for job seekers based on the hiring requirements of employers. It is founded on the premise that the better that training meets the employer’s needs, the more likely it is that the individual will get and keep the job.

The success of a demand-led program depends on having a detailed understanding of the employer, developing a business case and engaging employers in the design of pre-employment and skills provision. Once engaged, employment and training providers and employers can work together to develop a deal or agreement where job ready candidates are offered in return for vacancies and changes to HR practices.

Demand-led principles can and should guide job-matching services for skilled job seekers and those with recent work experience such as redundant workers. However additional resources and specific programs to engage deeply with employers and design individualised pre-employment training should be reserved for connecting disadvantaged job seekers to quality jobs with advancement prospects, not casual, short term or low paid positions. They are most likely to benefit from individualised case management and early and ongoing connections to work and employers. Job seekers with more recent employment experience and skills are less in need of such an intensive and expensive investment.

3. What is Supply-sensitive

Demand-led does not diminish the importance of effective strategies for disadvantaged job seekers (the supply side). A dual customer approach is crucial

¹² *Creating a future direction for Australian vocational education and training*, Skills Australia, October 2010.

¹³ *Creating a future direction for Australian vocational education and training*, Skills Australia, October 2010.

¹⁴ Research by this author for *More Forces at Work*, Jobs Australia, October 2010.

and job preparation and training must offer smarter ways to engage, educate and employ people who have not succeeded in traditional school or training environments and who have low levels of language, literacy and numeracy.

As noted earlier, one of the biggest challenges we face is lifting the adult language, literacy and numeracy - for many of our disadvantage job seekers, both where English is a first or second language. As ACOSS stated in its recent submission to Government: *"We know that one in eight people on Newstart have some sort of disability; around 60 per cent of people long-term unemployed have less than Year 12 education; and around one in three people are considered 'mature age' (45+).*

The Federal Government's has recently implemented the *Earn or Learn* policy targeted at young people not in full-time education, training or work but Jobs Australia members reported *"a great reluctance among many early school leavers to undertake training, often because of strongly negative attitudes towards school and formal learning."* It also stated there were mismatches between appropriate accredited training, which these young people can undertake, and requirements of the JSA program and more flexibility to recognise the time that young people need to engage or re-engage in training and education.¹⁵

In addition to work experience and on the job training, supply-sensitive practice includes individual case management, experiential learning, individual paced learning and support to overcome other barriers to work. It may also include employing mentors from the same cultural background or community as the job seekers. The promise of a real job presented by a local employer is also a powerful motivator for many job seekers.

4. Emerging demand-led and supply-sensitive practice

In Australia, disadvantaged job seekers and those who face discrimination in the workplace include Indigenous people, people with disabilities, culturally and linguistically diverse people and long term unemployed, such as Stream 4 JSA, those with very low literacy and numeracy, and/or those living in areas of deprivation.

ACOSS has argued *"the best solution is investment in employment counselling, rehabilitation and training to boost work capacity, and policies to encourage employers to take unemployed people on, including paid work experience."* The Brotherhood of St Laurence agreed, *"Our experience shows that better integrated approaches, that combine personal support, soft and vocational skills development and work experience with a closer alignment to local employment opportunities, are essential."*¹⁶

A number of nonprofit employment and training services operating in Australia have developed deep relationships with employers to achieve sustainable outcomes for larger numbers of disadvantaged clients. These are demonstrated in recent case studies researched and written by this author in *More Forces At Work*, published by Jobs Australia in October 2010:

- OCTEC based in Orange NSW, has worked closely with UnitingCare NSW for more than 20 years developing and delivering training in aged care and

¹⁵ *Submission to Minister for Employment Participation on the future of Job Services Australia*, Jobs Australia, January 2011.

¹⁶ See their *Submissions to Minister for Employment Participation on the future of Job Services Australia*, January 2011.

community services. OCTEC estimates it has trained more than 10,000 job seekers and existing workers over this time and the employer links now extend to more than 56 aged care facilities across NSW. Trainers are current or recent aged care industry employees and training is either in the workplace or closely simulates the workplace. OCTEC has also had success adapting training to meet the needs of Indigenous clients and women from multicultural backgrounds. OCTEC consistently reports course completion rates of 90-100 per cent and employment rates of 80-90 per cent. Deanne Phillips OCTEC Training Manager says, *“the partnership has been based on a high degree of trust. We involve staff from the nursing home facility on the selection panels. They need to be involved in the process if they are to allow us to bring students into their facilities and to work with their residents. Their close involvement also brings a high level of involvement and ownership.”*

- AMES in Victoria increasingly offers paid or unpaid work experience to their refugee and migrant clients within AMES itself, through its Community Guides, social enterprises and intermediate labour market programs. Complementing this is an increased employment focus on their programs such as learning English, literacy and numeracy courses and vocational training. AMES is also increasingly developing relationships with Victorian employers to source work experience as well as traditional job opportunities and to educate employers on the benefits of a culturally diverse workforce, which better reflect their markets and customers.
- MTC in Sydney has combined literacy and numeracy programs with training in childcare for Indigenous women. This approach has attracted greater numbers to LLNP training when they see it is applied to training for a concrete qualification and job they are interested in achieving. MTC also established Warakirri College, a small independent high school in 2007 which supports young disadvantaged people who have dropped out of high school attain a formal School Certificate qualification. It provides very small class sizes, intensive support and integrates the way they teach subjects to increase relevance and interest.
- Bridging the Gap in Western Australia has long been an advocate of experiential learning. Their community nursery Ngulla, established in 2005, employs three full-time staff, two of whom are former sole parent clients and provides training, work experience and casual employment for 160 at-risk youth, Indigenous people, people with mental health issues and migrants. They have had particular success with Indigenous groups who enjoy the outdoor work and experiential learning approach they embed in training and work at Ngulla. To date, 97 per cent of the four Indigenous groups of 10 who have undertaken courses in propagation have completed their training. CEO Colin Kerr attributes this to the style of learning they are committed to. *“Experiential learning with a purpose, outside a classroom setting is a powerful alternative for many people who have not succeeded in traditional training or work.”*
- Many of Logan-based ACCES Service Inc’s refugee and migrant clients already have skills, employment histories and significant levels of formal education and/or vocational training. Numerous studies have shown a lack of Australian work experience is a major barrier to employment, even for those with overseas qualifications, and even if these are recognised in Australia. ACCESS delivers a Queensland Government program which offers 15 weeks

paid work experience in a community nonprofit or government agency. Employing a former client as the worker to match clients with placements, the program often leads to a job offer with the host agency.

- The O group in Tasmania is able to develop strong relationships with employers based on long-term local knowledge and the range of services they offer. In addition to traditional employment services such as group training, apprenticeships, JSA and DES, the O group provides business mentoring services, can train staff through their corporate training arm and has a fee for service recruitment agency. CEO Andrew Billing says *“As local businesses grow and evolve over time, so have we and we’ve been able to meet their business and employment needs right across the board.”*
- MI Fellowship Victoria have pioneered an approach to help people with severe mental illness find work which integrates employment support with their mental health clinical or community-based care. The services are offered at the same location with a team of professionals working together. This model has been delivered in country and metropolitan Victoria and achieved strong employment outcomes.
- A number of locally based nonprofits with a history of working with disadvantaged clients have delivered the Productivity Places Program providers using demand-led principles. They engaged employers at an early stage, adjusted training to meet their needs and embedded workplace experience at their sites, in addition to providing high levels of support to their disadvantaged job seekers and have achieved outcomes of up to 70-90 per cent of trainees completing training and obtaining jobs in the skill area.¹⁷ However there is disturbing evidence that some of these successful programs were forced to discontinue when responsibility for PPP was transferred from the Federal to State jurisdiction in early 2010.

Demand-led approaches to welfare to work have been operating across the UK and US for some time and this author worked directly on a number of them. See Appendix A for a summary of these.

¹⁷ Community Solutions in Central Queensland and Great Lakes Community Resources in Tuncurry/Foster Certificate III in Aged Care have achieved 70-90% of trainees into jobs.

5. Three practical reforms with Governments as the enabler

a) Establish local structures, which bring employers and providers together to develop local workforce plans

Governments can play a leadership role to bring employers and employment and training providers together, at national, regional and local levels. These forums can work together for mutual benefit – increasing the employment, retention and progression of formerly disadvantaged job seekers to fill skill and labour shortages. These need to follow through to operational levels, both within employers and for employment and training providers and with detailed commitments from both players¹⁸.

Local workforce plans should be developed which bring employers and providers together and tap into national research and workforce planning undertaken by employer bodies and Industry Skills Councils. Employers hire locally and the JSA contract is contracted through local areas. Local plans can anticipate the new skills required and provide lead time for effective employment and training providers to work with employers to fill these needs. In addition to offers of jobs for suitably qualified candidates, these plans can also include commitments from employers to provide industry tasters, on the job learning and work experience during skills training.

The Federal Government has already established Keep Australia Working Local Advisory Boards, which have developed Local Employment Plans within 22 priority employment areas across Australia. These should connect local JSA/IEP/DES providers with local employers, and ideally, local VET providers and integrate with Regional Development Australia programs and staff. However it is important that workforce plans are developed in geographic areas, which cover natural labour markets rather than artificially create ones. In many cases these will be at a single local government area rather than stretching across vast areas.

Governments can also bring employers to the table when they contract infrastructure spending by requiring a portion of workers are hired from local job seekers. This means writing into contracts the requirement to employ or offer traineeships/apprenticeships for disadvantaged unemployed people. The Queensland Government has a 10 per cent Training Policy. That policy requires at least 10 per cent of the total labour hours on any Queensland Government building or civil construction project be undertaken by Indigenous workers, apprentices, trainees or cadets or used for the upskilling of existing employees (to a maximum of 25% of the deemed hours). It is administered by Construction Skills Queensland. Now is the time for the newly elected Victorian and NSW Governments to act on this in their early days and to ensure this is included in Federal government infrastructure spending underway following the natural disasters of early 2011.

¹⁸ High-level agreements need effective local structures and points of delivery. The US delivers its federal support through State and Local Workforce Boards with majority employer representation. In the UK, partnerships with large employers offer a single point of contact at the local or regional level, recognising this is where hiring decisions are typically made. UK Local Employment Partnerships have achieved results at a significant scale: more than 145,000 people recruited to over 80,000 workplaces with some 20,000 employers within two years 2006-07 to 2008-09.

This approach ensures there is a 'dividend for the disadvantaged' in any public expenditure on infrastructure. Governments, the economy and local communities get a double win - the new infrastructure **and** reduced unemployment.

b) Incentives

Demand-led and supply sensitive principles need to be applied to Australian skills training to ensure a higher focus on employment outcomes.

Training programs need to reward providers who can demonstrate a dual customer approach with strong employer engagement and delivery based on what works for disadvantaged job seekers. This will require discussions with State Governments under COAG, given the majority of VOCED and training for unemployed and disadvantaged people fall in this jurisdiction. Skills training performance and funding should measure and reward starts to training completion and employment, not simply starts to training completion. Treating the employer as a customer enforces a tougher discipline on the training provider than simply getting candidates through a training program. In particular, a significant proportion of skills training for people with little recent work experience needs to be delivered in the workplace.

JSA 2012-15 and future Disability Employment Service (DES) contracts should be more demand-led and supply sensitive. They should include resources for providers to invest in deep engagement with local employers and strive for high paid jobs with career progression.

Governments can also invest in demand-led and supply-sensitive capacity-building to lift provider employment and training performance. There are three key aspects to building capacity so they can develop effective agreements with local employers and better meet the needs of disadvantaged job seekers. These are:

- engaging deeply with employers to identify jobs where there are staff and skill shortages which are within the capabilities of the job seeker group; and which offer long term progression;
- bringing local employers onto Boards and governance structure and rewarding and training staff in deep employer engagement; and
- designing and delivering pre-employment training and job preparation with employers.

c) Encourage and fund research and collaboration

Skills Australia would be the natural leader for a broader discussion of applying demand-led and supply-sensitive principles across Australia's workforce system. Regional and local workforce development structures are a natural forum to encourage collaboration and sharing of good practice. Work undertaken as part of the Communities for Children program (2005-2009 FaHSCIA) and Department of Immigration under Employment Pathways and Traineeship in English and Work Readiness programs should also be shared and built upon. Many social service agencies have valuable experience of what works with disadvantaged communities but they are often not connected to agencies providing employment support, even when they are working with the same clients.

Government can trial demand-led programs to disadvantaged job seekers through existing funding streams. There is considerable flexibility within the Innovation Fund, the Jobs Fund and the Indigenous Employment Program for some local demand-led programs but to date there is little evidence that any such programs have been funded even though a number have been submitted. It is important these are targeted to disadvantaged job seekers, given scarce resources. This author has

been contracted by DEEWR to undertake demand-led work with employers and providers delivering the Family Centred Employment Project in Goodna and Broadmeadows, which commenced in July 2010. This will provide further learning, which can be shared in other locations.

Appendix A. Structures to engage employers and select demand-led programs from the US and UK

US structures to engage employers

Workforce Boards

State and Local Workforce Boards were established in the US in 1998, following the passage of the Workforce Investment Act. These replaced Private Industry Councils, which had existed since 1978. Workforce Boards (sometimes called Workforce Investment Boards) have responsibility for training and placement of youth, welfare recipients, federal funding of vocational education, and programs for dislocated workers. They also deliver one-stop career centres, which combine multiple federal, state, and local program funds. Recently they have been charged with distributing the majority of the \$4 billion authorised by the 2009 American Recovery and Reinvestment Act to create new jobs.

Private employers must comprise a majority of each Workforce Board and the chair must be elected from the private sector membership. Workforce Boards are representative of the employer mix in the community, in terms of both size and type of industry. Employers bring to the table practical knowledge of the skills required by workers. Representatives of local government, education agencies, organised labour, economic development and community-based organisations, and social service agencies are also members.

There are approximately 600 State and Local Workforce Boards across the US, with the average local Board consisting of approximately 45 members. It is estimated that some 15,000 employers serve on Workforce Boards¹⁹. The policy and oversight responsibility invested in Workforce Boards aims to ensure that the system is market-driven; is easily accessible to any individual who wants or needs a job, education, or training; supplies well-trained people for all employers; and provides employers with assistance and support for life-long learning initiatives and for the creation of a high-performance workforce.

US select demand-led programs

Wildcat Services Corporation's Private Industry Partnership

Wildcat Service Corporation has integrated workforce and economic development objectives since 1972 and was the first organisation in the United States to design and implement a transitional work program for jobless people with criminal convictions. Wildcat's mission is to provide comprehensive creative workforce development services to undereducated, unemployed, underemployed, low income residents of New York City to assure their self-sufficiency. In 2010 Wildcat will touch over 20,000 individuals through a mixture of twelve innovative youth and adult programs and expect to place over 6,000 of them in permanent jobs.

Wildcat demonstrated best practice with a Private Industry Partnership with Solomon Smith Barney (SSB) running from 1995 to 1998, which connected deeply disadvantaged sole parents on welfare with training, work experience and jobs in Wall Street. The program included a four month training program based on the skills identified by the employer and alternating between workplaces and classroom settings which simulate a workplace, followed by a four month internship with the employer, where Wildcat would provide intensive support to trainees and regularly liaise with the employer. The employer also ran in house workshops, which

¹⁹ See National Association for Workforce Boards www.nawb.org

supported trainees. In this phase Wildcat was the official employer, contracting out the trainees to the financial services employer. An internal evaluation found that during the first 31 months, 86 percent of trainees were placed into jobs, with 94 percent job retained six months later, compared with 87 percent for all SSB employees. The average salary was \$24,000 pa at placement, equivalent to 200 percent of the poverty line for a family of three. SSB reported benefits including a substantial reduction in turnover rate (less than a third the rate for similar jobs); a more efficient recruitment and hiring process because of the reduced number of candidates required per job; and a savings equivalent to \$500,000 in temporary office service costs, along with tax credits worth some \$100,000²⁰.

Mott Foundation's Sectoral Employment Initiative

Public/Private Ventures is an action-based research, public policy and program development non-profit organisation, with offices in Philadelphia and New York City. They provided technical assistance and ongoing evaluation for the Sectoral Employment Initiative, a nine site demonstration program working to connect highly disadvantaged welfare recipients with jobs in child care, aged care, manufacturing and day labour, funded by the Mott Foundation. The project ran from 1999 to 2002 and included six skills training and three social enterprises. The extensive evaluation²¹ of the SEI was highly encouraging and in keeping with the Aspen Institute's Sectoral Employment Development Learning Project. The six skills-training programs within SEI were *“able to recruit the low-income, less-educated and, in many cases, minority individuals who could—and did—benefit from employment in occupations previously unavailable to them. Positive changes for participants included higher hourly wages, increased income and better-quality jobs.”*

More than half (53 percent) of the participants in skills-training programs obtained jobs in the sectors for which they were trained, and, on average, they earned higher wages than those working in non-training-related occupations. During the two years after training, six in 10 participants worked in the targeted sector—59 percent in the first year after training and 53 percent in the second year.

It also found that programs that involved employers in program design and delivery, increased employer confidence in the skills training that participants received and in the individual participants themselves. The SEI training programs that had the most success in placing participants in training related jobs developed trust and buy-in among employers.

The evaluation recommended spending time up front determining whether an applicant is a good match for the targeted occupation. *“This can be accomplished through career assessments and testing, interviews with instructors, tours of potential work sites and workshops in which instructors, employers and alumni describe the nature of the work.”*

National Fund for Workforce Solutions

The National Fund is a collaboration between the nation's top foundations and a nationwide network of companies, workforce intermediaries, government agencies, and foundations which commenced in 2007. The National Fund is committed to helping at least 30,000 people get jobs and/or advance in their careers; providing

²⁰ *Private Industry Partnership: an Employer Based Initiative for Welfare Reform and Career Opportunities*, Wildcat Services Corporation, 1998.

²¹ *Targeting Industries, Training Workers and Improving Opportunities* The Final Report from the Sectoral Employment Initiative. Anne Roder with Carol Clymer and Laura Wyckoff, Public Private Ventures, 2008.

services to 1,000 or more businesses to recruit, retain, and advance employees; and supporting regional collaboratives in at least 25 regions across the US.

National investors and regional collaboratives have together committed \$123 million to date. The regional collaboratives fund workforce partnerships, which create long-term relationships between employers and service providers. They offer job training and career supports that meet the needs of both employees and employers in industry sectors that are critical to local economies.

The results from six pilot projects (Boston, Baltimore, the Bay Area of California, New York City, Pennsylvania, and Rhode Island) guided the development of the National Fund. For example, Skillsworks in Boston supported six workforce partnerships that worked directly with employers to create long-term career advancement programs for their industries. Over four years, 88 percent of unemployed participants graduated from training programs and 70 percent were placed in jobs earning, on average, nearly \$4 more per hour than they were making in their previous jobs²².

Each workforce partnership is different, some are led by a local community college, others by an employer, a labor union, the local Workforce Investment Board, or by community-based organisations. At June 2010 there were 20 partnerships across five states, including health care, construction or manufacturing, and others that are specific to the region. While the approach varies from community to community, and from industry sector to industry sector, there are two attributes common to every local site: **1) intensive collaboration with employers** and **2) a keen focus on cultivating employee skills and career advancement**.

All sites also:

- Create regional funding collaboratives
- Organise workforce partnerships
- Develop strategies for specific industry sectors
- Build career pathways
- Coordinate local workforce programs

UK structures to engage employers

The National Employer Panel

The UK Government established the New Deal Taskforce in 1997 as an employer-led organisation appointed by the Chancellor to advise UK Ministers across treasury, welfare, education and skills portfolios on labour market policies and performance. Its remit was expanded and the name changed to the National Employer Panel (NEP) in 2001. The Panel had at any time around 20 chief executives appointed personally by the Chancellor, the majority of whom were employers with the remainder welfare to work experts from non profit or government agencies. The NEP worked in partnership with Jobcentre Plus, the UK Government's welfare to work agency. The Panel generally met monthly with each member taking up a specific responsibility on a Panel sub committee. The NEP was provided with funding for pilot programs such as Ambition and Fair Cities (delivered with Jobcentre Plus) and to establish 10 local Employer Coalitions.

²² See <http://nfw-solutions.org/> and

National Fund for Workforce Solutions: Experience and Evidence, Jobs for the Future, November 2008

In April 2008, the the National Employer Panel and the Sector Skills Development Agency were merged to form the **UK Commission for Employment and Skills**. The UK Commission for Employment and Skills is an employer-led, UK-wide, strategic advisory body charged with advising the UK Governments on progress towards it becoming world class in productivity, employment and skills by 2020, and on the policies and practices in employment and skills which will help secure that goal. Commissioners are appointed for two years and include CEOs and leaders from a range of private sector, public and non-government agencies across England, Wales, Scotland and Northern Ireland.

UK Employer Coalitions

Employer Coalitions commenced in 1997 and were auspiced under the National Employment Panel and then Working Ventures UK. The Employer Coalitions are located in 10 areas, mainly large urban conurbations which were agreed on the basis of high employer demand, high volumes of worklessness and local political and employer commitment. They aim to actively engage employers in increasing skills and job opportunities for people disadvantaged in the labour market working with Jobcentre Plus and other public agencies. Most Employer Coalition Boards comprise 12-15 business leaders and three to four senior representatives of public sector agencies and are chaired by a local business leader.

Through these Employer Coalitions, employers are directly engaged in the design and delivery of local employment and training programmes. Coalitions are involved in a wide range of projects to develop sector pathways, encourage links between regeneration projects and employment programmes, and promote fair recruitment and retention practices among local employers.

Between 2007 and 2009, Coalitions were aligned or become completed integrated with local City Strategy and other employment and skills partnerships such as Chambers of Commerce, local authorities and other partners. For example in London, the London Employer Accord is a key part of the Mayor's London Skills and Employment Board (LSEB). It takes a strategic role in supporting LSEB, the London Development Agency, Jobcentre Plus and other agencies in working to simplify the public sector employment and skills offer for London's employers. The Accord will also work to support 5,000 disadvantaged Londoners into jobs in the run-up to the 2012 Olympic and Paralympic Games. In 2010 there are ten Employer Coalitions with an active network of over 1600 employers, these are detailed in Appendix 1.

UK Local Employment Partnerships

Local Employment Partnerships are an initiative of Jobcentre Plus announced by the Chancellor in 2007 to work with large employers, using many of the demand-led principles advocated by the NEP and Employer Coalitions. In 2007, the CEOs of five major retailers and the head of their industry association signed the first local partnership agreement with the Chancellor and Secretary of State for Work and Pensions. It committed them to encouraging their local store managers to enter into agreements with specific commitments, in turn Jobcentre Plus would provide a single point of contact at the district (regional) and local level, not the national level. See Appendix 2 for a copy.

A Local Employment Partnership agreement is a simple deal between the employer and Jobcentre Plus. It may include the employer offering work trials for potential employees; working with Jobcentre Plus and their partners to develop pre-employment training and offer opportunities for people who complete that training; reviewing their recruitment processes to ensure that they don't unnecessarily exclude anyone; trying new ways to help people take up a job in their business, such as

offering flexible working patterns; giving current employees the chance to represent the business and mentor people who want to return to work. Jobcentre Plus also offers a £1000 recruitment subsidy to employers for every person who has been claiming Job seeker's Allowance for six months or more, as long as they are employed for an average of 16 hours per week for a minimum 26-week period. By March 2009, LEPs had helped over 20,000 employers recruit more than 145,000 people in over 80,000 workplaces²³.

UK Demand-led programs

Ambition

The concept of Ambition was developed by the New Deal Taskforce, together with colleagues from the Department for Education and Employment and the Employment Service, in 2001. In its report of that year, *Business on Board*, the Taskforce argued that in order to produce better outcomes for disadvantaged job seekers, the welfare to work delivery system had to work more effectively with employers. The Ambition pilots were set up by the National Employment Panel (NEP), Jobcentre Plus, employers and other partners with four key objectives:

- To test the 'demand-led approach' to job preparation and training programmes
- To achieve higher performance than most mainstream provision
- To enable disadvantaged job seekers to enter jobs with higher than entry level pay and strong potential for career development
- To generate wider lessons regarding employer engagement and to raise the capacity of Jobcentre Plus and providers to implement the demand-led approach

Ambition was predicated on offering employers key advantages (the business case) in return for them offering good jobs (higher wages and career prospects). Advantages for employers included: a cost effective means of recruiting trained candidates; the ability to meet skill shortages without poaching from competitors; good quality of service, including accurate matching; and the opportunity to assess the suitability of participants during the work experience element.

The roll-out of the pilots began in June 2002 following extensive research and employer engagement. There were four original Ambition strands – Construction, Energy, IT and Retail and Health was added towards the end of the project. Each Ambition operated with a Steering Committee of chief executives and leaders from employers within the industry sector, complemented by an Operations Committee made up of their nominees of HR and other managers, working with Jobcentre Plus, relevant Sector Skills Councils and the NEP.

An Ambition Stocktake conducted by the NEP in 2003 identified four key design features which underpinned the delivery of effective support to Ambition participants²⁴:

- A strong emphasis on work.
- The right mix of formal learning and real workplace experience.
- Soft skills training and confidence building.
- Individual case manager support during and after training.

²³ Jobcentre Plus Annual Report and Accounts 2008-09.

²⁴ *Ambition Stocktake*, NEP, September 2003.

The Stocktake also identified some weaknesses, which impaired the participant experience in a significant number of cases: inconsistent quality of work experience placements; difficulty in accessing accredited training; and variation in quality of provision between locations.

	Actual job entries	% training starters into jobs	% Job entrants retained at 26 Wks
Ambition Energy	1962	71	86
Ambition Construction	852	51	68
Ambition IT	729	37	62
Ambition Retail	544	51	76

There were a total of 4,127 Ambition job outcomes at July 2005. Ambition Energy was the most successful Ambition strand with nearly 2000 job outcomes over three years, between July 2002 and July 2005. Seventy one percent of trainee starts obtained Ambition jobs and 86 percent were retained at six months. Ambition:Energy included nine occupations operated at a national level, and used the principle of 'confirmed demand', where employers with vacancies in specific localities were identified and signed up to take participants for work experience and interview for jobs, before a course would be delivered.

An independent study by GHK Consulting²⁵ conducted for the Department of Work and Pensions in early 2005 concluded that the Ambition program demonstrated best practice in employer engagement including:

- ✓ Building effective working relationships with employers from the start of what is a continuous process.
- ✓ Working within the interests and capacity of employers in providing an array of opportunities to be involved, at different levels of intensity, in the design, set-up and implementation of the programme.
- ✓ Incorporating employer requirements in all stages of the programme, from selection of participants to training content.
- ✓ Utilising existing relationships with the targeted sector, either through the chosen intermediary or through existing employer networks.
- ✓ Focusing on selected occupations and areas with skills shortages, as directly experienced by local employers.
- ✓ Creating employer confidence and trust in the processes and outcomes.
- ✓ Ensuring effective communication between employers and other stakeholders
- ✓ Adaptability and flexibility by delivery organisations, including intermediaries and Jobcentre Plus, in order to respond to changing requirements from employers over time.

The study also found *"A small number of employers had already sought to diversify or grow their workforce and the programme helped them to do this. In other cases, there had been a notable shift in employer views about certain population groups as a result of Ambition... Most jobs offered appear to be additional to Jobcentre Plus, with employers reporting limited use of Jobcentre Plus as a recruitment channel in the past. Employers interviewed for the research were generally satisfied with the programme overall and the people they had recruited through it."*

Fair Cities

²⁵ *Ambition: identifying best practice for demand-led approaches*, GHK Consulting, for the Department of Work and Pensions, Research Report 264, 2005.

In 2004, the National Employment Panel commissioned international research to tackle the large and persistent gap between the employment rate of ethnic minorities and that of the white population²⁶. The research included thirteen case studies from the US, UK and Europe of employer-led efforts that produced results for ethnic minorities. This led to the design and implementation of *Fair Cities* based on five principles derived from the best practice research. They were:

- employer leadership to provide governance, strategic direction and oversight;
- employer demand to drive program design;
- customised services that help ethnic minorities succeed in employment;
- local intermediaries to mobilise and support a demand-led strategy; and
- commitment to robust performance management.

Fair Cities began in 2005 and concluded in March 2008. It had three main objectives:

- to increase the number of disadvantaged ethnic minority residents who gained steady work and new careers;
- to test the effectiveness and value-for-money of the demand-led approach in tackling disadvantage in the labour market; and
- to disseminate practical lessons from the development and implementation of *Fair Cities* throughout the welfare-to-work system.

The three program pilots were in Birmingham, Bradford, and the London Borough of Brent. Each was governed by a board of local employers and used employer expertise to commission training that prepared disadvantaged job seekers for jobs in skill shortage sectors.

The NEP published *Lessons for Practitioners and Policy Makers from the Fair Cities Pilots* in 2008.²⁷ Despite falling significantly short of its job outcome target, more than 70 percent of Fair City job outcomes went to ethnic minorities and the wages of *Fair Cities* participants were on average 30 percent higher than the National Minimum Wage. The Chair of Fair Cities stated it had both an operational and a strategic impact. “Operationally, it got over 1000 people into work – the vast majority of whom would otherwise have struggled to find jobs.”

A summary of outcomes and lessons from Fair Cities is contained in Appendix 3.

Example of a successful Employer Coalition project: London Employer Coalition and the Metropolitan Police

In 2000, the Chair of the London Employer Coalition met with the Commissioner of Police to discuss how they could open up more job opportunities to disadvantaged residents and how the police force could increase the proportion of recruits from ethnic minority groups, which were severely under-represented among policing staff. Working with Met’s HR Director and Jobcentre Plus staff, the Coalition developed a customised recruitment strategy which covered every element in the hiring process. Over four and a half years between 2001 and 2005, the partnership recruited 1,355 local residents, 46 percent of whom were ethnic minorities and 44 percent of whom were female. An independent evaluation²⁸ found that the strategy started small and then grew, with 47 percent of the 1,355 recruits over the first three years and 53 percent in the fourth year. The majority of jobs were for Transport Police Community Support Officers, Communication officers, Admin Assistants, Forensic and

²⁶ *Fair Cities: Employer-led Efforts that Produce Results for Ethnic Minorities*, NEP, March 2004.

²⁷ *Fair Cities: Lessons for Practitioners and Policy Makers*, NEP, April 2008.

²⁸ *Assessing the impacts, value and potential of the partnership between Jobcentre Plus and the Metropolitan Police Service*, Bell Pottinger Communications, January 2005.

Fingerprint Technicians. The success factors identified by the independent evaluation were:

- ✓ All partners supported the project at the highest level.
- ✓ All partners were willing to change their practices.
- ✓ Sufficient volume and knowledge of ongoing recruitment needs.
- ✓ Good flow of information to Jobcentre Plus staff (the supplier of candidates) about the rationale, nature of jobs and eligibility criteria (from detailed research with the Met Police).
- ✓ Good tracking data back to both partners.
- ✓ Pre-employment training designed in partnership with the Met.
- ✓ A dedicated Project Manager seconded to the employer to look at demand and supply side factors.
- ✓ The support and involvement of the LEC (who were able to get the buy-in at the most senior level, provide funding for the dedicated Project Manager at the Met and ongoing support throughout the project).

NEP key lesson/design principles

In early 2008, the NEP published a legacy document²⁹ which summarised the learning from their work over 10 years. It concluded that services should be:

- driven by employer demand for labour and skills;
- employer-led where possible;
- concentrated on the most disadvantaged rather than those easiest to help;
- integrated, to improve quality and efficiency;
- decentralised, to reflect local conditions;
- held accountable for producing outcomes, not for operating processes;
- customised to the needs of individuals; and
- aimed at producing not just jobs, but also good pay and prospects.

²⁹ *Leading Change, Changing Lives: Ten years as the employer voice in welfare-to-work*, NEP, April 2008.

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