

# tackling worklessness

a series of 'how to' guides  
for councils and their partners

capturing the resource and  
job generating capacity of the third sector



## 1. what are third sector organisations (TSOs)?

The Office of the Third Sector (OTS) defines the third sector as organisations which are: “Non-governmental, value-driven, and that principally reinvest any financial surpluses to further social, environmental or cultural objectives.” The sector includes social enterprises, registered charities, social firms and co-operatives, as well as hundreds of thousands of small community groups.

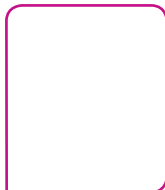
## 2. how can third sector organisations contribute to tackling worklessness?

*“The third sector is extremely well-placed to support some of the most vulnerable people in our communities on their journey back to work.”*

The Rt. Hon James Purnell MP,  
Secretary of State for Work and  
Pensions, February 2009.

TSOs have the potential to contribute to tackling worklessness in four main areas:

- by providing paid employment in organisations such as social and community enterprises, worker co-ops and social firms. According to National Council for Voluntary Organisations (NCVO) figures, over 600,000 people across the UK are employed in the sector as a whole



- by providing a wide range of support services to the unemployed such as debt advice and outreach. This guide should be read alongside **guide 5**, which looks at targeting and outreach work on worklessness in partnership with the voluntary and community sector
- by providing opportunities for gaining experience through subsidised work and training as part of innovative solutions such as Intermediate Labour Market (ILM) schemes, and as sources of pre-employment training and experience gained through volunteering. According to the NCVO, over 13 million people formally volunteer at least once a month
- through social and community enterprises reinvesting a proportion of any surpluses generated in local community regeneration schemes, using a community dividend which can make a contribution to tackling worklessness.

### 3. steps for councils

Councils are already big supporters of the third sector. Research by the OTS has shown that local government spending on voluntary and community organisations in 2003/4 amounted to £4.2 billion. In order to ensure that they are maximising the potential of the third sector in contributing to tackling worklessness, councils should adopt the following steps:

- adopting a strategic corporate approach to working with the third sector.

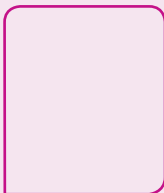
Councils should link their partnership working with the third sector on worklessness with their Local Voluntary Sector Compact. In addition, the development of local volunteering strategies offers an opportunity to link with employment and skills plans. Other ways in which councils can work corporately include linking services such as planning and development with supporting the third sector. Local labour and construction schemes such as Greenwich Local Labour and Business (GLLAB) can achieve this aim.

**Guide 13** in this series looks at the role of social procurement and construction in tackling worklessness.

## case study 1

### London Borough of Tower Hamlets strategic framework

The council has developed a new commissioning framework and code of practice, which it has used to commission a range of different services from social enterprises as well as from other third sector organisations. Social enterprises have to demonstrate how they contribute to the delivery of council service priorities. They must also participate in the council's performance management arrangements.



- supporting TSOs in their role in tackling worklessness

TSOs can lack expertise in specialist areas such as employment law and resources to provide back office functions such as paying salaries and pensions. Councils can help by providing in-kind support using the expertise and staff resources within the council on these matters. They can also help TSOs in securing suitable premises from which to operate. This issue is covered by guide 6 in this series.

Councils can also help TSOs through providing support on quality assurance processes and measuring effectiveness. A number of approaches are available to help TSOs improve their quality and impact, for example the New Economics Foundation Proving and Improving tool.

[www.proveandimprove.org/new](http://www.proveandimprove.org/new)

Futurebuilders England is a government-backed fund offering capacity-building support and investment for TSOs involved in the delivery of public services.

[www.futurebuilders-england.org.uk/about-us/](http://www.futurebuilders-england.org.uk/about-us/)

## case study 2

### C3 Perform Toolkit

The C3 Partnership includes Bristol City Council, South Gloucestershire Council and Bath and North East Somerset Council.

Three councils in the South West - in conjunction with a number of third sector partners - have developed a self-assessment tool, based on the European Foundation for Quality Management (EFQM) excellence model, which is designed to enable third sector organisations improve their performance. The tool can be used by those who work in, volunteer for, buy from, invest in and support and advise the sector to ensure their contributions are effective.

[www.c3partnership.org](http://www.c3partnership.org)

- procuring services from the third sector

TSOs are active in many areas where the council has traditionally been a major deliverer of services, for example personal healthcare, waste management and community transport. There are many examples of social enterprises which manage contracts on behalf of councils in these areas, for example Sunderland Care Home Associates.

[www.sunderlandhomecare.co.uk/index.html](http://www.sunderlandhomecare.co.uk/index.html)

Councils can also commission TSOs to fill gaps and add capacity to activity on worklessness in targeted communities where there is clear evidence of demand, or to enhance performance of mainstream provision, for example to increase referrals into premium support such as Pathways to Work, New Deal or Business Start programmes.

Councils should be aware when commissioning from TSOs that costs can often be higher than commercial providers and this can be a reflection of the difficulty of the client group that they are working with and the relative size and capacity of the

organisation. Councils can help TSOs to become financially sustainable by including them in the council's approved list of suppliers.

The OTS and the IDeA are collaborating on a National Strategy for Third Sector Commissioning which includes 'Eight Principles of Good Commissioning'.

[www.idea.gov.uk/idk/core/page.do?pageId=6583598](http://www.idea.gov.uk/idk/core/page.do?pageId=6583598)

### case study 3

#### Community Campus, Middlesbrough

Community Campus provides housing, accommodation, facilities and amenities for young homeless people aged 16 to 25 in Middlesbrough. The organisation creates opportunities for disadvantaged people, such as property regeneration to offer individuals experience and qualifications. The company is an industrial and provident society and has a turnover of £1.2 million. More than 75 per cent of its turnover arises from traded income. Eighty per cent of this comes from contracts that it delivers to local councils in the North East.

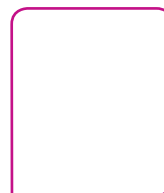
[www.communitycampus87.co.uk](http://www.communitycampus87.co.uk)

- supporting TSOs to develop as enterprises

TSOs run as businesses have the opportunity to grow and thereby make a bigger impact in terms of job creation and service delivery. However, a major issue for TSOs is access to suitable finance in order to develop, as mainstream banks have tended not to cater adequately for this sector.

Councils can support Community Development Finance Initiatives (CDFIs), or other sources of flexible funding often better suited to the needs of the sector. An example of a national CDFI is Adventure Capital Fund (ACF) which offers a mix of grants and loans with expert business advice.

There are many more local CDFIs that operate on a smaller scale. The Community Development Finance Association represents CDFIs across the UK.



## case study 4

### Action for Business Ltd (ABL) Bradford

Founded in 1992, ABL worked with Bradford Metropolitan District Council to redevelop and extend the former Carlisle Mills to bring a derelict building back into economic life and create approximately 40,000 square feet of work space. ABL initially ran the business centre on behalf of the council.

In 2003, it had an opportunity to buy the centre and asked the ACF for assistance. The ACF provided a £300,000 loan to help the social enterprise meet the £860,000 purchase price. But this was no ordinary loan. The more social return ABL generated for the community, the more the organisation's repayments would be reduced. The centre is now home to 56 local businesses and community organisations, which employ more than 300 staff.

[www.abl-cbc.co.uk](http://www.abl-cbc.co.uk)

- encouraging TSOs to develop innovative approaches to worklessness such as Intermediate Labour Markets (ILMs)

Councils can support approaches which offer subsidised employment and work-focused training as a route into mainstream employment for priority groups furthest from the labour market. An example of such an approach are ILM schemes. A recent study estimated that such schemes provide approximately 8,700 jobs across the UK.

An important advantage of such schemes is the in-depth knowledge of the circumstances and needs of unemployed individuals which the TSOs running the projects often have.

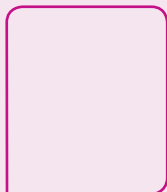
ILMs have been the subject of criticism due to the perceived high cost per job. An evaluation carried out by Leeds Metropolitan University has estimated average costs to be between £11k and £14k per job per year. However the research argues that these calculations do not take account of the better sustainability of employment and the improved service provision to the local community often associated with ILMs.

#### case study 4

##### CREATE

Community Recycling Enterprise and Training for Employment (CREATE) was set up in 1995 in Speke, Liverpool. The scheme trains unemployed people and others with labour market disadvantages to refurbish and sell white goods such as fridges, cookers and washing machines. From 1997 to 2008, over 300 people have moved through CREATE's training programmes into full-time sustainable employment.

[www.createuk.com/](http://www.createuk.com/)

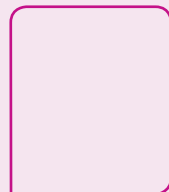


#### case study 5

##### Hyde Housing Association: Building Homes, Creating Futures

59 per cent of residents on Hyde Housing Association estates are unemployed. This has led the association to establish projects such as Building Homes, Creating Futures which aims to provide employment and training opportunities on the association's own sites such as Bermondsey Spa in Southwark where 2,000 new homes will be built.

[hydeplus.hyde-housing.co.uk/  
client\\_files/publications/  
NewsSpringSummer2008.pdf](http://hydeplus.hyde-housing.co.uk/client_files/publications/NewsSpringSummer2008.pdf)



## 4. future opportunities for TSOs to become involved in tackling worklessness

The start of the flexible New Deal programme and new commissioning arrangements for welfare to work services from October 2009 offers an opportunity for TSOs to become even more involved in the delivery of personalised employment provision. Ways are also emerging to use volunteering and part-time, sessional work as an opportunity for workless individuals to gain valuable experience.

Examples include the Community Allowance within the existing Employment and Support Allowance (ESA) system, as developed by the CREATE consortium and the Volunteer Brokerage Scheme. This was announced by the OTS in the Real Help for Communities publication, and aims to create 40,000 volunteering opportunities for unemployed people to learn new skills and undertake community activity.

### top tips

working productively with TSOs

take a strategic, corporate approach to working with and supporting TSOs

make sure that the process for competing for council service contracts is flexible and open to TSOs

support TSOs in establishing and sustaining enterprises

investigate the potential to generate employment using innovative approaches involving the third sector such as ILMs

look at other ways to involve TSOs in projects to tackle worklessness, especially in recessionary times, such as developing opportunities for sessional employment.

## 5. further resources

- Adventure Capital Fund  
[www.adventurecapitalfund.org.uk/component/option,com\\_frontend/page/Itemid,61](http://www.adventurecapitalfund.org.uk/component/option,com_frontend/page/Itemid,61)
- Cabinet Office (2006) Social enterprise action plan: scaling new heights  
[www.cabinetoffice.gov.uk/third\\_sector/social\\_enterprise/action\\_plan.aspx](http://www.cabinetoffice.gov.uk/third_sector/social_enterprise/action_plan.aspx)
- Bickerstaff, T. and Devins D. (2004) Intermediate Labour Markets: Research report 63, Policy research Institute, Leeds Metropolitan University.
- Charity Bank  
[www.charitybank.org](http://www.charitybank.org)
- Community Development Finance Association  
[www.cdfa.org.uk](http://www.cdfa.org.uk)
- Compact  
[www.thecompact.org.uk](http://www.thecompact.org.uk)
- CREATE Community consortium  
[www.communityallowance.org](http://www.communityallowance.org)
- Finn, D. and Simmonds, D. (2003) Intermediate Labour Markets in Britain and an International Review of Transitional Employment Programmes Sheffield: Department of Work and Pensions
- Greenwich Local Labour and Business (GLLAB) aims to link regeneration and construction projects with unemployed people.  
[www.greenwich.gov.uk/Greenwich/Working/GLLaB](http://www.greenwich.gov.uk/Greenwich/Working/GLLaB)
- House of Commons Select Committee on Education and Employment report  
[www.cabinetoffice.gov.uk/media/cabinetoffice/third\\_sector/assets/finance\\_access\\_report.pdf](http://www.cabinetoffice.gov.uk/media/cabinetoffice/third_sector/assets/finance_access_report.pdf)
- National Council for Voluntary Organisations (NCVO) (2006), The UK Voluntary Sector Almanac: The State of the Sector  
[www.ncvo-vol.org.uk/research/index.asp?id=2380](http://www.ncvo-vol.org.uk/research/index.asp?id=2380)

- Office of the Third Sector (OTS) (2009) Real Help for Communities, Volunteers, Charities and Social Enterprises

[www.cabinetoffice.gov.uk/media/121758/real%20help%20for%20communities.pdf](http://www.cabinetoffice.gov.uk/media/121758/real%20help%20for%20communities.pdf)

- Office of the Third Sector (2007) Research on third sector access to finance

[www.cabinetoffice.gov.uk/media/cabinetoffice/third\\_sector/assets/finance\\_access\\_report.pdf](http://www.cabinetoffice.gov.uk/media/cabinetoffice/third_sector/assets/finance_access_report.pdf)

- Office of the Third Sector: Third Sector Review

[www.cabinetoffice.gov.uk/third\\_sector/third\\_sector\\_review/Third\\_sector\\_review\\_final\\_report.aspx](http://www.cabinetoffice.gov.uk/third_sector/third_sector_review/Third_sector_review_final_report.aspx)

[www.publications.parliament.uk/pa/cm199900/cmselect/cmduemp/60/6002.htm](http://www.publications.parliament.uk/pa/cm199900/cmselect/cmduemp/60/6002.htm)

- Social Enterprise Training and Support (SETAS)

[www.setas.co.uk/index.asp](http://www.setas.co.uk/index.asp)

- Triodos Bank

[www.triodos.co.uk](http://www.triodos.co.uk)

## 6. glossary

- **Community Development Finance Initiatives (CDFIs):**

CDFIs provide finance and support to businesses and individuals in disadvantaged communities.

- **Voluntary Sector Compact:**

Established in 1998, the compact is an agreement between government and the voluntary and community sector in England. It recognises shared values, principles and commitments and sets out guidelines for how both parties should work together.



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*Local Government Association*

The Local Government Association is the national voice for more than 450 local authorities in England and Wales. The LGA group comprises the LGA and five partner organisations which work together to support, promote and improve local government.



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