Evaluation of Phase 1 City Strategy

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Summary

Background

The City Strategy (CS) initiative was first announced in the Welfare Reform Green Paper – *A new deal for welfare: Empowering people to work* – of January 2006.

The initiative is intended to combat the issues of worklessness and poverty in urban areas by empowering local institutions to develop local solutions. This represents a wider Government commitment to reform the welfare system so that power is devolved to the local level.

The key aims are to:

• significantly improve employment rates (particularly among the most disadvantaged);

• ensure that individuals are better able to find and remain in work; and

• improve the skills of individuals so that they can progress in work.

Evaluation of City Strategy

The Institute for Employment Research (IER), University of Warwick, was commissioned by Department for Work and Pensions (DWP) to undertake the national evaluation of the CS initiative. In line with the broad ethos of the programme, responsibility for evaluation has also been devolved to the local level. City Strategy Pathfinders (CSPs), with support from their Area Evaluation Advisers (AEAs), were given the task of producing evidence to inform the national evaluation. Hence, the national evaluation takes the form of a meta-evaluation where evidence from a number of sources (not just from the CSPs) is collated, synthesised and assessed. The overarching objective of the national evaluation is to assess the extent to which CSPs are suitable models for future devolved employment programmes in deprived areas and for those groups most disadvantaged in the labour market.

The 15 areas selected to be initial pathfinders for a two-year period to March 2009 were:

- Birmingham, Coventry and Black Country;

- Blackburn with Darwen;

- Dundee;

- East London;

- Edinburgh;

- Glasgow;

- Greater Manchester;

- Heads of the Valleys;

- Leicester;

- Merseyside;

- Nottingham;

- Rhyl;

- South Yorkshire;

- Tyne and Wear;

- West London.

In July 2008 the Secretary of State for Work and Pensions announced that the CS initiative would be extended for a further two years up to March 2011.

The national evaluation aims to understand and assess the different models of partnership working in the CSPs, measure employment rates and benefit flows in the pathfinders, consider how devolving power to innovate helps the most disadvantaged groups, and to determine the most appropriate geographical level for employment service provision.

Key research questions

The evaluation was intended to:

- assess the different models of partnership working used by the CSPs;

- assess the effectiveness of aligning the various employment-related funding strands by the CSPs;

- measure the employment rate and benefit off-load changes (especially for disadvantaged groups) for the individual CSPs and the CSPs in total;

- assess which groups can be most effectively helped by devolving responsibility to the local level;

- assess the most appropriate geographical level for the provision of employment services to disadvantaged groups.

Key messages and themes

City Strategy is largely not about new money. Some seedcorn money and Deprived Areas Funding was available to CSPs, and some funding was secured from partners, but largely it is about getting better value from the services which are currently provided.

The 15 CSPs cannot be said to follow a smaller number of 'types'. The partnership and governance arrangements in each CSP are distinct.

Partnerships have evolved over time, with boards generally becoming smaller and more focused. A central core team is essential in ensuring that strategic decisions are translated into operational commitment and action in delivery.

One tension that has emerged is that between competition and co-operation. This has come to the fore where partners themselves are also direct deliverers of employability services.

There are limits to local action. In general, CSPs have had less local freedom than they envisaged originally and central-local tensions have been manifest in relation to enabling measures and data sharing. Some of these issues, however, were related to specific circumstances which were beyond the control of both the CSPs and DWP. Data sharing has since been developed through a pilot in the CSP area of Merseyside, as well as Kent and the Leeds City Region (which are not CSP areas).

The role of CSPs is to work alongside and improve the mainstream Welfare to Work provision (though the exact nature of the relationship exhibits some tensions) identifying and plugging gaps and offering supplementary services to individuals or groups of clients at local and sub-regional levels.

The 'theory' of CS did not necessarily suggest new activities or interventions, but all CSPs have delivered something under that banner. The main thrust of activities has been in the fields of client engagement and employer engagement. Many CSPs have targeted their resources, either by area or by benefit sub-group.

Some CSPs have focused mainly on delivery in the form of new projects. Others have given primacy to strategic development, including budget enlargement, alignment of existing funding streams and more streamlined management of contracts – in some instances via co-commissioning.

Employer engagement has not been developed as much as client engagement. Where client engagement has occurred, there is some evidence of a positive effect of linking jobs to training through the individual 'pathway' models adopted by most CSPs. However, employer engagement needs to be handled carefully so as

to avoid raising false expectations and to avoid CS resources effectively subsidising employers' recruitment.

There is clear evidence of cultural change and of new ways of inter-organisational working, evidenced by the successes of the partnerships and their ability to extend the worklessness brief to policy domains which traditionally have had little involvement with this agenda. A consequence of this has been to elevate the profile of employability in policy debate.

Measuring outcomes by quantitative investigation has been difficult, and to some extent this has been compounded by the change in economic circumstances since the inception of CS. There are no clear-cut answers on the questions of attribution, added value and distance travelled. Information from CSP tracking systems may help to inform on these issues during the next stages of CS.

The recession has not only made the prospect of moving individuals off benefits into work much more difficult, it has also affected the balance of activities of CSPs.

Rises in Jobseeker's Allowance (JSA) claimants have only served to reiterate the point that despite the engagement and training interventions used by CSPs, labour demand is a crucial factor in determining whether individuals move into employment.

As well as ongoing policy alterations, there has been a multitude of new initiatives since 2007, many designed to ameliorate the worst effects of the recession, but this has contributed to the CSPs being faced by ongoing contextual uncertainty.

1 Introduction

This chapter provides an introduction to the City Strategy (CS) initiative and sets out the approach adopted to evaluating it. First, the origins, aims and objectives of the initiative are set out and a brief description of the 15 City Strategy Pathfinders (CSPs) is provided (Section 1.1). Secondly, the purpose and key evaluation questions are presented (Section 1.2). Challenges facing the evaluation of the CS initiative are discussed, including issues relating to the nature of the initiative, the diversity of CSPs, the relative emphasis on process vis-à-vis delivery and outcomes, and changes in the policy and economic context within which it has been operational (Section 1.3). The rationale for, and key features of, the evaluation approach adopted and the methodology for this study are described in Section 1.4. Section 1.5 outlines the scope and structure of the remainder of the report.

1.1 The City Strategy initiative

Despite a prolonged period of sustained economic growth following the recession of the early 1990s and a decline in the level of national unemployment in Britain, the early 21st century saw a growth in concern about the persistence of pockets of substantial worklessness in specific localities – sometimes alongside available jobs.[1] The majority of such pockets of worklessness are in major cities (with the notable exceptions being some seaside towns and coalfield areas). Within these localities cycles of deprivation and other barriers trap people in worklessness and poverty. It is these issues of concentrated worklessness and poverty that the CS initiative was designed to address through a process of localisation/devolution (as discussed in more detail in Chapter 2).

The CS initiative first emerged as part of the Government's drive to reform the welfare system as set out in the Welfare Reform Green Paper – A new deal for welfare: Empowering people to work – of January 2006.[2] While not referring to CS by name, Chapter 5 (paragraphs 14-16) of the Green Paper stated:

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[1] Social Exclusion Unit (2004) *Jobs and enterprise in deprived areas*. Social Exclusion Unit, Cabinet Office, London.

[2] http://www.dwp.gov.uk/docs/a-new-deal-for-welfare-empowering-people-to-work-full-document.pdf (accessed 18/01/2010).

> *'We will pilot a new initiative for cities to help local partners work together to improve economic regeneration through skills, employment and health.'*
>
> *'The key aims are to:*
>
> - *deliver a significant improvement in employment rates among those of working age, with a particular focus on the most disadvantaged, especially benefits claimants, lone parents, older people and people from minority ethnic groups;*
>
> - *ensure that individuals within these client groups are better able to both find and remain in work; and*
>
> - *improve the skills of individuals within these client groups to enable them to progress once they are in work.'*

and

> *'Each local area will be asked to develop a consortium comprising local partners with a shared interest in working together to raise local employment rates and improve the local economy. This may include local authorities, employers, learning and skills councils, regional development agencies, primary care trusts and Jobcentre Plus. Partners in England will use the local strategic partnership, including the existing Local Area Agreement infrastructure, to draw the consortium together. Consortia in pilots covered by the devolved administrations will need to take account of local partnership structures and patterns of deprivation when developing their proposals.'*

The initiative set out in the 2006 Green Paper was about aligning resources and freedom to innovate and tailor services to local needs through partnership working across skills, employment and health domains. As a first step, the initiative (which came to be referred to as the CS) encouraged consortia to be formed in areas with high levels of non-employment that would use 'seedcorn' funding (see Section 2.2) to develop a local strategy indicating how a local partnership could deliver real improvements in the proportion of local people in work. The processes of formulation of expressions of interest for participation in the CS initiative, the development of business plans and of initial partnership formation are discussed in Sections 2.3 and 2.4. Following on from this, a number of towns and cities were invited in early 2006 to submit 'expressions of interest' to the Department for Work and Pensions (DWP) that set out the membership of potential CS partnerships, key groups to be targeted for help, the ways the partnership would make better use of existing resources, the barriers faced and flexibilities needed to overcome these barriers, and how the partnership would measure progress towards its objectives.

The 15 areas selected in 2006 to be initial 'Pathfinders' on the basis of their expressions of interest were as follows:

- England:

    (1) Birmingham, Coventry and Black Country (BCBC);

    (2) Blackburn with Darwen;

    (3) East London;

    (4) Greater Manchester;

    (5) Leicester;

    (6) Merseyside;

    (7) Nottingham;

    (8) South Yorkshire;

    (9) Tyne and Wear;

    (10) West London;

- Scotland:

    (11) Dundee;

    (12) Edinburgh;

    (13) Glasgow;

- Wales:

    (14) Heads of the Valleys;

    (15) Rhyl.

The 15 CSPs vary greatly in size (see Table 2.1 and Chapters 2 and 6 for further discussion): some encompass several local authority districts (e.g. BCBC; East London, Greater Manchester; Heads of the Valleys, Merseyside, South Yorkshire, Tyne and Wear, West London), while others are focused on a single local authority district (albeit many of them large cities) (e.g. Blackburn with Darwen, Dundee, Edinburgh, Glasgow, Leicester, Nottingham) and one covers five wards within a single local authority area (Rhyl).

The CSPs are 'pathfinders' in the true sense of the term. While they represent an important initiative they are, nonetheless, test beds for the new approach to tackling local concentrations of worklessness through devolved policy (as outlined in more detail in Section 2.1).

CS contracts started in April 2007 (although many CSP partnerships were working on the strategy well before that date), initially for a two-year period to March 2009. In June 2008 an extension for a further two years (i.e. until the end of March 2011) was announced.

1.2   Key evaluation aim and objectives

The **aim** of this evaluation is:

> *'to assess the extent to which the CSPs are suitable models for future devolved employment programmes in deprived areas and for those groups most disadvantaged in the labour market.'*

In order to achieve this broad aim, the evaluation has a number of research **objectives**, including:

• assessments of the different models of partnership working used by the CSPs;

• assessments of the effectiveness of combining the various employment-related funding strands by the CSPs;

• measuring the employment rate and benefit off-load changes (especially for disadvantaged groups) for the individual CSPs and the CSPs in total;

• which groups can be most effectively helped by devolving responsibility to the local level;

• the most appropriate geographical level for the provision of employment services to disadvantaged groups.

The CS is a complex initiative seeking to bring about more effective delivery of the Government's Welfare to Work programme by devolving responsibility for strategy and delivery to the local level. It seeks to bring about a change in past working relationships within CSP areas in a manner that suits the particular needs of local people and local employers. CSPs have been encouraged to develop strategies that suit the needs and priorities of their areas with a consequence that strategies vary from CSP to CSP in different ways. The precise aims, priorities and approaches are set out in each CSP's business plan (see Section 2.3 for further details).

1.3   The challenges facing an evaluation of CS

Evaluation is most straightforward when a policy involves a simple intervention, standardised across either all local areas (or, at least, local areas of similar sizes/ defined in the same way) and targeted at a particular eligible group, with a single clear goal which is easy to measure. The CS initiative fills none of these criteria: it is a complex initiative, across local areas ranging in size from a few wards to entire city regions, involving non-standardised interventions and new ways of working across local areas, with multiple goals relating to behaviour and outcomes which are difficult to measure. Hence, it presents challenges for evaluation.

As outlined in Section 1.1 and discussed in more detail in Chapter 2, CS is about creating local partnerships in which existing agencies develop a shared vision, set out in a business plan, of what is needed to reduce worklessness in their area and then are empowered to work together in more effective ways by combining and aligning their efforts behind common priorities to reduce worklessness and raise

employment. New ways of working in partnership lie at the heart of the CS approach, and because CS is mainly about establishing a framework for more effective co-operation between key stakeholders from the public, private and voluntary sectors; aligning funding streams and co-ordinating activity so as to remove unnecessary competition and duplication of effort; and adding value to existing provision and delivery, it is not easy to delineate precisely, in the words of one CSP staff core member 'where CS activity begins and ends'. However, what is clear is that some evaluation of process change is vital. But this is complicated by the fact that in the period since the introduction of the CS initiative, the ongoing welfare reform agenda has continued apace and new policy initiatives in related policy domains have had implications for CSPs' activities (as discussed in Section 6.1).

Generating some quantitative measure of the level of success of the CS initiative in increasing benefit off-flows and raising the employment rates is not straightforward either. To determine the added impact of CS on workless benefit numbers, it is necessary to answer the question, 'what would have happened to the numbers on benefit in the absence of the initiative?' However, producing this counterfactual estimate is not straightforward because the CSP areas were chosen due to their atypical employment and benefit profiles (as discussed in Chapter 2), so what might constitute an appropriate comparator is not obvious. The approach that has been taken is discussed in Section 5.2.

Even if benefit reductions and an increase in the local employment rate are achieved, it is important to note that they might be attributable to the activities of CSPs, although they might also reflect changes in the wider economy or the impact of other policies operating in CSP areas. Hence, **improvements cannot all be attributed to CS activities, while a lack of progress towards the targets does not mean that CS activities are necessarily ineffective**.

1.4 The evaluation strategy adopted

Evaluation is the process of generating systematic evidence relating to policies and initiatives in regard to how those policies have been implemented and delivered and what the outcomes and impacts were. Evaluation is a key step in determining the extent to which a policy is meeting its objectives. There are several types of evaluation, notably:

- **ex ante evaluation** – which refers to an assessment of the likely consequences of policy before implementation (what might be expected to happen);

- **formative or process evaluation** – which is concerned with the way that the policy was actually implemented and delivered and asks questions such as how, why, and under what conditions does the policy intervention work, or fail to work; and

- **ex post, summative or impact evaluation** – which asks questions about the impact of policy on specific targets.

All three types of evaluation are of relevance to the CS initiative and to CSPs.

Any effective evaluation strategy requires a supply of good quality, relevant data. The national evaluation of the CS takes the form of a **meta-evaluation** in which evidence from a number of sources – outlined in the evaluation approach illustrated in Figure 1.1 – is **collated**, **assessed** and **synthesised**.

Figure 1.1   The City Strategy evaluation strategy
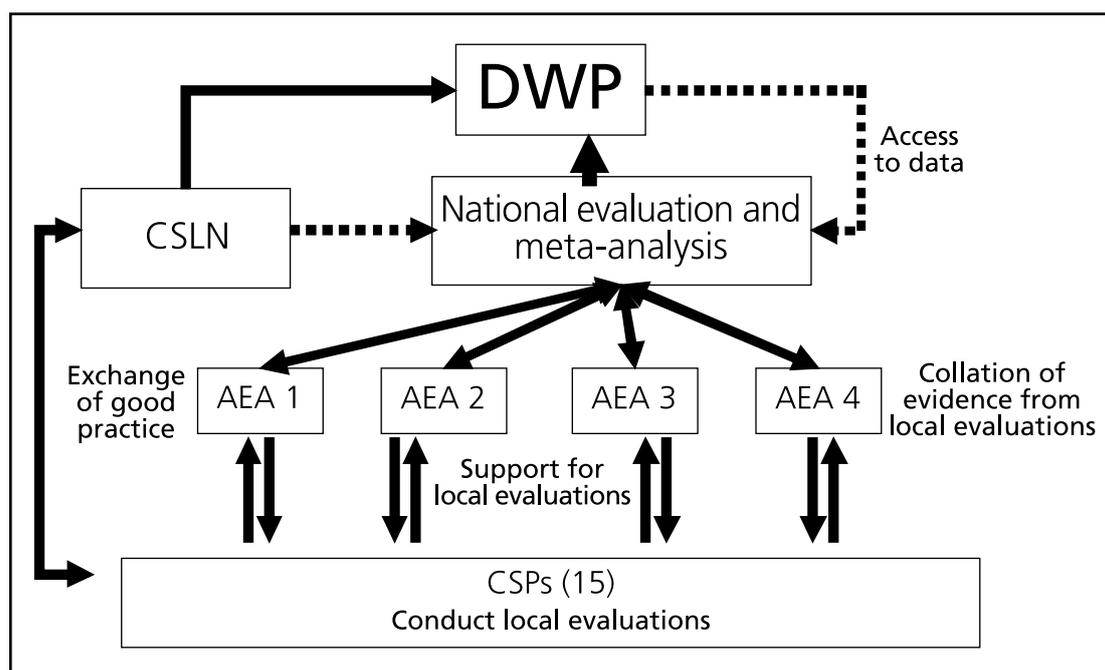
At the heart of the initiative is the passing down from central government to CSPs of the responsibility for designing a strategy that is appropriate to local needs and will better address the needs of workless people. Of course such devolved responsibility takes place within a broad national policy framework. Just as responsibility for strategy has been devolved to the CSPs, in a corresponding manner, so too has the responsibility for undertaking local evaluation at the individual CSP level (although no explicit requirement or funding to do so was provided by DWP). The justification for this approach is very much the same as the justification for CS itself: it was unlikely that a 'one size fits all' approach to evaluation would be capable of capturing the complexity and subtlety of the change envisaged in the CS initiative. Moreover, if CS was truly a pilot or experiment in devolution then it follows that evaluation by CSPs should be a central part of that experiment. Hence, positioned at the foot of Figure 1.1 are the CSPs and **local evaluations**. DWP provided guidance on local evaluation to CSPs via an **Evaluation framework for the local evaluations** (see Appendix A), setting out a series of topics and evaluation questions to be addressed by CSPs in their evaluation. However, in practice commitment to robust evaluation was not uniform across CSPs and the evidence from local evaluations is uneven. The consequence of this is that the evidence base available on CSPs' performance and

impact for the national evaluation is incomplete and the ability to learn appropriate lessons[3] from the CSPs' experience to date is compromised.[4]

Support for local evaluations was provided by **Area Evaluation Adviser (AEA)** teams. In Figure 1.1 the AEAs occupy a position between the local and the national evaluations. This reflects the role of the AEAs to:

• provide advice to CSPs on all issues regarding evaluation;

• provide support for the relevant local area evaluation;

• advise DWP on matters relating to evaluation in local CSPs;

• provide support for the national meta-evaluation; and

• provide a link between the national and local evaluations.

Four AEA teams (from the Institute for Employment Research (ER) at the University of Warwick; the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University; the Institute of Employment Studies (IES) and Shared Intelligence) were appointed by DWP. Each team worked with three or four CSPs and also provided valuable inputs to the national meta-evaluation by providing updates on CSP developments, supporting information on specific topics[5] and case studies.

In practice, the extent to which CSPs have committed to local evaluation has varied. Several have commissioned external consultants to undertake substantial evaluations of their partnership arrangements and delivery.[6] Others committed what local resources could be made available for the purpose of identifying what they were doing well and what they could do better. AEAs also provided inputs into evaluation in some instances. At least initially, much local evaluation activity focused on processes, and reference is made in Chapter 3 to CSP governance changes being made in the light of evaluation findings. Other local evaluation activity has tended to focus on specific projects. In some instances, use has been made of **monitoring data from local tracking systems** which provide a longitudinal picture of the 'customer/client journey' from engagement, through

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[3] Encompassing both what has worked well (where and for whom) and what has not worked so well.

[4] This raises questions about the efficacy of such devolution of responsibility for local evaluation in future similar initiatives (see Section 7.2).

[5] Information was gathered via topic guides containing open ended questions on the following topics: (i) Engaging hard to help groups; (ii) Engaging employers; (iii) Data sharing; (iv) Enabling measures; (v) Ethnic minorities and new arrivals; and (vi) Young people; (topics i-iii were covered in 2008 and topics iv-vi were covered in 2009). Selected information from these topic guides is drawn upon in subsequent sections of this report.

[6] Where reports from local evaluations have been made available to the Evaluation Team their findings and conclusions have been included in the evidence base drawn upon for this report.

various interventions and, where applicable, into employment. However, not all CSPs have implemented tracking systems and those that have done so have experienced mixed fortunes. Where they work well, such systems have provided a valuable source of evaluation evidence.

The evaluation strategy set out in Figure 1.1 also illustrates a mechanism for organisational learning through the dissemination and sharing of good practice and lessons from local activity in CSPs, both amongst themselves and to central government, via the **City Strategy Learning Network (CSLN)**. At the outset, this sharing of practice and lessons did not happen as much as some CSPs desired. Rather the CSLN adopted a somewhat different role of advocate and intermediary between CSPs and DWP – especially with regard to enabling measures (as discussed in Section 3.4). This may have been quite appropriate given the developing nature of the CS initiative and some central government stakeholders interviewed for the CS national evaluation in summer 2009 indicated that the CSLN provided a useful 'forum for challenge' for central government. Latterly, the CSLN has sought to facilitate more cross-CSP sharing of experience, including through Learning Sets on specific themes of interest to CSPs. More general news of relevance to CSPs and the context within which they are operating is distributed via a weekly CSLN electronic newsletter. Material from the CSLN represents an important source of information for the CS national evaluation and meta-analysis.

The CS evaluation strategy as set out in Figure 1.1 shows a role for DWP in facilitating access to **spatially-referenced data held at the national level** to support the national evaluation. The most suitable data source for examining the impact of CS is the *Work and Pensions Longitudinal Survey* (WPLS). The WPLS combines data from DWP and HMRC and allows analysts to follow the benefits and employment records of everyone in the country. This is achieved by combining data on the take up of benefits such as JSA, IS and IB and on taxation (and tax credits) and 'tracking' through the system by means of their National Insurance Number (NINo). The significance of the WPLS and its value for evaluation rests on the fact that it is the only comprehensive and reliable source to provide a longitudinal perspective on the process of moving from worklessness to employment. It did not prove possible to make use of this data because of an embargo on the transfer of DWP data on individuals to external organisations, and there were not resources available within DWP to undertake longitudinal analysis at the individual level to support the national meta-evaluation. In the absence of access to individual-level data from the WPLS the quantitative analysis undertaken for the national evaluation of City Strategy has consisted of using publicly available DWP benefit data (at the small area scale) and the Annual Population Survey (APS) accessed via Nomis (see Section 5.2 for details of the analyses and findings). These data sources are limited in that individual data has been aggregated and it is not possible to identify and track an individual through the benefit system.

Additionally, as part of the evaluation, in the spring and summer of 2009 the National Evaluation Team undertook 11 face-to-face interviews with representatives

from the DWP, Jobcentre Plus, the Department for Communities and Local Government, the Scottish Government, the Welsh Assembly Government, the (then) Department for Innovation, Universities and Skills and the Treasury. The purpose of the interviews was to elicit views on the first two years of the City Strategy initiative, using an aide memoire (see Appendix B) covering the following topics:

• the nature of worklessness;

• the aims of CS;

• partnership working;

• successes of CS and of innovative working;

• challenges facing CS;

• geographical scale; and

• learning points

Information from these interviews is included in various sections of the report. The main findings from the interviews with national level stakeholders were shared with CSP representatives at a Workshop held at the University of Warwick in early September 2009. Key findings from an electronic survey of CSPs[7] covering aspects of strategic leadership, strategic influence, partnership working, leverage, synergy, and flexibility and innovation (see Appendix C) were also presented and discussed at the Workshop, which also included group discussions on 'Getting the strategy right', 'Delivering the strategy' and 'The future'.

1.5 The scope and structure of the report

The remainder of this report sets out the findings from the evaluation of the CS initiative. There is a particular focus on the first two years of the initiative, but since the initiative was extended beyond March 2009 it has been considered appropriate (in conjunction with DWP) to take account of developments to the end of September 2009 in the report.

The report is organised as follows:

• Chapter 2 is concerned with delivery of local co-ordination of Welfare to Work. It sets out the CS vision and the position of the CS initiative at the heart of the localisation agenda. It discusses the resources available for CS, the partnership formation process – including the production of initial expressions of interest and subsequent business plans and provides a description of key partners involved in CSPs and the variety of governance arrangements.

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[7]   The electronic survey also included CSP-specific questions (not included in Appendix C) designed to provide CSPs with an opportunity to provide feedback on some of the specific elements which were part of their initial CS business plans.

- Chapter 3 addresses CSP partnerships in practice. It appraises the advantages and disadvantages of different partnership governance arrangements and considers the leadership of CSPs and reviews the implementation of partnership arrangements, with particular emphasis on changes made in the light of the advent of policy developments and associated links to other local and sub-regional policy initiatives. The scope of partnerships is considered – focusing on the extent to which working in partnership has expanded the scope of activity and of interventions. Central-local relations – both successes and tensions – are discussed also.

- Chapter 4 focuses on CSP activities. Issues addressed here include experience of working with the mainstream and the targeting of activities under the auspices of CSP – both by population sub-group and geographically. Engagement with hard-to-help groups and with employers is discussed. Selected examples of CSP projects and initiatives are presented in order to give a flavour of some CSP activities.

- Chapter 5 assesses evidence of the impact of CS. Three types of impact are considered here: qualitative evidence relating to the processes adopted by CSPs; changes in outcomes in terms of reductions in the numbers of benefit claimants and increases in the employment rate; and the extent to which CS has effected a cultural change in the way in which worklessness is tackled by the CSPs.

- Chapter 6 discusses some of the main challenges that have faced CSPs to date and some of the key issues from their experience that have implications for the monitoring and evaluation of the CS initiative. In particular it focuses on the shifting institutional and policy and the impact of recession. Other issues addressed are the geographical scale of CSPs and the emphasis of CS activity between strategy and delivery.

- Chapter 7 presents the key themes and issues emerging from the report. The discussion is grouped around four main themes: the central-local relationship; external and internal evolution; partnership and focus; and labour demand. Selected policy implications are highlighted also.

2 Delivery of local co-ordination of Welfare to Work

Section 1.1 discussed the origins, aims and objectives of the City Strategy (CS) initiative and provided a description of the City Strategy Pathfinders (CSPs). This chapter sets out the CS vision and the position of the CS initiative at the heart of the localisation agenda (Section 2.1). It discusses the resources available for CS (Section 2.2), the partnership formation process – including the production of initial expressions of interest and subsequent business plans (Section 2.3) and provides a description of key partners involved in CSPs and the variety of governance arrangements (Section 2.4). Finally, the key messages are summarised (Section 2.5).

2.1 The CS vision

The CS initiative is part of the UK Government's drive to reform the welfare system. At the heart of proposals for reform is a vision of a modern, **devolved welfare state** in which there is a sharing between State and communities of the responsibility for tackling worklessness and poverty. A key element of this new approach is **localisation**: the notion that **tackling** the most entrenched **localised pockets of worklessness** requires action appropriate to the needs of local areas and the individuals within them. Rationales forwarded for localisation include:

* local areas and people face different problems and therefore require different solutions;

* local partners are best placed to understand the specific problems of people in their own areas – and so are best placed to help shape and co-ordinate delivery designed to address them; and

* local approaches may produce a 'buy in' to solutions that is not created when solutions are delivered from a 'top down' model of intervention.

In practice, however, each of these rationales may be disputed.[8]

The **CS initiative** seeks to empower local institutions to come together in a concerted local programme to develop local solutions by giving them the freedom to try out new ideas, and the flexibility to work together to combine and align their efforts behind shared priorities. Such an approach is intended to mobilise the resources of the public, private and voluntary sectors.

A simple generic **theory of change**, identifying the assumptions underlying the CS initiative and associated changes, together with some associated evaluation questions, is outlined in Figure 2.1.

Figure 2.1   City Strategy – a basic theory of change

Assumption/proposition	Relates to	Selected evaluation questions
The causes, incidence and profile of worklessness vary from place to place reflecting the economic, social and demographic structure of the area. Local agencies are best placed to identify and understand such local differences and address them.	Analysis	Did a baseline analysis of worklessness in the CSP area identify specific local issues that can be best addressed at local level?
Local organisations and agencies see the logic of joint working and are willing and able to work together in a CS partnership. If so…	Process – feasibility	Have partnerships been created? Who are the members and what are the governance arrangements?
Creating a local CS partnership will facilitate the creation of a shared understanding of issues, a shared sense of purpose and an enhanced capacity to address local issues. CS partnership working unifies and integrates the policy agenda for the local area and focuses activities on agreed priorities. Commitment to the strategy will lead to…	Process – vision and strategy	Is there a shared analysis of local issues? Are there agreed aims and objectives? Have priorities been set? Is there an agreed process for implementing the strategy?
CS partners implement the strategy within their own organisations (aligning activities to the CS strategy) and may also create new joint activities by capitalising on synergies of joint working and through pooling resources. If so…	Process – implementation	Have the partners implemented the strategy? What activities have been implemented as part of the strategy? Is there 'joined up' activity? Have resources been pooled?
		Continued

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[8]   Each of the rationales listed was disputed by at least one of the national level stakeholders interviewed in spring/summer 2009 for the national evaluation of the CS initiative.

Figure 2.1 Continued

Assumption/proposition	Relates to	Selected evaluation questions
CS partnership working will lead to more effective performance and service delivery by focusing on priority areas, activities that have most impact and by eliminating conflicting activities and duplication of effort.	Outcomes – delivery	Has competition and duplication been removed? Have activities been evaluated to identify the most effective delivery?
Success will lead to enhanced and sustainable outcomes, reduced levels of worklessness and increased employment rates. Success may reinforce commitment to a common strategy and partnership working.	Outcomes – impacts	Have individuals moved off benefits? Has the local employment rate increased? How sustainable are any outcomes? Is the partnership building on any success?

In practice the development of CS might be expected to be more complex than this simple model implies, with additional links and feedback loops (for example, as delivery and impacts inform strategic decision making and programme implementation).

As intimated above, the principle on which the CS initiative is based is that local delivery of Welfare to Work is best determined and orchestrated through local **partnerships** that bring together the major stakeholders in that policy area resulting in a more co-ordinated and integrated approach (see Sections 2.3 and 2.4 and Chapter 3 for further discussion of partnership concepts and working). The theory is based on the notions that by working together:

• partners are able to improve their understanding of the needs of workless residents and of the services required to meet those needs;

• and aligning resources and promoting synergy between different services local partnerships can secure greater value, in terms of moving workless people into sustainable employment, from any given level of resource, through adopting more coherent approaches and reducing duplication; and

• local partners may be able to secure extra resource because of their collective capacity and associated scale effects.

Some of these key CS processes are outlined in the **logic chain** in Figure 2.2.

Figure 2.2   City Strategy process logic chain

Improve process		Raise performance		Increase impact
Develop shared understanding of local needs	→	More effective service delivery	→	More workless/ disadvantaged people achieving sustainable employment (and/ or other positive outcomes)
Reduce gaps and overlaps in services and replace with a more coherent approach				
Align and realign funding and services	→	Better resourced and aligned employability services across policy domains	→	Achieve more (cost-[1]) effective outcomes
More co-ordinated commissioning	→	Secure extra resource through collective capacity	→	Greater reduction in worklessness
		More and/or better value services		Increase in sustainable employment (and other positive outcomes)

Source: adapted from Cambridge Policy Consultants.

[1]   The primary interest is in 'effective' outcomes, but given issues of budget constraints attention also needs to be placed on the cost of services relative to the outcomes that they produce (i.e. 'cost-effectiveness').

Hence, CS aims to test:

• how best to combine the work of government agencies, local government and the private and voluntary sectors in a concerted local partnership[9] to provide the support workless people need to find work and sustain and progress in employment;

• whether stakeholders can deliver more by combining and aligning their efforts behind shared priorities; and

• whether freedom to innovate and tailor services in response to local needs generates enhanced outcomes.

These questions are addressed in more detail in subsequent sections of the report.

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[9]   Such 'local partnerships' are at a range of spatial scales, from a few wards, to the level of a local authority area and the sub-regional scale (as outlined in Section 1.1 and assessed in Section 6.3).

It is clear from the discussion above that the **CS vision is multi-faceted**. In practice, this means that there is potential for different aspects of the vision to be prioritised by different people, at different times and in different places. National level stakeholders[10] interviewed in spring/summer 2009 emphasised different elements of the CS vision, variously placing foremost emphasis on:

- contributing to the achievement of the Government's 80 per cent employment rate target;

- helping to link the most disadvantaged people in the most disadvantaged areas to the labour market; and

- an 'experiment' contributing to the 'devolution'/'localisation' agenda – in particular in relation to the development of sub-regions by promoting co-operation across boundaries and testing the 'additionality' of sub-regional working.

For most national level stakeholder interviewees the labour market related aims of CS listed above were of primary importance, whereas for others the localisation inherent in CS was of foremost significance. These different emphases are important because they translate into different measures of 'success' of CS (this topic is addressed in Chapter 5). Likewise, there are likely to be some differences in the precise shape and detail of the 'CS vision' between and within CSP consortia (for some more details see the discussion of business plans in Section 2.3). Moreover, this vision may change over time; becoming either clearer or less clear.

The local/sub-regional collaborative governance and devolution agendas have moved forward since the inception of CS. The creation of Multi-Area Agreements (MAAs) and statutory City Regions (see Sections 3.2 and 6.1) in some parts of England are amongst the key developments here.

Another key development is the move by Department for Work and Pensions (DWP) to larger, longer contracts with primary providers under **new commissioning arrangements**. The CSPs were key external stakeholders to the DWP consultation on the commissioning strategy.[11] On the basis of experience with CSPs, DWP undertook to consult with local partners on how programmes would be commissioned in these areas. Such consultation is a very welcome development. However, some CSPs' concerns remained about the move to larger, longer contracts with primary providers and what this would mean for the balance between centralisation and localisation (see Sections 3.4 and 6.1). In relation to the Government's aspirations for **co-commissioning** of DWP contracted employment programmes, and in response to CSPs' requests for greater opportunity to work with DWP in order to have more influence over the development of programmes, a **three levels of devolution** delivery model to sub-regional/local level was introduced:

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[10] See Section 1.4 for details of interviewees.

[11] For instance, a meeting was held between DWP, the CSPs and the Minister of State for Employment to discuss CSPs' feedback on the strategy.

- **Level 1**: providing partners with the opportunity to shape DWP contracted provision to meet local requirements, against a spine of national provision; and while specifying outcomes to providers under flexible contracts, being less prescriptive about how those outcomes will be achieved;

- **Level 2**: involving partners providing some funding to enhance the services delivered under DWP contracts and facilitating a co-commissioning approach; and

- **Level 3**: giving partners more influence and control over the commissioning process, perhaps involving DWP handing over a level of accountability and contracting responsibility for delivery of specified outcomes.

However, it is important to note that the 'CS vision' is not just about 'local delivery of national policy'; it is also about local delivery of local policy (with national support). Hence, at the local level the CS vision may be about creation of a comprehensive local infrastructure, involving locally co-ordinated relations with employers, joined-up work with specific sub-groups and development of management information systems enabling regular reporting and scrutiny of interventions.

2.2   Resources for CS

This section considers the financial and non-financial resources available to CSPs. The former include:

- direct funding from DWP associated with the initiative;

- funding directed to CS from partners; and

- additional funding secured from other sources for CS.

The latter comprises non-financial support 'in kind' from partners.

Unlike many other, more conventional, initiatives to address worklessness and improve employability where, in the simplest terms, dedicated new spending on a particular intervention is designed to achieve a single specific outcome, the amount of funding directly associated with CS has been modest. The **CS is not principally about new money**[12], nor is it about a single activity or outcome. Rather **it is about making more effective use of existing resources dedicated to employment and skills at local level**.

Nevertheless, at the outset of the initiative DWP committed to contributing to CS directly in three ways: First, £110,000 in 2006/07 and £210,000 in 2007/08 of **'seedcorn'** money[13] was provided to each CSP to be used in a completely flexible way to kick start the development of consortia, help build capacity, bring together

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[12]   This was made clear in the original guidance issued by DWP to towns and cities invited to submit an expression of interest for CS.

[13]   This was derived from a pooling of money from Action Teams, Ethnic Minority Outreach and Working Neighbourhoods Pilots that were coming to a close.

partners and support the planning process. As noted above, this money was split equally across the CSPs (i.e. the smallest and the largest Pathfinders received the same amount of funding). Some of the larger CSPs felt some degree of frustration that their share of seedcorn funding was the same as that of the smallest CSP. Yet, there was general agreement that the payment of the seedcorn money up front to pump-prime the work of local consortia during the initial operational phase has been very valuable. With the two-year extension of CS seedcorn money was once again split equally across CSPs, with each CSP receiving £166,000 in 2009/10 and being due to receive a further £166,000 in 2010/11.

Secondly, the devolution to CSPs of control of the **Deprived Areas Fund (DAF)** – a flexible pot of money from DWP, intended to add value to current mainstream services offered by Jobcentre Plus, allocated to deprived areas (at ward level) across Great Britain – provided a further direct source of funds. At the outset it was announced that CSPs would receive £32 million in DAF funding in 2007/08 and a similar amount in 2008/09, uprated with inflation, to support delivery of their plans. The size of the DAF is roughly proportional to the number and size of disadvantaged neighbourhoods within the CSP, such that larger CSPs received a greater share of total DAF funding than smaller ones.

In November 2007 the Government announced a new Working Neighbourhoods Fund (WNF) in England,[14] incorporating DAF[15] and the Neighbourhood Renewal Fund, to come into effect from 2008/09. The WNF is a distinct element of a non-ring-fenced general Area Based Grant paid to local authorities and is intended to provide maximum flexibility to local authorities to design local programmes to meet local needs. Although the WNF is not ring-fenced it is intended to provide resources to local authorities to tackle worklessness and low levels of skills and enterprise in their most deprived areas. Since 2008 DAF has remained a separate funding stream for the CSPs in Wales and Scotland.

A third source of direct funding identified as being available for CSPs was a £5 million pot of **'reward'** funding. A mechanism for payment of this reward funding was not identified initially, although the expectation was that it would be based on achievement against targets. Subsequently, this reward funding was split equally amongst CSPs (i.e. without direct reference to progress made towards achievement of individual targets); this decision was agreed by consortia and the cross-Government City Strategy Board.

It is important to reiterate that the amount of direct funding available for CS has been comparatively small compared to the scale of the issues to be tackled by CSPs. Hence, the critical funding issue facing CSPs was whether they could influence, secure or have access to additional funding to support their activities.

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[14]   This is one example of a number of national differences played out within the CS initiative.

[15]   Note that some local authorities that had received DAF money were not eligible for WNF.

One of the principal sources of **additional funding for CS** has been **money directed towards CS by partners**. As noted in the discussion of the CS concept in Section 2.1, the CS vision was that the effectiveness of local policy would be enhanced by aligning and/or pooling the funding of partners. Local authority partners have been one important source of CS funding. In some parts of England WNF funding allocated to local authorities has been aligned to CS and this has been a positive development – but this is not the case everywhere. Where there has not been alignment, and/or when WNF funding promised to support particular initiatives endorsed by a CSP were not forthcoming, there is a danger that partners are distracted from designing and implementing what is in the best interests of local people and businesses by a focus on who holds a particular budget. Other important funding sources for many CSPs have been the European Social Fund (ESF), the Learning and Skills Council (LSC) (England only), Regional Development Agency (RDA) funding (in England), funding from the Welsh Assembly Government (in Wales) and the Scottish Government's Fairer Scotland Fund (in Scotland).

It is not necessarily the case that CSPs directly control all of the funding used under the auspices of CS activity but their influence on how such funds are used has been strengthened through the local partnerships developed. For example, in mid-2009 funding for CS activities in Tyne and Wear included:

• **funding over which the CSP had direct control**: DWP DAF, DWP seedcorn, the Future Jobs Fund, One North East (the RDA) and ESF Innovation and Transnational; and

• **funding not directly controlled by the CSP**: including WNF, ESF, mainstream, Coalfields Regeneration and Lottery Funding.

Much of this is discretionary funding, rather than flexing of mainstream resources in support of CS objectives. However, the precise mix of funding sources and commissioning arrangements vary between CSPs. In the case of the Glasgow CSP, for example, ESF, the Fairer Scotland Fund and some money from mainstream local authority and National Health Service (NHS) sources has been channelled through the CSP for joint commissioning. In Merseyside, a considerable amount of early effort was devoted to developing the Single Investment Framework (produced in November 2007) in order to align all funding streams at the strategic level and operationally in terms of joined up of service delivery activity. An ESF Complementary Strand was developed – alongside the two main co-financing organisations (the LSC and DWP/Jobcentre Plus), dedicated to the resourcing of CSP intervention priorities and managed by the CSP Board. It was added to a centralised funding stream including DAF and regeneration monies, so creating a Core Investment Programme for the CSP to add value, address gaps in provision and support the implementation of mainstream programmes.[16]

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16   The Baseline Evaluation Report produced by Cambridge Policy Consultants for the Merseyside CSP in March 2009 reported that of a total investment of around £461 million in the Merseyside region, the Core Investment Programme accounted for £67 million (15 per cent of the total), compared to £273 million (59 per cent of the total) from mainstream Jobcentre Plus and LSC provision; (the remainder was £121 million (26 per cent of the total)).

Aside from financial support, in many instances partners have provided an important **resource input in kind** to CSPs. Such support has taken several forms. First, considerable amounts of **time** have been contributed by the staff of partner organisations, initially during the establishment of the CSP partnerships and the development (and redevelopment) of business plans and, later, during the operation of the partnership (monthly partnership Board and other committee meetings, liaison between partners, planning and strategy meetings, etc.). Second, in many cases partners have provided **staff** who have been seconded to CS teams or who were employed directly by the lead partner – at least initially. Finally, some CSPs have been able to draw on the **resources/expertise** of partner organisations, for instance by using the services of analytical teams to conduct monitoring or 'internal' evaluation research or provision of office accommodation and other support.

While these main types of resources have been available to all CSPs, the detailed profile and relative importance of different types of resources vary between CSPs. In general, direct funding has been relatively more important for smaller than for larger CSPs, while larger CSPs have been better placed than smaller ones to lever in additional funding and resources in kind from CS partners.

2.3 Partnership formation

As intimated already, **'partnership'** lies at the heart of the CS concept; indeed, the guidance for towns and cities invited to submit an expression of interest for CS (see further discussion below) specifically invited key stakeholders in a local area to come together in a 'consortium' to improve the way support for jobless people was co-ordinated and delivered on the ground. It is through local partnerships that the various agencies and organisations working towards the delivery of the Welfare to Work agenda are brought together at the local level in order to align their activities. As outlined in Section 2.1, by jointly determining the key priorities for the local area, aligning activities and funding and working in a co-ordinated and integrated way, it is expected that the partnership will be more effective in helping local people to leave benefit and enter employment than individual organisations working independently. This section discusses partnership formation amongst the CSPs, often within the context of pre-existing partnerships, and describes the key features of the expressions of interest and business plans that were developed prior to the 'official' launch of the CSPs in 2007.

In considering CSP partnership formation it is salient to note that partnership has become one of the fundamental principles in policy making and implementation in advanced economies in recent years. The **rationale for a partnership model** includes:

• the intractability and complexity of issues to be tackled, requiring a multi-agency approach to addressing them;

• the proliferation of agencies and quasi-state agencies at a variety of spatial scales with responsibilities in fields of regeneration, employment and skills, education and training, etc.; and

- the development of a 'mixed market' in service delivery, involving public, private and voluntary sector providers.

Historically, in the UK context a key feature of the growth of partnership working has been strong central direction of policy by government combined with policy delivery through partnership mechanisms at the local level.[17] Devolution and localisation (as outlined in Section 2.1) implies greater scope and freedom for local partners to take a lead in shaping, as well as delivering, policy (the extent to which this has happened in the context of the CS initiative is discussed in Section 3.4).

Since the principle of partnership working was established before the advent of CS, and given that CS is aimed at areas characterised by high levels of worklessness, there were no instances where CS was introduced into a local context where other partnerships and regeneration agencies did not already exist, albeit in some instances (as in East London) the precise geographical configuration of the CSP partnership was new.[18] Although there was a long history of local partnership working in many CSP areas, there were different levels of experience of such working arrangements prior to inception of the CS initiative. Nevertheless, the history and experience of partnership working would be expected to have some influence on both the formation of CSP partnerships and their subsequent operations.

Partnership formation specifically for CS commenced formally in 2006. Early in 2006 a number of towns and cities with the highest numbers out of work were invited to submit 'expressions of interest' to DWP to develop a local strategy indicating how a partnership would deliver real improvements in the proportion of local people in work. More specifically, the expressions of interest were to set out:

- the geographical focus for the consortium – including a rationale for why the particular focus identified was most appropriate;

- the labour market and skills demand context in which the consortium would operate, including any significant future trends;

- the key supply-side issues in the area and, consequently, identification of the disadvantaged groups on which the consortium would focus;

- the organisation coming together to form the consortium – including public sector bodies, employers and, where appropriate, private and voluntary sector organisations;

- how the consortium would integrate the efforts of partners behind chosen priorities and what would change as a result;

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[17]   See Geddes M. (1997). *Partnership against poverty and exclusion: local regeneration strategies and excluded communities in the UK*. Policy Press, Bristol.

[18]   In London CSPs were not selected through the same exercise as in the rest of Great Britain (see discussion), such that in the case of East London and West London groups of boroughs were 'volunteered' as CSPs, rather than coming together as a result of organic development.

- whether national policies or practices posed barriers to partnership working or efficient delivery at local level, detailing for each barrier the precise nature of the problem, how it could be overcome, and by how, and how much, performance would improve as a result;

- what the consortium would achieve for its target groups, over and above existing targets;

- an outline of a robust tracking system for tracking performance against targets;

- the impact of the CS proposal on other existing local targets, employment or skills strategies and initiatives; and

- how governance arrangements would need to change to accommodate new ways of working under the consortium, and how these would fit with and relate to existing regional or local structures.

In July 2006 the 30 expressions of interest that were received were assessed with regard to the degree of disadvantage, anticipated evidence-based performance improvement, the breadth and effectiveness of the proposed partnerships and the scope of innovation in using resources and overcoming barriers. The 13 CSPs outlined in Section 1.1 were selected from areas that were furthest from the national 80 per cent employment rate aspiration (i.e. those facing most acute problems of worklessness); to join two CSPs in London that had been announced in April 2006 and which did not participate in the expression of interest exercise.[19]

Once selected, each CSP was required to develop a detailed **business plan** outlining the challenges facing their area and what they wanted to achieve. These built on and the expressions of interest and provided details of:

- **vision and strategy** – including the over-arching vision, strategic objectives, operational objectives and milestones; strategic fit at local, sub-regional and regional levels;

- **the local context** – including an expansion of the demand and supply side analysis set out in the expression of interest, spatial and sub-group targets, and mapping of current provision;

- **programme design** – setting out the approach, priorities, key programme elements, the delivery model, the approach to employer engagement, the approach to voluntary and community sector engagement, programme targets, the programme budget, and cross-cutting themes – including diversity, health, economic growth, regeneration and social inclusion;

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[19]   The 17 unsuccessful expressions of interest were from Leeds, Hull, Bradford, Wakefield, Derby, Hastings, Kent, Mansfield, Lincoln, Bristol, Hartlepool, Middlesbrough, Plymouth, Barrow, Blackpool, Preston and Sedgefield.

- **governance and management** – encompassing governance arrangements and details of composition of the CS board, programme management (including details of implementation/co-ordination teams), performance and financial management, the administrative budget, risk management, and the implementation timeline;

- **consultation, communications and learning** – covering consultation to date and future plans, communications strategy, learning, review and evaluation.

While all business plans followed this general structure the amount of detail they contained was variable. However, it is possible from the plans to gain a picture of how:

- funding would be used to fill gaps in existing provision and provide additional help to those facing particular disadvantages in accessing employment;

- joining-up local activity more effectively would lead to greater clarity and less duplication with a clearer route for individuals to take up the support needed to get into work – some business plans set out in diagrammatic form the 'routeway'/'pathway' from workless to sustained employment, including outreach, pre-employment support and training, the transition to work, retention in work and up-skilling and progression once in employment (as discussed in Section 5.1);

- it would be ensured that the provision on offer would be tuned to the needs of the local/ sub-regional labour market, so individuals gain the skills and other attributes they need to access the particular jobs that employers need to fill.

At the time the first business plans were submitted to DWP, CSPs noted the status of the plans as 'living documents'. Although the business plans were submitted by the end of 2006, most were subject to further revisions and updates prior to the official launch of CS in April 2007. With the extension of the CS initiative for a further two-year period, the CS Business Plans have been subject to a refresh in 2009 (initially an end of August deadline was set by DWP for this task).

By April 2007 the CSPs differed to a considerable degree in the extent to which they had progressed development of their partnership. In some areas CS partnership working was so far advanced that a partnership to deliver CS had been formed or existing partnerships had been taken/developed to take joint ownership of CS, some staff were in place and considerable progress had been made in working towards aligning (and pooling) funding and policy priorities. Such early advancement was most likely in areas where pre-existing partnerships were being built upon to take forward CS[20], or in areas with a longer history of (sub-)regional economic development initiatives and partnership working (albeit not always focused specifically on addressing worklessness). Hence, by April 2007 for some CSPs partnership working at the geographical scale of the CSP appeared to be a novel experience, while in others commitment from partners and progress were such that there had been movement 'from partnerships to partnership'.

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[20]   Although differences were evident amongst these.

2.4 Partners and governance arrangements

As outlined in Sections 2.1 and 2.3, the principle on which the CS initiative is based is that local co-ordination and delivery of Welfare to Work is best determined through partnerships that bring together the major stakeholders in relevant policy domains in the adoption of an integrated approach. The reality is somewhat more complex. While all CSPs are partnerships, the form, composition, size, organisation and scope of such partnerships differs.

Differences between CSPs were evident at the outset with regard to several features of the partnership structure and governance arrangements. These differences related to:

• the number of organisations included in the partnership;

• the size and membership of the CSP Board;

• the leadership of the partnership;

• the internal organisation of the partnership; and

• the position of the CSP in relation to other strategic partnerships and agencies in the area.

In terms of organisations and agencies represented in the partnership, the most common **members** were:

• relevant local authorities;

• Jobcentre Plus;

• regional LSCs (England); and

• regional/national government where relevant (notably the Welsh Assembly Government and the Scottish Government).

In many instances partners also included the relevant regional development agency (in England), notably in London where the London Development Agency was a leading partner in both London CSPs and One North East in the Tyne and Wear CSP. Other partners found in some, but not most, CSPs included Connexions (in England), local chambers of commerce, local employer coalitions (such as the Glasgow Employer Coalition and the East London Business Alliance), local further education colleges and representatives of trades unions and the community and voluntary sectors. In a number of instances, CSPs contained 'partners' that were themselves partnerships – notably Local Strategic Partnerships (LSPs) for local authority areas covered by the CSP, as well as partnerships operating at a higher level and to which the CSP was accountable (such as Capital City Partnership in Edinburgh). Hence, not all CSPs have separate CSP boards; rather, in some instances, the CSP falls under the remit of a wider partnership board.

There were very few instances of partners being included in business plans, but then subsequently being absent in practice. This suggests that the partnerships as they were formed initially were considered to comprise the most appropriate mix of partners for the particular area. Only in a very few cases did CSPs form partnerships which from the point of view of the business plan could be considered incomplete. Partnerships have changed in the light of practical experience (as outlined in Section 3.2) but the theoretical models set out in the business plans would not necessarily be expected to match the practice on the ground without any alteration.

To a great extent, the CSP partners comprised the most obvious agencies involved in tackling worklessness or dealing with benefit claimants. In general, private sector partners were less common, and CSPs were overwhelmingly **public sector dominated**. It is notable that all three Scottish partnerships contained a partner from the NHS[21] (underlining the link between worklessness and health) but partners from Primary Care Trusts were largely absent from the Boards of English and Welsh CSPs. Even though some CSPs had links with health partnerships through LSPs and other underpinning local structures, the relative lack of Board level representation from agencies involved in community health was disappointing at the outset given the original conception of CS as a more rounded and integrated approach to Welfare to Work. However, this did not stop positive partnership working with the health sector from emerging. For example, partners in the Wirral (Merseyside) have established a Wirral Working for Health partnership comprising NHS partners, Wirral Council, Jobcentre Plus, trade unions and third sector groups to combine bio-psychological rehabilitation services with employment and skills services to reduce worklessness rates across the borough, while in the Blackburn with Darwen CSP area health and welfare events have been held at neighbourhood centres to provide advice to people on incapacity benefits to get help needed to return to work. In Edinburgh a co-ordinator has been appointed to improve the flow of information and referrals between agencies in health and employability. Further examples of links between health and employability are provided in Boxes 3.4 and 5.3. Moreover, several of the CSPs have submitted bids to develop local Fit for Work Services (see Section 6.1 for further discussion).

Partnership with private sector **employers** could best be described as 'patchy' (at least initially) with strong representation in some CSPs (such as Nottingham and Leicester) but little or none in some others. The general lack of private sector employer participation in partnerships is a significant omission given that some of the national stakeholders interviewed in spring and summer 2009 indicated that it was intended at the outset that partnerships would have a strong employer presence. However, it should be noted that some CSPs set up Employment and Skills Boards (ESBs) linked to CS, and the importance of ESBs has increased over time. Similarly, the extent to which the **voluntary and community sector** was

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21   In the case of Edinburgh, a partner from the NHS was added after the business plan had been compiled.

engaged with partnerships appeared slight; (see further discussion in Section 3.1.1). In terms of the reach and influence of partnerships, to some extent it is who is not present in the partnerships that is just as important as who is there (see Section 3.1 for further discussion).

In CS governance arrangements key members of the partnership often became CS **Board** members, with responsibility for strategy formulation, target and priority setting and overseeing the delivery of CSP activities. Generally, other partners and interested agencies have become members of a wider consortium or similar stakeholder/reference groups. Often such individuals and agencies have made important contributions to CSP development through thematic Board, specific project Boards, etc. Over time the precise membership of CS Boards has changed, but overall there has been a general trend towards smaller Boards in order to facilitate the development of a collective view and strategic goals, together with the actions required to pursue them, with individual Board members having more clearly defined responsibilities. In part, this may be seen as a response to a situation in which 'formal' representation on a CSP (or ESB) board may not be active or effective.

Leadership of CSPs has varied also, reflecting the differences in relationships between CS and existing partnerships and other agencies. Where the CSP has operated under the auspices of an existing partnership it is often the case that leadership is provided by that overarching partnership. South Yorkshire, for instance, adopted a federal model with each of the four local authority areas covered by the CSP having a Work and Skills Board (WSB) to manage detailed planning and implementation, and overall leadership managed by the South Yorkshire Consortium, made up of representatives from each WSB. In other instances, individual partners have assumed responsibility for leadership. In Merseyside, for example, one local authority – first Liverpool and then Knowsley – took lead responsibility for CS. In Birmingham, Coventry and Black Country (BCBC), leadership of the CSP has been provided by the regional LSC, which is also the Accountable Body (but this will change with Machinery of Government changes in April 2010), with Jobcentre Plus also playing an important role. In the two London CSPs, initial leadership has been provided by the London Development Agency. In Greater Manchester the CSP team was initially part of Manchester Enterprises, but governance arrangements changed subsequently, with the CSP being aligned with the New Economy Strategic Commission for Greater Manchester. In Leicester, although the initial lead was from the City Council, following the departure of the CS Project Manager at the end of 2007 and partners' concerns about lack of strategic leadership within the Council with no handover arrangements in place, leadership passed to Leicestershire Chamber of Commerce; hence, in this instance the lead passed from the public to the private sector, and subsequently later in 2009 the lead passed back to the City Council. In Rhyl, after an initial spell when the CS was led by Denbighshire County Council, leadership passed to a Community Interest Company formed with the specific purpose of taking forward Rhyl CS. The differences between CSPs in terms of governance and leadership are

important because they have both strategic and operational consequences, as outlined in Chapter 3.

Likewise, the **position of the CSP in relation to other strategic partnerships and agencies** in the area also has implications for partnership in practice. In England LSPs already play an important strategic role through partnership working at local level.[22] In the medium-sized and larger metropolitan CSP areas with a long history of regeneration activity, there has been a tendency for CSPs to be subsumed within existing partnership structures. For instance, in Edinburgh the CS is the responsibility of the Capital City Partnership – which is part of Edinburgh's community planning partnership. Similarly, in Nottingham the CSP operates under the auspices of the Greater Nottingham ESB; in Tyne and Wear the CSP is part of the Tyne and Wear City Region Employment consortium. This pattern is not, however, universally true across all CSPs. In Birmingham, Coventry and Black Country, the CSP co-exists alongside existing partnerships, as is also the case in London East and London West, Rhyl and other CSPs.

Overall, it is clear from this review that **partnership and governance arrangements have evolved over time**, in accordance with CSP experience and needs, but also in the light of external factors and governance changes; (some of these changes, and their implications for partnership in practice, are outlined in more detail in Chapter 3). Such changes over time in partnership and governance arrangements confounded an attempt to produce a meaningful **typology of CSPs** to inform the national evaluation on an ongoing basis because the 'type' to which a CSP accords may not necessarily be static. However, it is possible to produce a **schema** outlining where CSPs fit on a range of different dimensions (see Table 2.1), by taking information from the CSPs' business plans and from further investigations carried out by the AEAs – although even this is not completely straightforward given the diversity and evolution of CSPs (note that the position of CSPs on some of these dimensions (relating to ethos and emphasis) is subject to change over time).[23]

2.5 Key messages

It is apparent that:

- there was a clear vision driving CS at the outset. However, the flexibility built into the CS initiative means that there has been scope (albeit not as much as some CSPs might have desired) for CSPs to develop and grow in different ways;

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[22] LSPs bring together representatives from the local statutory, voluntary, community and private sectors to address local problems at local authority level. They aim to encourage strategic joint working and more effective allocation of resources to achieve benefits across different policy domains.

[23] For example, initial activity in Heads of the Valleys CSP area was focused on the rollout of an existing project (as portrayed in Table 2.1), but subsequently a more strategic approach has been adopted.

- while for many stakeholders the primary emphasis of the CS initiative is on tackling localised concentrations of entrenched worklessness, for some, CS is about localisation per se. These differences in emphasis have implications for the assessment of outcomes;

- although CSPs have had access to some resources directly, CS is not principally about new money. Rather it is about making more effective use, through alignment of activities and partnership working, of funding streams that are already available locally and sub-regionally, as well as any new resources generated through bidding for discretionary pots of funding to supply new services. To date there is greater evidence of CSPs dealing with the latter than having real influence over the mainstream;

- CSPs' partnership and leadership arrangements have been varied and have evolved over time. Their diversity and changing nature means that it has not been possible to derive a meaningful typology of the 15 CSPs on the basis of partnership and governance arrangements.

Table 2.1   City Strategy Pathfinder schema

CSP	Country	Size	Local authorities (LAs) covered	Public or Private Sector ethos	Geographical Targeting	Project delivery/ Strategic emphasis
BCBC	England	City Region	Multiple LAs (8)	Public	Yes	Both
Blackburn with Darwen	England	Small	One LA	Public	Yes	Project
Dundee	Scotland	Small	One LA	Public	No	Both
East London	England	Large	Multiple LAs (5)	Public	No	Both
Edinburgh	Scotland	Medium	One LA	Public	No (but Area Focus)	Both
Glasgow	Scotland	Large	One LA	Public	Yes	Both
Greater Manchester	England	City Region	Multiple LAs (10)	Public	Yes	Mainly Strategic
Heads of the Valleys	Wales	Large	Multiple LAs (5)	Public	Yes	Mainly Project
Leicester	England	Medium	One LA	Private	No	Project
Merseyside	England	City Region	Multiple LAs (6)	Public	Yes	Mainly Strategic
Nottingham	England	Medium	One LA	Public	Yes	Both
Rhyl	Wales	Very small	Part of a LA	Other[1]	No (but main focus on 2 wards)	Project
South Yorkshire	England	Large	Multiple LAs (4)	Public	No	Both
Tyne and Wear	England	City Region	Multiple LAs (9)	Public	Yes	Both
West London	England	Large	Multiple LAs (6)	Public	No	Both

[1]   Rhyl is a Community Interest Company which is neither overtly public sector nor private sector in ethos.

3 Partnership in practice

This chapter builds on the discussion in Sections 2.3 and 2.4 with an assessment of partnership in practice. Section 3.1 appraises the advantages and disadvantages of different partnership governance arrangements and considers the leadership of City Strategy Pathfinders (CSPs). Section 3.2 reviews the implementation of partnership arrangements, with particular emphasis on changes made in the light of policy developments and associated links to other local and sub-regional policy initiatives. The scope of partnerships is considered in Section 3.3. Here the extent to which working in partnership has expanded the scope of activity and of interventions is examined, and the degree to which CSPs have integrated employability with other policy domains, such as skills, health and housing, is reviewed. Central-local relations are discussed in Section 3.4. This section also assesses whether CS can be conceptualised as a case of 'centralised localism'. Finally, key messages are presented (Section 3.5).

3.1 Assessment of partnership configuration, governance arrangements and leadership

Section 2.4 described the partnership and governance arrangements adopted by CSPs. It was also emphasised in Chapter 2 that such arrangements often changed in the light of experience. This section provides an assessment of the implications, in practice, of the presence, absence or uneven engagement of particular partners, as well as of the advantages and disadvantages of different governance arrangements (Section 3.1.1). Leadership issues are also considered (Section 3.1.2).

3.1.1 Partnership configuration and governance arrangements

Given that the diversity of CSPs in terms of geographical scale and context (in terms of previous experience of partnership working), as well as variations in speed of development and scale of ambition, it would be expected that no single **partnership model** would be universally appropriate or effective; indeed, as highlighted in Chapter 2, even within CSPs partnership models evolved over time. Nevertheless, it is possible to provide an assessment, in general terms, of the implications of the presence, absence and differential engagement of particular partners and of different governance and leadership arrangements.

Local authorities (and, in England, the Local Strategic Partnerships (**LSPs)** of which they form a part) are key partners in CSP partnerships and in several instances a local authority was, and remains, the lead partner (as outlined in Section 2.4) (the advantages and disadvantages of such an arrangement are discussed in more detail below). Where the area covered by a CSP spans several local authorities there has been an issue about the precise role and amount of autonomy for acting independently each should have in the partnership, and also whether or not one local authority should lead. In some instances a relatively 'centralised' model has been adopted (as in Merseyside), with one local authority taking the lead and relatively centralised decision making being adopted, while in Tyne and Wear there has been decentralised decision making through LSPs at local authority level. Similarly, in other CSPs (such as Birmingham, Coventry and Black Country (BCBC), Greater Manchester and South Yorkshire (where a local authority was not the lead organisation) a more decentralised model has been adopted with separate arrangements in each local authority area, giving rise to a 'double devolution' model with 'mini CSPs'.[24] In Glasgow (where the CSP covers a single large local authority area and where the local authority leads) an area commissioning model has been adopted (as outlined in Box 3.1), supported by thematic partnerships led by different organisations.

Box 3.1   Area commissioning model, Glasgow

Approach: Glasgow Works (the Glasgow CSP) has at the centre of its approach a new commissioning model for employability services which is spatially focused on five sub-areas of the city. Funding is based on job outcome targets and a longer-term relationship has been established with providers through Partnership Framework Agreements. A single performance system underpins the model which allows for tracking of activity, progress and performance.

Rationale: The aim of the services procured is to implement a co-ordinated and aligned multi-agency approach that focuses on employment and skills development. It promotes a 'whole needs' approach to people's aspirations as well as to the issues and barriers experienced by workless and low-skilled individuals and their families.

Resourcing: The resources which have been utilised for commissioning of services via this model are the Deprived Areas Fund (DAF), Fairer Scotland Fund and European Social Fund (ESF). Targets are broken down for each priority group and for of the five sub-areas of Glasgow based on the concentrations of each client group within that area.[25] Payments to contractors are linked to appropriate performance rewards for evidenced progressions within the engagement and employability journey. This is articulated in a Glasgow Works 'employability pathway', which allocates payment units by 'pre-work' and 'in-work' progressions.

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[24]   This phrase was used by a local stakeholder in one city-region wide CSP.

[25]   See Section 4.2 for further discussion on targeting.

Learning points

Added value: The area commissioning approach has allowed for value to be added to mainstream provision in a range of ways. In particular, it has provided a combined and significant funding source that allows for focus directly on the long-term unemployed and stock Incapacity Benefit (IB) claimants that did not previously exist. The fact that funding sources are aligned into a single pot also allows for streamlining of some elements of management and reporting requirements as separate processes are not required for different funding streams.

Innovation: There is evidence of some innovative approaches emerging from the area approach. The flexibility of the model has allowed consortia to try new and more imaginative approaches. The process has also eliminated a lot of the duplication and fragmentation that existed with regard to previous grant funding of employability interventions which resulted in a large number of projects often working towards, and competing for, the same outputs. The approach adopted has resulted in much more consistency in the services offered across the city and less of a 'postcode lottery'.

Partnership working: A case study undertaken by the Area Evaluation Advisers (AEA) indicated that the area commissioning approach has also assisted greatly in the development of partnership working and in the development of the employability supply chain. Clients view delivery via this model with much less scepticism than they do mainstream partners; they also believe the Glasgow Works approach is more flexible and tailored to their addressing their individual needs and barriers. The fact that the service is delivered locally is also viewed as a significant positive.

Some of the national stakeholders interviewed for the national evaluation noted a concern that 'politics' (with both 'a big 'P' and a small 'p') can come to the fore especially (but not exclusively) when working in sub-regional partnerships across local authority boundaries. Nevertheless, it is clear that local authorities (and their LSPs partners in England) have been, and are, crucial partners for CSPs; they are responsible for the delivery of a range of services in related policy domains that are important for a holistic strategy to tackle worklessness. Moreover, since the commencement of the CS initiative they have taken on an even more central role in addressing economic development and worklessness issues, with policy developments (in England) including:

- the sub-national review of economic development and regeneration[26] outlining greater powers and responsibilities for promoting economic well-being and promoting the case for greater sub-regional and city-regional collaboration (in line with what was already happening in many CSP areas);

- the Working Neighbourhoods Fund (WNF)[27] to tackle worklessness in deprived neighbourhoods being allocated on a local authority basis; and

- the Houghton Review on 'Tackling Worklessness' which recommended placing a duty on local authorities to produce a Worklessness Assessment.[28]

(For further details of the implications of policy and institutional changes see Section 6.1).

The extent to which local authorities which are part of CSP partnerships have significant employability service delivery sections within their organisations has been, and remains, variable – even within some CSPs spanning several local authorities. In instances where local authorities have played an important employability service delivery role and have also had a role on a CSP Board there has been a potential issue of conflict of interests between strategic and commissioning roles on the one hand (i.e. a 'partner' role) and direct delivery roles on the other (i.e. a 'provider' role) (see discussion in Section 6.1 and Box 6.1). In some instances local stakeholders have expressed concern that such a 'dual role' may have constrained effective decision making about the shape of the employability continuum for moving the non-employed towards work, as well as issues of contracting for specific services.

Jobcentre Plus is a second key partner for CSPs given the key role that the agency plays in administering and delivering mainstream services tackling worklessness, as well as in employer engagement. However, in practice, relationships with Jobcentre Plus have been variable between, and in some instances within, CSPs. It is clear that in some instances relationships with Jobcentre Plus have been very positive and helpful in driving forward the CS agenda. The growth of the external relations function within Jobcentre Plus has been of paramount importance here. Elsewhere, variable relationships with Jobcentre Plus within CSPs have encompassed:

- instances where CSP areas included more than one Jobcentre Plus district and relationships between the CSP partnership and engagement with different Jobcentre Plus districts have varied;

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[26]   HM Treasury, Department for Business Enterprise and Regulatory Reform and Communities and Local Government (2007), *Review of sub-national economic development and regeneration*. HM Treasury, London.

[27]   Communities and Local Government and Department for Work and Pensions (2007) *Working Neighbourhoods Fund*, Communities and Local Government Publications, Wetherby.

[28]   Houghton S., Dove C. and Wahhab I. (2009). *Tackling Worklessness: A Review of the contribution and role of English local authorities and partnerships*, Communities and Local Government Publications, Wetherby.

- cases in some CSPs where relationships with local Jobcentre Plus staff have worked well even in instances where strategic engagement at District Office level is less good;[29] (the opposite circumstances of good strategic engagement at Jobcentre Plus District Office level but more problematic relationships at local office level have been apparent also); and

- instances where despite representation on partnership structures, the involvement of Jobcentre Plus has been less active than CSPs desired, both in strategic and operational terms.

However, it is clear that in practice effective partnership working with Jobcentre Plus is essential to maximise the impact and reach of CSPs.

Employers from both the public sector (including local authorities who are important partners in the CS initiative) and from the private sector represent a third key partner for CSPs. In Section 2.4 it was noted that partnership with private sector employers could be described as 'patchy'. This is within a context of a constant articulation of the role of employers in the development of Welfare to Work, employment, skills and economic development policy, which predates the CS initiative.[30] The myriad economic and sectoral policy initiatives inviting employer involvement do not necessarily link together and the result has been that employers who engage (or wish to engage) with the policy agendas outlined above do so with a multiplicity of private and public sector partnerships focusing variously on sector, business size, geographical location, etc. Enhanced local and sub-regional partnership working through the CS initiative should have, and has, eased the situation somewhat, although several other different routes to employer engagement in policy development (e.g. via chambers of commerce, Sector Skills Councils, etc.) remain. To date no single employer 'voice'[31] has emerged. Changes in government policy and the introduction of new initiatives make it ever more difficult for employers who wish to become involved in influencing policy to know how best to do so. Hence, there is a clear political imperative for involvement of employers in CSP partnerships in addition to the immediate practical considerations that they control access to jobs and can contribute to CSP partnerships an understanding of skills, employer perspectives and labour market needs.

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[29]   One national stakeholder, interviewed in 2009, indicated that the sheer range of local initiatives was problematic for Jobcentre Plus District Managers in terms of placing lots of different demands on them, so making for potentially competing priorities as to where they should be focusing their time and resources.

[30]   For example, employers have been invited or expected to play a key role in Regional Skills Partnerships (in England), Employment and Skills Boards, Sector Skills Councils, etc.

[31]   The UK Commission for Employment and Skills is examining how the employer 'voice' may be strengthened.

A difficulty that has faced many CSPs has been how best to involve employers[32] (aside from local authorities, further education (FE) colleges, etc., which are important employers in many local areas[33]) in CSP partnerships in practice. It is difficult for small employers to find the time to have central involvement in partnerships. In some CSP areas private sector employers are involved in Employment and Skills Boards (ESBs). Some CSPs have recruited large private sector employers with a strong local presence onto Boards (as in the case of Jaguar in Merseyside and Boots and Capital One in Nottingham), while having other employers as part of a larger consortium (as in Rhyl). Large private sector employers do not (and cannot) 'speak' for all employers, but they can provide a different perspective from public sector partners who tend to dominate on CS Boards.

In a similar fashion to the way that employers have been exhorted to take on a more prominent role in tackling worklessness and fostering employability and skills development, so too the **voluntary and community sector (VCS)** has been given an enhanced role in delivery. At face value, this suggests that the VCS should be a key player in CSP partnerships; indeed, organisations in the sector are representatives of a wide set of interests, many of which are relevant to the way in which employability interventions are delivered. In practice, the relative absence of the VCS from several CSP partnerships is, in part, a reflection of the disparate nature of the sector and concerns about the 'representativeness' of any one individual VCS organisation within a local area, coupled with the fact that many such organisations are providers of employability services, which can make them difficult to place within the governance structure of CSPs. Moreover, given the small size of many organisations within the VCS sector there tends to be limited capacity for central involvement of a single organisation within a CSP. Again, one solution has been for VCS organisations to be involved in wider consortia, rather than to take a key role at Board level. However, there are VCS consortia in some areas which may be able to take a more prominent role in a CSP partnership; indeed, just such a consortium (Voluntary Action Leicester) has been a vocal critic of the Leicester CSP, claiming it had been left out of the approach adopted. In the case of Dundee CSP, however, it has been agreed that the local Council for Voluntary Service should represent the VCS on the partnership core group, a representative function it carries out on other Community Planning Partnership groups.

Along with the VCS, **FE colleges and private sector providers** have been recognised as playing an important role delivering the employability and skills support that is necessary for many individuals to move towards sustainable employment. Hence, they need to be part of the CS approach. However, as with

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[32]   This challenge is symptomatic of a more general issue facing public sector partners of how to better co-ordinate activities in relation to the private sector.

[33]   Such public sector employers have the capacity to play a 'role model' in promoting CS objectives.

local authorities delivering employability services on a relatively large scale, such providers could face a conflict of interests between strategic and commissioning roles on the one hand, and delivery on the other. In general, private sector providers have not taken up CS Board roles, whereas FE colleges have tended to have greater involvement. In Nottingham, providers were initially represented on the Executive Group making strategic decisions for the CSP but following a peer review they were removed from that position. By contrast, in Rhyl the local FE college (and there is only one FE college in Rhyl)[34] has been involved with the Board since the inception and as well as making a contribution to strategy formulation and the direction of Rhyl CS, also has an interest in accessing funding for education and training provision in the area. In Edinburgh one local college has recently been tasked with representing all three local FE colleges on the Jobs Strategy Group. More generally, other **bodies concerned with skills for economic development** – including the Learning and Skills Council (LSC) and Regional Development Agency (RDAs) in England and counterparts in Scotland and Wales – play an important role in the integrated employment and skills agenda.

The partners mentioned above are not the only partners in CSPs,[35] but they are amongst the key partners whose failure to commit to the CS vision or absence from the CSP partnership (either formally or in practice) can be expected to have made a difference to the effectiveness of the CSP. In particular, some CSP core staff reported that absence of a key partner can mean that greater difficulty is encountered in persuading other partners and stakeholders to become involved. In practice, one difficulty that has been faced by CSPs in a rapidly evolving policy environment is that changes and organisational reshaping (see Section 6.1 for further discussion) can result in a loss of key partners. One example of this within the first two years of the CS initiative has been the transfer of the training and advice functions of Scottish Enterprise to a new agency: Skills Development Scotland (SDS). In the Dundee and Edinburgh CSPs this transfer of part of the function of Scottish Enterprise to SDS led to a period when representation from Scottish Enterprise was unclear and then to representation from SDS but none from Scottish Enterprise, while in the Glasgow CSP there is representation from both Scottish Enterprise and the SDS. Other examples of such changes include local government reorganisation – as in parts of the Tyne and Wear CSP area where unitary authorities replaced two-tier authorities in April 2009, and reorganisation in NHS structures enhancing the difficulty of gaining continuity of commitment to CSPs from the health sector in some areas. The evidence from local evaluations suggests that the absence of key partners has tended to compromise the ability of CSPs to forge wider partnership working within their local area.

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[34] The college serves a larger geographical area than the Rhyl CSP area.

[35] For instance, the LSC, RDAs, the Scottish Government and the Welsh Assembly Government are key partners but have not been considered here.

3.1.2 Leadership and strategic direction in CSPs

The location of the **lead organisation** in CSPs, and the way in which the lead organisation discharges its role, appears to have had an influence on working arrangements and communications within partnerships as well as the presence and degree of 'buy-in' from other agencies. As noted in Section 2.4, a range of different types of organisation emerged as lead organisation across CSPs within the first two years (albeit leadership arrangements have in some instances been subject to change since).

Advantages and disadvantages have been evident with the different lead organisations for CSPs. One advantage of **local authority leadership** identified by some of the national stakeholders interviewed for the national evaluation was the 'accountability', 'continuity' and 'governance' that local authorities provide. Local authority leadership has meant that CSPs have been in a central position to help foster linkages with local authorities and local area agreements (LAAs) – for example, in Tyne and Wear CSP targets were adopted by the new LAAs.[36] In Glasgow, it was reported that being 'local authority driven and local authority led' had helped the partnership. On the other hand, local authority leadership (and **other public sector leadership**) may be perceived by existing and potential partners as being associated with local government 'bureaucracy'. Associated negative connotations included long drawn out recruitment procedures, reporting rules and decision making processes, such that can be difficult to respond quickly to developments. Some of the national stakeholders interviewed indicated that they had not realised before their experience of the CS initiative the time that it takes to deal with such processes at local level before activity could commence. It was partly in order to obviate such 'bureaucracy' that Rhyl CSP decided to form a Community Interest Company.

Given that most CSPs have been public sector led, albeit the ways in which public sector leadership have been exercised differ, it is difficult to provide an assessment of the differences, strengths and weaknesses of public and private sector led CSPs. Leicester exemplifies the latter and has been proactive and willing to buy in private sector expertise to aid activities in the retail sector (see Section 4.4). But it is also possible that such a focus could have been achieved by a public sector led CSP. What is clear is that it has been difficult for public sector led CSPs to act with the speed that might have been desirable in moving from decision making to implementation.

It is also evident that **changes in leadership** may lead to a temporary loss of momentum in CSP working, even though the longer-term consequences could well be positive. In any CSP, changes in leadership may be associated with uncertainty amongst stakeholders about partnership capacity and/or about focus, so it is important that any change in arrangements are communicated clearly and implemented swiftly in order to mitigate any potential short-term negative consequences.

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36   Of course, such crossover is possible with other leadership arrangements, but it might be more difficult to achieve.

Whether **leadership** of a CSP partnership was **'rooted'** in the local area or whether it has been **'imposed'** has emerged as another important aspect of CSP leadership. In London, many partners felt that control lay outside the immediate local area, with the London Development Agency having been instrumental in the establishment of the two London CSPs. In West London, for example, it was felt, initially, that the CSP partnership had no real presence in the boroughs. In East London, where there was a lack of prior history of working together across the five boroughs concerned, a DWP secondee from outside the local area took up the post of CSP Director. Leadership from outside the local area can have positive benefits, such as bringing in fresh ideas, providing a new perspective and not being associated with particular local sectional interests. Nonetheless, where leadership is perceived (correctly or otherwise) to lie outside the local area it is open to the criticism that it is not familiar with the local 'patch' and this may affect the ability of the CSP to forge effective working relationships with other local agencies. In some instances secondees (see Section 3.2 for further discussion) to CSPs from other key organisations, such as Jobcentre Plus and the LSC, were able to make use of their personal contacts to foster more productive working relationships.

Leadership is not just about a lead organisation; the evidence from local evaluations, AEAs and national stakeholders indicates that it is also about the **ability to get key individuals to work together**. Having a **clear vision** and **communicating that vision** are crucial. Likewise, having the disposition and drive to overcome historical and personality barriers to working in partnership is important. Support from other local and regional institutions and, in particular, from parliamentary representatives[37] from the local area has been helpful also.

Finally, in terms of **strategic direction**, all CSPs have been involved with **strategy** and **delivery**. However, some CSPs have focused heavily on strategy – examples include Greater Manchester and Merseyside, whereas others have focused more on delivery – such as Rhyl (see Table 2.1 and Section 6.4 for further discussion). The former have tended to emphasise 'system change' – focusing on alignment of funding streams and identifying new ways of working across policy domains, whereas the latter have tended to focus on project-based activity. Of course the reality is less simplistic than this binary distinction implies, with several of the larger CSPs endeavouring to put in place structures/arrangements in different parts of their CSP areas in order to enable delivery via local structures. In interviews reflecting on the first two years of CS, some national level stakeholders expressed concern about the relative lack of early activity in some CSPs[38] and also about the fact that DAF spend in many CSPs was 'behind profile' (i.e. there was less spend in early accounting periods than had been programmed). However, it is difficult to determine at this stage precisely what the most effective balance

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37   Whether at Westminster, Cardiff and/or Edinburgh.

38   One national stakeholder interviewed reflected on a lack of awareness of some colleagues in central government of the time it takes to establish local partnership working, put in place contracting arrangements and get DAF-resourced projects 'up and running'.

between strategy and delivery should be at any one time. Indeed, as discussed in Section 6.4, in terms of 'direction of travel', by summer 2009 some CSPs were shifting the emphasis 'from delivery to strategy', while others were moving in the opposite direction in accordance with experience to date and local and sub-regional requirements.

3.2   The implementation and evolution of partnership arrangements

From the point of view of driving forward the CS initiative, the critical issue is not whether a partnership exists and who the partners are, but rather how it operates. This section presents selected evidence on the implementation and evolution of partnership arrangements in practice, highlighting the role of both internal and external drivers of change. Of course it is important that partnership working is a means to an end, not an end in itself (for a more detailed assessment of impact see Section 5.1).

There is evidence from early local formative evaluations that **large partnership Boards** with a wide representation of stakeholders **proved unwieldy**. One CSP where this was the case was Heads of the Valleys. Subsequently, governance arrangements were streamlined and a new, smaller, Strategy Group was established. Despite an early objective to extend the partnership in Edinburgh to include other Lothian authorities, the CSP opted to get effective partnership working established in the City of Edinburgh before expanding it to include new partners. Likewise, in Merseyside a strong view emerged that **the Board should be small enough to facilitate the development of a collective view on strategic goals and priorities** and the actions required to pursue them. In Rhyl, Board members have been allocated particular roles with a view to enhance strategic thinking and use the time and expertise of members as effectively as possible. Such developments, representing the internal evolution of governance and partnership arrangements in the light of experience, have moved CSPs towards structures and working practices that help them better meet their strategic aims.

To service the Board responsible for strategic direction of the CSP, several of the larger CSPs established a Lead Officer Group/Management Group to oversee **operational management** of activity designed to implement and deliver the strategic objectives established by the CSP Board and to provide guidance to a CSP core staff team (see further discussion below). In practice, in some CSPs, difficulties have arisen with such an arrangement in circumstances where individuals have been delegated to attend Board meetings by senior staff within their organisations and so become part of the strategic decision making forum, as well as attending operational management meetings in their own right. Likewise, some local authority representatives on a CSP Lead Officer Group/Management Group also have responsibility for direct delivery of employability services within their own local authority, for which they need to secure funding to maintain sustainability, but at the same time they are influential in decisions about how funds controlled by the partnership are to be spent (see further discussion in Section 6.4).

In some (particularly smaller) CSPs there is no such separate operational management layer, but rather management is undertaken by a **dedicated central core team** (usually two or three individuals) with responsibility for implementing the strategy. Some CSP posts have been staffed by individuals on fixed-term contracts, while others have been filled by secondees from partner organisations. Often the latter have played a useful role in terms of their knowledge of organisational objectives and ways of working in key partner organisations and in making positive use of their existing intra- and inter-organisational networks. There have been a number of instances of turnover amongst CSP staff, particularly where secondees have been recalled to other duties. This can pose a serious problem for implementation and continuity of relationships within the partnership. Evidence from the first two years of CS indicates that the presence of a central core team to service the CSP partnership is critical in moving forward on commissioning and other implementation issues and in project managing activities (i.e. in ensuring that strategic commitments and decisions are converted into operational commitment and action in delivery). Some local evaluation evidence suggests that delay in establishing a core team in some CSPs had a detrimental effect in that it was a factor in delaying delivery, and is likely to have been an ingredient in the relative emphasis placed in such instances on strategy vis-à-vis delivery.[39]

In addition to making changes to governance arrangements as a result of experience and self review, partnership arrangements have also evolved as a result of **political, policy and organisational changes** outside the control of CSPs, which have not always aligned well with CSP partnership arrangements. Reference was made in Section 3.1 to changes in local government structures. In the case of the Tyne and Wear CSP the granting of unitary authority status to Northumberland and County Durham led to the creation of a new Tyne and Wear ESB[40] with responsibility for a wider area. Of greater relevance for many CSPs, especially for smaller CSPs, is a renewed emphasis on sub-regional strategy and delivery (existing alongside the strengthening of the remit of local authorities in economic development and addressing worklessness, as outlined in Section 3.1).

In England **Multi-Area Agreements (MAAs)** lie at the heart of the sub-regional, and more specifically the city region, policy agenda. The idea of MAAs was first introduced in the 2006 Local Government White Paper[41], which also signalled the possibility of powers and resources being devolved to enable and support economic growth. Central to the MAA concept was the facilitation of cross-

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[39] It is salient to note here that in a survey of CSPs conducted for the National Evaluation in summer 2009, there was a slightly higher positive self-assessment across CSPs on CS leading to enhanced inter-agency working at strategic than at operational level.

[40] With separate ESBs in Northumberland and Durham that are represented on the Tyne and Wear ESB.

[41] Department for Communities and Local Government (2006). 'Strong and prosperous communities: The Local Government White Paper', *CM* 6939, HMSO, Norwich.

boundary co-operation in functional economic areas, particularly on key issues relating to economic development – including employment and worklessness, education and skills, investment in housing and infrastructure, enterprise, and the creation of an attractive local environment for businesses and citizens. The concept was taken forward further in the **Sub-national Review of Economic Development and Regeneration** in 2007, which outlined how local authorities and their partners:

• could come together on a voluntary basis to agree collective targets and performance indicators, rather than each local authority having separate targets in individual LAAs; and

• would be able to agree to pool funding streams to be used to achieve collective outcomes.

The aspiration was that the new ways of working would yield efficiency savings and service improvements. The **similarity with the CS vision** outlined in Chapter 2 is striking[42], albeit unsurprising, given that many of the bids emerged from, or were in line with existing moves towards sub-regional or city-regional collaboration being fostered by CSPs. Indeed, included amongst the principles of the MAA approach were that MAAs would be consistent with regional and local strategies and that MAAs would build upon existing sub-regional partnerships and arrangements.[43] Elsewhere, the Blackburn with Darwen CSP expanded to dovetail with the new Pennine Lancashire amalgam.

The MAA agenda has been a key influence on the evolution of some CSP partnership arrangements in England. Indeed, some national stakeholders considered that the experience of CSPs was influencing policy on MAAs, with one interviewee contending that CSPs and MAAs are: *'the same process – City Strategy is part of the MAA'*, such that in some areas CS has 'morphed' into the MAA. One CSP core staff member described the CSP in the city region of which it was a part as the *'employment arm'* of the MAA. Three of the ten CSPs in England – Greater Manchester, Tyne and Wear and South Yorkshire – were amongst the first seven MAAs to be signed off in July 2009.[44] Greater Manchester has since become a statutory city region, with new powers over employment, housing, transport and planning as well as economic autonomy. In January 2009, MAAs were signed off for the Liverpool City Region (covering the local authority areas included in the

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[42] From an evaluation perspective, this means that it is difficult to identify a distinctive role for CSPs and to conceptualise and demonstrate the additionality of CS.

[43] It is interesting to note that in early discussions on the MAA in Tyne and Wear the CSP wanted their skills and employment strategy to be part of the MAA, yet the message received from Government Office (leading on the MAA) was that the MAA had to be 'innovative' (i.e. something 'new').

[44] The Greater Manchester and Tyne and Wear MAAs encompassed employment and skills, but the MAA for South Yorkshire did not.

Merseyside CSP), Leicester and Leicestershire and Pennine Lancashire. The latter two MAAs encompassed functional economic areas wider than the respective Leicester and Blackburn with Darwen CSP areas; this is indicative of a shift in focus from a smaller to a larger spatial area by the CSPs.[45] In September 2009, an MAA was signed off for the BCBC City Region. The work of the BCBC CSP has been fully encompassed within the Employment and Skills MAA such that: *'the MAA targets and approach…and CS are one and the same'*. An MAA for the five Olympic host boroughs in East London was well advanced by September 2009. This leaves the Nottingham and West London[46] CSPs outside of MAA arrangements at the time of writing. Nevertheless, in the case of Nottingham the Greater Nottingham ESB (which is the CSP consortium) has agreed to move forward on a Nottinghamshire county working basis that would enable a single employment and skills partnership framework to be developed across the whole of Nottinghamshire and provide governance structures coterminous with Jobcentre Plus boundaries and commissioned activities.

There has been no policy development in Scotland and Wales similar to MAAs to provide an impetus to the further evolution of governance arrangements or to influence a succession strategy for the CSPs at the end of the CS initiative in 2009. However, given the wider geographical coverage of MAAs than of CSPs outlined above, in the cases of Blackburn with Darwen and Leicester and the extension of the employment and skills partnership from Nottingham to Nottinghamshire, it is salient to note that the reach of the Rhyl CS has been extended across the wider North Wales Coastal Towns Strategic Regeneration Area.

3.3   The scope of partnerships

This section considers the scope of partnerships by presenting selected case study evidence on ways in which, through working in partnership, it has been possible to:

- bring together a wide range of organisations to devise, implement and transform projects which might otherwise not have been got off the ground;

- expand the nature and types of interventions through commissioning of activities that would have been impossible (or very difficult) without CS; and

- integrate employability with other policy domains (see also Section 5.3 for further discussion).

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[45]   In some instances the shift of emphasis to the sub-regional scale has raised some concerns that the core principle of CS – that a local strategy was required to address local needs – has been undermined on the basis that the specific needs of some CSP areas may no longer be addressed if they are subsumed into a more general strategy for the sub-region.

[46]   The main economic driver for the area covered by the West London CSP is Heathrow Airport and arguably a functional economic area based on Heathrow would also encompass neighbouring local authorities in the South East region.

One example of how, through **extending the scope of CSP-led partnership working**, initial ideas associated with a single project can grow and be transformed into something much larger is provided by 'The HUB' in Rhyl (see Box 3.2 for further details), which is the name of the redevelopment of a 250 year old building on a key site at the heart of a deprived area. The origins of The HUB may be traced back to the identification in the Rhyl CS business plan of a need for provision of retail training, but by the time of its formal opening in July 2009 The HUB encompassed:

- a retail training facility – 'The Learning Shop' – providing pre-employment training in retail and customer service with a 'shop window' facing out onto the main street;

- an arts and crafts shop hosted by Rhyl Create (a consortium of local arts and crafts businesses);

- office space (used on a regular or occasional basis by the Prince's Trust Cymru, A4e, Want2Work, Anti Poverty Network Cymru, Rhyl CS and Rhyl Information Workers);

- a meeting room; and

- three self-contained move-on accommodation units for young people in housing need.

Box 3.2   The HUB, Rhyl

Background: Retail was identified as a key growth sector for Rhyl in the original CS business plan. To respond to this opportunity the Business Plan stated that Coleg Llandrillo Rhyl (the local college), with support from the Department of Education and Lifelong Learning and DWP (via seedcorn funding) would set up a retail training facility. Initially, Rhyl CS and the college looked to acquire a building (owned by the local authority (Denbighshire County Council) in an accessible location at Rhyl railway station to house the retail training facility. In the meantime, a virtual retail shop was set up on college premises.

The local partnership expands: When the plans for developing a building at the railway station became known, there was an approach from Rhyl Youth Action Group (a young people's organisation providing programmes, services and activities for young people which are developed and implemented based on the needs of those involved) to purchase a building adjacent to their own premises, in order to generate a long-term income. The building was in a prime location, with space for a retail facility, a training room, offices and space for three apartments. There was general agreement that the idea to purchase the building was a good one and in 2007 the Rhyl Youth Action Group purchased the building with a loan from the Wales Council for Voluntary Action. Once the redevelopment of the building was agreed the partnership expanded further to include parts of the Welsh Assembly Government, Denbighshire County Council, the Prince's Trust, National Association for the Care and Resettlement of Offenders (NACRO) and others.

> **Lessons regarding partnership working**: It is possible through a single development project to bring together multiple partners for local community benefit encompassing a variety of domains (notably, skills, housing and environmental improvement in this particular instance). The redevelopment has shown how, through partnership working, initial ideas about a single project can be transformed into something much larger, with the potential to raise the profile and status of local partner organisations.

An example of **CSP partnership working at sub-regional level** to provide services that would have been difficult at the level of an individual local authority and which was unlikely to have been devised or implemented in the absence of CS is provided by the 'Create Futures' project in Merseyside, which aims to increase the employment of a very specific project group – ex-offenders (see Box 3.3 for further details); (the project is ongoing at the time of writing). This project came about as a result of the Merseyside City Employment Strategy Pathfinder Enabling Programme[47], for which bids were invited at the start of the initiative.

Box 3.3   The Create Futures project, Merseyside

Background: Ex-offenders experience high levels of worklessness. They are a particularly difficult group to move into employment, having not only a criminal record but often related issues such as drug/alcohol dependency, lack of work experience, low skills and absence of qualifications.

The aims of the project: The project aims to provide transition to employment support for 160 ex-offenders over a two-year period.

Partners: The key partners are:

• Knowsley Works (the employment and skills team within Knowsley Council);

• CREATE (a charity and social business whose activities are based around the refurbishment and recycling of white goods);

• Liverpool Prison;

• the Criminal Information Bureau (a service which includes provision of mentoring for ex-offenders); and

• Jobcentre Plus.

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[47]   The Pathfinder Enabling Programme was devised to support the development and implementation of activities which are most effectively delivered at the sub-regional level and which cannot be funded by Jobcentre Plus or Learning and LSC mainstream programmes (including co-financing).

Description of the project: The project focuses on ex-offenders moving straight from prison into an employment programme. It involves:

- a workshop within Liverpool Prison for the refurbishment of white goods (which is a replica of a pre-existing workshop in Speke);

- the guarantee of 13 weeks' paid employment at CREATE's Speke workshop on release from prison; and

- a raft of other support including help with finding accommodation, setting up a bank account, a free bus pass, £100 of vouchers, and a half day a week job search activity while at CREATE.

Lessons learned regarding partnership working: The Create Futures project would not have been possible without CS, with the sub-regional spatial scale being critical. The number of ex-offenders leaving prison to work in any one local authority area would be so small as to mean that the approach adopted would not have been feasible at the level of an individual local authority. Moreover, because CS includes the involvement of senior figures within key agencies, the CS 'infrastructure' means that there is support at senior level for the project and for dealing with problems that may arise; in this instance through the CS governance structure, contact was made with social housing providers to support ex-offenders facing problems with accommodation. The diversity of the partners involved and their very different roles has meant that it has taken time to gain an understanding of different organisations' perspectives and working cultures.

Finally in this section, an example is presented of how, **through partnership working**, it has been possible to **integrate employability with other key policy domains** – in this case **health** and **housing**. The positive links between employment and long-term health, and the association of worklessness with poor health, are increasingly recognised in health and employment policy.[48] In the Dundee CSP partners have fostered links between health and employability (see Box 3.4). Several CSPs have fostered links with housing providers (see Chapter 4 for some further discussion), but in Manchester there has been a rather more unusual attempt to link employability with housing through a specific local housing development (see Box 3.5).

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[48]   For example, see Black C. (2008). *Dame Carol Black's Review of the health of Britain's Working working age population: Working for a healthier tomorrow*. TSO, London.

Box 3.4   Health and employability activities in Dundee

The nature of activities: These include:

- A Working with Health Team was established in September 2006. Initially it included two full-time staff based in the Jobcentre Plus office. Staff in the service received referrals from Jobcentre Plus of those Incapacity Benefit (IB) claimants who it was considered would benefit from a condition management approach, centred on delivery of a 1:1 confidential service which aims to facilitate constructive management of health barriers to positive activity and employment using a variety of techniques. Once the Pathways to Work Condition Management Service was introduced the service was refocused to ensure no duplication took place. Referrals are now received from Jobcentre Plus and a range of other services and encompass a range of individuals not covered by Pathways but who it is felt are likely to benefit from condition management support. The service is now based in the Dundee Opportunities Centre.

- Employability Training to Frontline Staff of wider services – 'Work is a Four Letter Word' is delivered as a multi-agency approach by partners from the National Health Service, Jobcentre Plus and Cyrenians (a voluntary organisation meeting the needs of homeless people) to ensure linkages between health, employability and housing. The focus of the training is on employability and has been developed to support the key role staff in these wider services have in moving people towards work and supporting them to remain in work by connecting them to appropriate services on the Dundee employability pipeline.

- A Vocational Rehabilitation Pilot – aimed at providing services to small and medium-sized enterprises where there is no occupational health support.

- Planning for the development of Local Care Centres which would bring employability, health and wider services into one location, with local authority and health partners each making a capital contribution and sharing revenue costs.

Key success factors of particular relevance to partnership working:

- A strong emphasis on prevention and improvement methodologies in NHS Tayside (i.e. commitment from key partners in the health domain).

- The existence of a Community Health Partnership with dedicated full-time staff to drive and champion the integration of health and employment services.

- The co-location of services within the Discover Opportunities Centre (Dundee's First Stop Shop for people looking for support for getting into work) which houses the main public bodies supporting employability initiatives in the city.

**Box 3.5   Linking employability and housing –
the Grove One project, Manchester**

Background: In April 2008 Manchester City Council (MCC) acquired a block of new build apartments in the Grove Village area. The apartments were to be managed by a local social housing association and rented to people who were either entering work or were in training. The thinking behind the project was that that access to high quality apartments at a social rent would raise the aspirations of the tenants and the local community and combat what was seen as a 'culture of worklessness' and benefit dependency in the locality. From this perspective the 'Grove One' project was seen as exemplifying the benefits of work and intended to provide encouragement to other workless people in the locality.

The project in practice: The project offered tenancies at a comparatively low social rent together with help with costs of fitting out the apartment. Initially an offer was made that there would be no service charge to pay for the first 12 months of the tenancy. The project was, however, dogged by implementation problems. The MCC decision making process was slow and the eligibility criteria for selecting tenants unclear. It was a full 12 months before the first tenants were in place. The delay cost the housing association around £60,000 in lost rents and caused it to withdraw its previous offer of a service charge 'holiday'. This reduced the attractiveness of the offer to prospective tenants who were often earning little more than the national minimum wage (two were apprentices on apprenticeship pay). Furthermore, MCC failed to appreciate that in the event of a tenant losing their job, any claim for Housing Benefit to cover the service charge would be ineligible (and leave such tenants with a service charge of around £60 per month to find from their benefit income). This further reduced the attractiveness of the offer. In the event not all of the apartments were let to the target group and some were let to others outside the target group.

Reflections and learning points: While the project received some funding from CS, MCC officers interviewed about the project were unaware of the link and few could identify the purpose of the project. Key learning points from this project include that:

- a successful project is likely to be one that is based on a clear understanding of a problem and a logical process to address that problem;

- an effective partnership requires partners to internalise the aims and priorities of the partnership and modify their behaviour and procedures accordingly;

- extended implementation timescales may compromise some initial project aims;

- benefit regulations can operate to have disincentive effects in particular contexts; and

- innovative projects in the spirit of a 'pathfinder' can yield useful lessons to inform future projects/initiatives.

As intimated above, further examples of CS activities and working across policy domains are presented in Chapter 4 and Section 5.3.

3.4   Central-local relations

3.4.1   Introduction

The examples presented in Section 3.3 are illustrative of what CSPs have achieved at local and sub-regional levels. This section addresses the important issue of central-local relations, which impinges on what can be achieved by CSPs.

As outlined in Chapter 2, CS can be considered to represent a new direction in the Welfare to Work policy domain, representing a tangible exercise regarding the recent ethos and rhetoric concerning localisation.

The Government has stated that one of its guiding principles on labour market policies is:

> *'devolution and local empowerment: all regions and countries of the United Kingdom, cities and localities can play an important role in identifying strategic priorities and delivering solutions, and this should be recognised.'*[49]

Hence, local institutions are empowered to develop solutions which tackle the particular problems of that local area. It has already been discussed in Chapters 1 and 2 that CSPs were given responsibility for various elements of the CS initiative, such as responsibility for allocating DAF monies and also for evaluation activity. In many ways this new approach ran counter to previous DWP policies which have tended to centralise rather than to devolve power. Given such a history, it might be expected that both local partnerships and DWP would take some time to settle into working together with the relationship between the two constructed anew.

Despite the rhetoric of policy devolution, arguably centralisation has been increased by the number of Jobcentre Plus districts being reduced and the 2007 DWP decision to remove from Jobcentre Plus the responsibility for contracts for delivery of several key employment programmes (including the New Deals). The Flexible New Deal (FND), for example, is being organised around smaller numbers of prime contractors (for further discussion see Section 6.1). Although local and sub-regional influence is embedded in this policy and DWP is working hand in hand with the CSPs to develop the practicalities of how this will operate, CSPs have expressed concern that this represents a move towards greater central control of Welfare to Work services.

This section considers some of the issues regarding how CSPs have worked alongside central organisations, namely DWP and Jobcentre Plus, and reveals that there have been (and remain) certain tensions in the relationships, as well

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[49]   Department for Work and Pensions (2007). *In work, better off: next steps to full employment*. HMSO, Norwich. (The quote is taken from page 9).

as positive examples of consultation and progress. Of course the relationships between CSPs and DWP on the one hand, and CSPs and Jobcentre Plus on the other are somewhat different in character.

3.4.2 Working relationships

The working relationship with Jobcentre Plus was reported by most CSPs to be good. This was particularly so where there were longstanding good relations and a history of partnership working at local level (exemplified, for instance, by co-location of Jobcentre Plus and employability services). Despite this, a minority of CSPs have found it difficult to involve Jobcentre Plus in effective working relationships and to commit to the aims of CS. As noted in Section 3.1.1, in some cases it was reported that the commitment from Jobcentre Plus at a strategic ('high') level in the local area was different to the commitment at a local operational ('on the ground') level. Some of the reasons why CSPs might have had difficulty building relationships with Jobcentre Plus include:

• Jobcentre Plus Districts not being coterminous with CSP areas;

• too many other demands on Jobcentre Plus staff;

• Jobcentre Plus was already meeting performance targets and thus did not prioritise a need to be involved with a CSP;[50] and

• CSPs and Jobcentre Plus teams talking to one another in different 'languages'.

It was reported by some CSPs that the relationships with Jobcentre Plus improved once the CS initiative had been extended for a further two years, though this time also coincided with the economy beginning to slow down and it is unclear as to which issue perhaps prompted greater involvement from Jobcentre Plus. It should also be noted that some CSPs reported consistently good partnership working with Jobcentre Plus.

Turning to DWP, several CSPs were concerned about the volume of requests from DWP for information (some CSPs regarded such requests as 'orders'). While it is understandable that DWP would want to make use of the local knowledge of CSP teams and monitor events in individual CSPs, the volume of such requests, and the short notice often provided, was considered to divert effort from core CS activities. CSPs reported that the purpose for which the information requested would be used was often not made clear and it was difficult for CSPs to decide how to prioritise such requests.

While the day-to-day working relationships with central organisations have revealed certain issues, generally, working relationships have been positive. However, underlying structural or legal issues have proven to be more intractable,

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[50] This view was highlighted by some interviewees in national stakeholder interviews and by some participants from CSPs at the September 2009 Workshop at the University of Warwick.

and these highlight some of the contradictions or inconsistencies in the localisation agenda. These issues can most clearly be seen through the related demands raised by the CSPs regarding enabling measures and data sharing.

3.4.3   Enabling measures

The issue of **enabling measures** caused a certain amount of tension and suggested that the new relationship between DWP and CSPs still required some clarification. When the CSPs submitted business plans in early 2007, many of these contained statements that the CSP intended to seek a number of enabling measures. These were intended to allow the CSP to 'bend', modify or even suspend national regulations relating to payment of benefits, eligibility for programmes and other mainstream support for workless people in order to be consistent with, and support, the aims of the local strategy. Without enabling measures CSPs could find that some aspects of their local strategy were working in opposition to national provision for the workless and the effectiveness of the local strategy reduced. Enabling measures were seen, by local partnerships, as an essential aspect of the process of devolving responsibility for helping workless people off benefit and into work.

A number of different types of enabling measures were identified by CSPs at the outset, reflecting their differing contexts and strategic priorities. Some enabling measures sought were quite specific. For instance, some sought to change the eligibility rules for New Deal in order to allow benefit claimants to gain earlier access to the support offered by New Deal while others sought to suspend the 16-hour rule that precluded a person from claiming benefits if they undertook a training course of more than 16 hours per week. Some CSPs sought more fundamental measures, in particular the right to retain some of the money saved by benefit reductions for recycling into local provision for workless people.

At the outset of the CS initiative many CSPs clearly believed that they would be able to negotiate enabling measures that were relevant to their specific local strategy. Developing the case, and lobbying, for enabling measures was the focus of much of the activity of the City Strategy Learning Network (CSLN) during the first year of the initiative. During that time it became apparent that allowing different enabling measures for individual CSPs was not as simple or straightforward a matter in practice as many CSPs had first imagined. Early presentations by DWP to the CSLN indicated that enabling measures would not be possible if such measures:

- required a change of legislation;

- required additional expenditure; or

- were at odds with Government policy.

While individual CSPs sought different enabling measures to match their local strategies, DWP preferred a common set of enabling measures because of the complexities involved in securing such measures. Consequently, CSPs were invited to consider working together through the CSLN to identify a small number of enabling measures that could be applied uniformly across all CSPs. The CSLN

identified three enabling measures to press for and that would apply to all 15 CSPs. These were:

- to extend Work Trials from three weeks to six weeks;

- to suspend the 16-hour rule; and

- to develop a data-sharing protocol.

CSPs were allowed to extend Work Trials but this enabling measure was later withdrawn by DWP for legal reasons. Extended Work Trials were subsequently reintroduced, though Edinburgh CSP reported that they had been unable to market the extended Work Trials before they were withdrawn and consequently there was no take up of this offer. The 16-hour rule has been altered, at the national level, so that from March 2009, eight weeks full-time training is permitted paying an equivalent to Jobseeker's Allowance (JSA). BCBC was able to relax the 16-hour rule prior to this, when a special taskforce was created in the region to address the problems caused by the demise of MG Rover.

As regards **data sharing**, progress has been slower than many CSPs would have wished. CSPs had initially hoped that they would secure access to data in order to:

- track the progress of individuals;

- help identify gaps in provision that CSPs could usefully fill;

- enable measurement of the impact of interventions; and

- help assess the value added by the CSP.

In some cases CSPs had hoped to populate their own tracking systems using data supplied by Jobcentre Plus. Bulk transfers of data like this are not permitted under the Data Protection Act and hence, these requests could not be sanctioned by DWP. DWP and CSPs were working on ways in which data sharing could be permitted, but these efforts (and the considerable DWP background work on which they were based) were undermined by events. Wider political concerns about data security meant that the decision to shelve plans for data sharing was taken at a higher political level.

This lack of data sharing has been cited by local partners outside the CSP areas as a key barrier to the delivery of services to help the workless into training and sustainable employment. However, despite the delays in moving this issue forward, recent progress gathered pace. The Department for Communities and Local Government (CLG) and DWP initiated a pilot project in 2009 in order to demonstrate the potential of effective data sharing, with a specific focus on the ways that relevant data can be shared within the current legislative framework.[51] The Liverpool City Region (i.e. the Merseyside CSP area) was one of three pilot areas selected for this project.

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[51] An associated guide has been produced to provide information and guidance to local partnerships on data sharing issues.

In April 2008 the CSLN produced a document entitled *Request for Further Enabling Measures*. That document set out the broad case for greater involvement and collaboration between CS, government departments and other partnerships and continued by requesting a number of specific measures from DWP and CLG. The enabling measures identified were intended to address issues that currently hinder CSP's efforts to help workless people into employment and, in particular, which will help 'make work pay'. The enabling measures identified by the CSLN are set out in Appendix C.

It has to be noted that the enabling measures sought relate to the national benefit system and would be common to all CSPs. The importance of the measures identified has been advanced, but the extent to which such measures could meet the specific needs of individual CSPs is less clear. Indeed, if it were only national benefit systems and provision that needed to be reformed to help workless people into work, the case for devolving responsibility to the local level would be weakened, if not undermined completely. It should be noted that some of the enabling measures relate to Departments that cover England only which may limit the flexibility achieved in Scotland, in particular, without appropriate government action.

So, on reflection, the whole issue of enabling measures was one in which many aspects could have been handled differently. Ultimately the experience was disappointing for CSPs, and this was not just because they were not able to develop policy in the direction which they felt appropriate. There were two main further reasons as to why the whole process was about more than the actual measures themselves:

- **The issue became a distraction**. A considerable amount of time was devoted to the topic at the CSLN, with numerous discussions leading to the preparation of the Request for Further Enabling Measures document. In turn, this focus (considered disproportionate by some CSPs) subverted the nature of the CSLN, so that its primary role appeared, to some participants, to be that of a lobby group[52] pushing for the adoption of these measures.

- **Relations between CSPs and DWP were strained**. Many CSPs clearly felt let down by what they saw as DWP reneging on its promises to allow policy development by the local actors. This was probably exacerbated by the fact that the issue was not swiftly concluded and was drawn out for several months. Some CSPs felt that they never got a decision; rather in the end, changes failed to materialise. At one meeting of CSP representatives, one CSP staff member suggested that the real problem was one of raised expectations and a failure by DWP to properly communicate the types of measures which could have been possible and those which were not.

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[52] Though some CSPs did think that a presenting a shared voice to DWP was preferable, and more weighty, than individual CSP requests.

For some CSPs the issue of enabling measures was the crux of the debate about localised policy – without the capacity to develop solutions which were specific to the area: could CS really do anything more than deliver national policy at the local level?

The issue of enabling measures was discussed during national stakeholder interviews conducted in spring/summer 2009. There was a general recognition amongst interviewees that the granting of enabling measures had not been as extensive or as speedy as CSPs would have wished. One view put forward was that there had been 'over promising' by DWP and 'unrealistic expectations' from CSPs, with another interviewee suggesting that some 'asks' were seemingly requesting 'devolution for devolution's sake'. It was contended also that most of the enabling measures requested would be either difficult to grant or involve more spending by central government, and, generally, extra resources were not available. Moreover, CSPs had not presented evidence that there would be any payoff to the changes requested. One interviewee considered that the approach that had been taken to enabling measures was wrong: rather than asking 'what flexibilities do you want?' it would have been better to ask: 'what are you trying to achieve?' and 'what are the restrictions facing this?' While a minority of interviewees considered that it would have been 'better to have enabling measures' the majority views were that they were either 'not vital' or 'unnecessary' – citing the fact that there was already a facility for adviser discretion, and that local variation could cause problems and confusion.

3.4.4 Reflections

The relationship between Jobcentre Plus and CSPs highlights a key challenge to the idea of devolving Welfare to Work policy to the local level. The majority of services remain nationally determined and are delivered under the authority of Jobcentre Plus, which is historically centralised in terms of its aims, organisation and management.

So, despite the rhetoric suggesting that Welfare to Work policy is being devolved to the local level, the evidence presented above clearly indicates that there are limits to the extent that this has been achieved. There exists a wide range of local actors operating in the Welfare to Work policy domain and through CS many of these have been brought together under a shared identity, and have obviously been engaged in the process of shaping local delivery. However, the policy tools ceded to the CSPs by DWP have been limited. The original discussions around enabling measures suggested that, for the first time, local actors would be able to depart from national policy and hence be able to develop specifically local solutions to the problems of their local area. Whatever the intentions of DWP at the inception of CS, it became very clear that when the CSPs began to request enabling measures that required legislative change, that they had 'over-stepped the brief' as initially intended by DWP. Arguably enabling measures became the battle ground over which the limits of policy devolution were fought, and the limited progress on this demonstrates that central priorities have taken precedence over local wishes.

CSPs would no doubt baulk at the suggestion that they are doing little other than delivering a national strategy at the local level, arguing quite correctly that they are delivering local programmes and initiatives which are outside of, and often beyond, the nationally determined mainstream provision. However, the CSP role is very much constrained by the national benefit regime[53] and CSPs themselves acknowledge that a key part of their role is to fit alongside and plug the gaps in mainstream provision. The notion of 'centralised-localism' has been used elsewhere[54] to describe such a state of affairs – i.e. when a policy approach that seeks to access the benefits of engaging organisations in the delivery of local services, but imposes a centrally managed, rigid contractual regime, in fact constrains the ability of organisations to be innovative. In this context, it is clear why CSPs are keen to work towards progressively higher levels of devolution in order to strengthen their influence and control over DWP commissioning (as set out in Section 2.1).

There is an obvious asymmetric power relationship between CSPs and DWP which is manifest in many different ways and permeates the discourse on devolution. It is clear that for example, DWP still retains the power to set the agenda for CSPs (for example the strong steer to include a target for ethnic minority groups) and that the system of monitoring reports emphasises the power differential. Even language such as 'mainstream' to describe Jobcentre Plus provided support tends to suggest that the CSP role is only auxiliary.

However, there must be appreciation of the historical context regarding benefit provision. Given the noted centralising tendency of DWP, it would be most unlikely that all controls would be removed at once; far more plausible would be a gradual relaxation of the protocols. If the move towards localisation is seen as a process[55], then there are elements of policy change exemplified through CS which

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[53]   This is illustrated by a remark of a local stakeholder in one CSP: *'I think we've got the freedom to develop an idea – e.g. a response to a problem and can come up with pretty much anything, but it still has to fit within existing* [national] *rules and regulations that constrain you. Some rules and regs* [regulations] *you feel should be fundamentally changed. Some rules are a pain but you can work within them; and some are a pain and really hamper things…there are problems with data sharing and inflexibility with benefits, for example Housing Benefit. Whatever the partnership does has to fit with these rules. So the freedom to dream up an idea is devolved, but it has to fit within the existing rules.'*

[54]   See Lødemel I. (2001) *Discussion: workfare in the welfare state*, in Lødemel I. and Trickey H. (Eds) *An Offer you Can't Refuse: Workfare in International Perspective*, Policy Press, Bristol, 299-344.

[55]   The proposed three levels of devolution described in Section 2.1 suggest that DWP will make further conditional concessions to CSPs. It is far from clear as to how these levels will operate in practice and the extent to which national constraints will continue to be an issue.

suggest that DWP has relaxed certain elements of its control. That said it must be recognised that the limits of local action are determined at national level.

3.5   Key messages

It is apparent that:

• the absence of key partners taking an active role in partnerships presents difficulties for CSPs;

• leadership matters – in both organisational and individual terms. Most CSPs have been, and remain, public sector led. However, associated bureaucracy can sometimes mean that decision making and implementation take longer than would be the case otherwise;

• partnerships evolve over time and it is important that such evolution takes place in order that they can improve their effectiveness. Over time the general tendency has been for CSP Boards to become smaller and more focused;

• a central core team is critical in ensuring that strategic decisions are converted into operational commitment and action in delivery;

• policy, political and organisational changes outside the control of CSPs have had an ongoing influence on CSP development and activities;

• there are clear limits to local action. In general, CSPs have less local freedom than they envisaged originally and central-local tensions have been manifest in relation to enabling measures and data sharing.

4 City Strategy Pathfinders' activities

City Strategy Pathfinders (CSPs) have carried out a wide range of activities to implement the CS initiative in their areas. Not all CSPs considered it a priority to deliver projects, instead some considered it more important to concentrate on creating structural change and improving inter-agency working. Nonetheless, in each of the CSPs some support has been delivered to workless individuals under the auspices of City Strategy (CS). In broad terms CSP delivery has been organised around the twin themes of client engagement and employer engagement. This chapter considers some of the specific activities and strategies which CSPs have adopted to achieve these aims. First, the issue of working with the mainstream is considered briefly (Section 4.1). In Section 4.2 the issue of targeting is considered: first, with reference to geographical area, and secondly, by population sub-group – with particular reference to ethnic minority groups and young people. Attention then shifts to key issues of engagement with hard-to-help groups (Section 4.3) and with employers (Section 4.4). Examples of selected CSP projects and initiatives are presented in Section 4.5 to illustrate some of the types of activities that CSPs have undertaken. The chapter concludes with key messages (Section 4.6).

4.1 Working with the mainstream

Section 3.4 drew out some elements of the relationships between the CSPs and organisations which are responsible for service provision either universally, or in certain areas in accordance with centrally determined principles. This alluded to the fact that CSPs are not responsible for most of the Welfare to Work provision within their areas. Rather, in all CSP areas Jobcentre Plus has the main responsibility for delivering services (and administering benefits) to workless clients. CSP activity is, therefore, intended to complement mainstream interventions through locally provided 'wraparound' support to better assist the most disadvantaged. Such support includes plugging gaps in provision, delivering more specialist provision for individual clients or groups of clients as well as influencing mainstream provision to better meet needs and achieve more co-ordinated provision.

As discussed in Section 3.1.1, CSPs' relationships with Jobcentre Plus and other partners providing mainstream services have been variable, but generally positive. Previous experience of working with Jobcentre Plus was one factor in how relationships worked in practice, but perhaps even more crucial was the nature of the personal relationships between key individuals. One route to effective relationships with Jobcentre Plus and other mainstream organisations has been to cultivate a 'champion' in a position of influence, through ongoing dialogue to engender understanding of organisational issues and imperatives, who would embrace the CS approach and could communicate the message of partnership working to other levels within the organisation and to partners. These relationships with mainstream services are very important; as one CSP core staff member noted in summer 2009: *'for CSPs to be most effective, they need to work out how to influence the mainstream most effectively'*. What is perhaps particularly instructive about this comment (and it is a view that is shared more generally) is that it came after more than two years' experience of CS working, and reflects some of the frustration which CSPs feel. This is also illustrated through two comments from CSP core staff included in returns to the electronic survey of CSPs conducted in summer 2009, which touched on the issue of working with the mainstream:

- *'No doubt how much we do at local level to support multi-agency working until there is a change nationally (to nationally controlled agencies such as LSC and Jobcentre Plus) we will continue to face challenges that slow down progress.'*

- *'In developing a tracking system that covers an individual's route to sustainable work ... we are constrained* [here] *by national and regional requirements.'*

In sum, CSP activities can be considered to complement mainstream provision, providing services where there is a need but provision does not exist, and additional support client-specific support for some sub-groups and/or in some areas which are supplementary to what is offered by the mainstream. The way in which CSPs have chosen to do this is considered in the remaining sections in this chapter.

4.2   Targeting activities

This section considers the extent to which CSPs have organised their resources and activities to ensure that the clients who are most in need of help are able to access it more easily. The way in which CSPs have tended to do this is to target by geographical area (**spatial targeting**) and by sub-group of benefit claimant (sub-group targeting), and each of these is explored in turn. Resources are finite so targeted deployment may offer better value (higher per capita spend), ensuring that services are only available where and for whom there is demand. When targeting by area, the CSP can direct services towards areas of the highest unemployment/disadvantage and offer lower levels of support in areas of higher employment. Critics might suggest that this approach does not allocate resource fairly, as residents from outside the target areas will not be available to access the same level of support. This can be especially problematic if only particular wards are selected from a local authority which demonstrates low employment in many wards. Targeting by sub-group may allow the CSP to identify particularly large

concentrations of a particular client group and so develop services which are more tailored to the needs of that group. The danger remains though that even such an approach can be too generic, as barriers faced by clients vary in and across sub-groups.

It should be acknowledged, however, that in practice it may be that targeting by sub-group or targeting by area achieve a similar result. For example, targeting by area might mean targeting wards with a high ethnic minority population, whereas targeting by ethnic minority sub-groups would necessarily mean directing resources to those areas of high ethnic minority residency.

4.2.1   Spatial targeting

One feature of worklessness is that its incidence is very unevenly distributed geographically. Addressing such spatial concentrations of worklessness is part of the underlying rationale of the CS, as outlined in Chapters 1 and 2. Yet, even within a CSP area there may be considerable variation in the incidence of worklessness (often reflecting patterns of residential sorting, as well as the uneven demise of major industries and possibly discrimination against particular population sub-groups who tend to be concentrated in particular local areas). Inevitably this means that the support for workless people delivered by CS will tend to be concentrated, or focused, in some localities and less so in others. That pattern of delivery simply follows from the spatial pattern of worklessness. Some CSPs (for instance, Leicester, Blackburn with Darwen, and Dundee) have recognised that and stated in their business plans that while workless people will be supported across the whole CSP area, there will inevitably be a focus of activity on deprived neighbourhoods or areas with particular employment problems. Other CSPs have defined their strategy in a narrow, spatially restrictive manner by targeting their programmes on specific areas (usually, but not always, defined in terms of local authority wards) rather than across the whole CSP population. Yet others have not identified any specific spatial targeting (e.g. the London CSPs) (see Table 2.1 for a summary of the initial position across CSPs, which is based on evidence from the business plans and subsequent discussions between Area Evaluation Advisers (AEAs)/the national evaluation team and CSPs).

Spatial targeting has the advantage of increasing the amount of resource per capita in target areas and potentially increasing the effectiveness of delivery (and avoiding wasted effort in areas where the population is less in need of support). Targeting may also mean that delivery can be tailored or customised to meet the specific needs of the workless population of the area. The disadvantage of such an approach is that it may be inequitable (as noted already), in that workless people who need support may miss out because they live outside the target areas while some people living in a target area may benefit even though they do not really need support. This issue is exacerbated where different customer groups have different residential patterns. While most of the workless may be concentrated in specific localities (often, but not exclusively, characterised by social housing) others may be spread more evenly across the whole CSP area and many will be ineligible for support as they live outside a target area.

Spatial targeting has been adopted by a number of CSPs (as indicated in Table 2.1). Initially, these included Birmingham, Coventry and Black Country (BCBC) (55 deprived wards),[56] Nottingham (initially nine priority wards in the city in Phase 1 but extending later to 18 super output areas in Greater Nottingham), and South Yorkshire (38 deprived wards and 25 Neighbourhood Regeneration Fund (NRF) communities), while in Glasgow the majority of activity is spatially targeted through a mix of both thematic and area-based interventions. Even in those CSPs where the general approach has been to tackle worklessness amongst identified target groups, it is recognised that there is scope for this to be coupled with a focus on particular area, given the existence of particular spatial concentrations of worklessness where barriers to employment exist due to structural economic changes and adverse personal circumstances. The Muirhouse Area Focus Pilot in northern Edinburgh provides one such example (see Box 4.1).

Box 4.1   The Muirhouse Area Focus Pilot, Edinburgh

Background: The Muirhouse Community Renewal Area Focus Pilot commenced in April 2008 and is running until June 2010. It is being implemented in the Muirhouse area of northern Edinburgh, which has one of the highest concentrations of worklessness in the city.

Aim: The pilot aims to test the efficacy of an intensive client engagement and employment access service in increasing the employment rate and reducing benefit dependency. Particular target groups are people who are not currently engaging with employability services, people experiencing ill health (including mental ill health), young people (including school leavers), people recovering from addictions and people with criminal records.

The Community Renewal approach: Community Renewal focuses on engaging those individuals who tend not to engage with mainstream employability services. The approach is centred on developing a community base and presence which is visible and accessible on foot for its target population. It involves the use of small teams of community animators using an open-ended listening process (i.e. a 'listening survey methodology') to establish a rapport with people in the community and to identify where individuals would like to make a change in their own lives and in their community. Community Renewal uses a case management approach to support individuals who have been engaged. Once trust is established, a personal plan is developed between Community Renewal and the individual, which identifies barriers to employment and individualised support required to address these, including support from other agencies where relevant. The individual is mentored throughout. Community Renewal also seeks to establish links and partnerships with other agencies in order to build a culture of multi-disciplinary working in the neighbourhood setting.

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[56]   Although as noted in Section 6.2, this spatial focus has been abandoned subsequently.

Staffing: The pilot project in Muirhouse is staffed by a project manager, three full-time equivalent community animators, one part-time administrator, one health case manager and one part-time volunteer. Where possible, staff have been sourced from the local community. This has been key to breaking down barriers and establishing trust and respect amongst the local community.

Progress, findings and learning points to date: It is difficult to measure the success of the project given that it is being delivered alongside other ongoing regeneration activity in Muirhouse and mainstream skills and employment provision. Data on benefit claimants reveals a decline in the Muirhouse area, contrasting with an increase across Edinburgh as a whole, but some of this decline may be accounted for by a demolition/decanting programme which has seen many individuals move out of the Muirhouse area.

The project has been successful in gaining the trust of local residents, demonstrated by the large numbers of self-referrals to the project through word of mouth recommendation from others in the community (and from areas outside the datazones covered by the funding for the project). The Listening Survey methodology has proved a useful, non-threatening method of identifying individuals for support. In the first year the project met or exceeded targets and feedback from client interviews has been positive. After slow progress initially, the project has made substantial inroads into building partnerships with existing agencies. Agencies and individuals based at the project include Working Links (once a week), a housing officer (once a week), a money adviser (twice a week), Keepwell (once a month – for health screening) and alternative therapy (once a fortnight). This means that people can access a range of supports from one venue and helps enhance the effectiveness and streamlining of the referral process. Value has been gained in terms of discretionary local funding complementing and 'wrapping around' rather than working against the services of mainstream agencies. However, the extent to which the project is influencing the way mainstream services are planned and delivered has been limited to date.

Funding of CS may well have encouraged a spatial approach. As noted in Section 2.2, one specific source of funding has been Deprived Areas Fund (DAF), which is area-based. In practice any distinction between CSPs which have chosen an explicit strategy of spatial targeting and those which have not, may not be as clear-cut as implied. Most CSPs have used models of engagement which recognise the importance of outreach work in the community, which necessarily implies some sort of spatial coverage. Nevertheless, the question of whether spatially targeted service delivery is a more effective use of resources is pertinent.

4.2.2 Sub-group targeting

Targeting by sub-group allows a CSP to direct resources to the types of client which it considers most appropriate for support. For example, a CSP might

consider that it is most appropriate to focus on those who have been long-term claimants of Incapacity Benefit (IB), or it might want to focus on lone parents. This type of approach is usually dependent on the CSP identifying large numbers of a particular benefit claimant sub-group. Value is thus achieved by commissioning services for the groups which are most common in the CSP.

Related to the discussion of sub-group targeting, is the identification by some CSPs of 'premium' clients. In Glasgow, for example, IB claimants aged over 50 years, individuals from ethnic minorities in receipt of a qualifying benefit, and all clients aged under 20 years have been identified as 'premium' clients on the basis that they are harder-to-help and contractors received a further 20 per cent payment on their outcomes. It can be argued that if such differential payment structures are instituted, then this may guard against contractors 'cherry picking' clients. Of course this idea of introducing a quasi-market into welfare provision assumes that it is possible to develop an incentive structure which adequately reflects the relative ease with which clients can be helped.

Two sub-groups that may be selected for targeting by CSPs are considered below: first, ethnic minority groups; and secondly, young people. The material presented focuses on the methods by which CSPs are directing activities, if indeed they are, towards these groups within their areas. Evidence is taken from topic guides, which were developed by the national evaluation team for completion with, or by, CSP representatives. Following this sub-group focus, there is a more general discussion of eligibility criteria for certain interventions.

Ethnic minority groups

As part of their local target setting, CSPs were asked by DWP to derive targets relating to ethnic minority groups. Most CSPs defined their targets in terms of narrowing the employment rates between the white and ethnic minority groups. Many of the most disadvantaged communities contain higher than average ethnic minority populations, and successfully engaging with these communities will be essential for employment rate aspirations to be achieved. It was reiterated during national stakeholder interviews conducted in summer 2009, that a large part of the rationale for CS was that it would enhance the employment chances of people from ethnic minority groups.

The proportion of residents from ethnic minority groups varies substantially between CSP areas. Some CSP areas – such as East London, West London, BCBC, Leicester and Blackburn with Darwen – have substantially larger than average shares of their resident population from ethnic minority groups, whereas in other CSP areas (such as those in Wales) only a small share of the total population was from ethnic minority groups. Many CSPs (and not only those with larger than national average shares of residents from ethnic minority groups) identified in their business plans that ethnic minority groups were a key priority. Often CSPs gave some basic descriptive statistics about the population from ethnic minority groups, such as the proportions from different ethnic groups in the CSP area and

the proportions in various wards. Two key issues were highlighted: The first was the heterogeneity of experiences of different ethnic minority groups, with some suffering greater disadvantage in the labour market than others.[57] The second key issue identified was that the ethnic minority groups were in the main concentrated in particular wards.[58] So there were cases where the CSP area as a whole had a fairly small population from ethnic minority groups, but within certain wards the ethnic minority population was much higher, and in many cases these wards were ones which showed lower levels of economic activity. As noted above, for certain CSPs the proportion of residents from ethnic minority groups was small and because of this ethnic minority employment rate targets were not developed for the CSP.

Business plans did not often develop the reasons for why certain ethnic minority groups might have lower levels of economic activity. Certain figures were cited in the Nottingham business plan, for instance, linking the lower levels of qualifications among the Pakistani and the white and black Caribbean mixed communities with low employment rates. As noted above, it is important to appreciate that not all ethnic minority groups exhibit lower levels of economic activity. In Leicester, for example, one-quarter of the city's population is of Indian origin[59], but the target groups identified in the business plan were black African, Bangladeshi and Pakistani.

CSPs varied in their views regarding how well the mainstream provision catered for ethnic minority benefit claimants. Certain issues with mainstream provision were identified in relation to ethnic minority groups, although some may be applicable to other groups of benefit claimants. Issues highlighted included:

• mainstream providers may not always be aware of the specific barriers faced by the particular client group (and those barriers will differ for different ethnic groups);

• some clients from ethnic minority groups need to improve their English language skills;

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[57]   Reiterating the main findings of previous research, for example, see Strategy Unit (2003), *Ethnic Minorities and the Labour Market*. Cabinet Office, London; Simpson, L., Purdam, K., Tajar, A., Fieldhouse, E., Gavalas, V., Tranmer, M., Pritchard, J. and Dorling, D. (2006). *Ethnic minority populations and the labour market: an analysis of the 1991 and 2001 Census*. DWP Research Report No. 333. Corporate Document Services, Leeds; Tackey N.D., Casebourne, J., Aston, J., Ritchie, H., Sinclair, A., Tyers, C., Hurstfield, J., Willison, R. and Page, R. (2006). *Barriers to employment for Pakistanis and Bangladeshis in Britain and constraint*s. DWP Research Report No. 360. Corporate Document Services, Leeds.

[58]   In Blackburn with Darwen the degree of 'segregation' between ethnic minority groups and the white population was emphasised.

[59]   In general, people of Indian origin display relatively high levels of educational achievement and labour market participation.

- language courses were available, but these were often over-subscribed;

- clients from ethnic minority groups have issues other than language to contend with when seeking employment – including qualifications and work experience that are not recognised in the UK;

- clients from ethnic minority groups were sometimes found to be reluctant to engage with white-dominated pre-employment support, suggesting there may be some demand for specialist services for ethnic minority groups; and

- individuals from certain communities were less likely to claim benefits, and therefore 'get into the system', preferring instead to rely on family or community support.

One conclusion that was drawn was that mainstream support for ethnic minority groups was 'ineffective' as the employment rate for ethnic minority groups was much lower than that for white residents. However, it should be noted that discrimination could also be an issue.[60]

In practice, there were two distinct approaches taken by CSPs with regard to clients from ethnic minorities. The first approach was to not target these groups. In some instances this approach was taken because of the small numbers (and proportions) of ethnic minority clients and thus, the feeling that resources should be directed elsewhere. Even though certain CSPs decided not to target ethnic minority clients, they continued to monitor claimant data by ethnicity. One CSP with a substantial ethnic minority population which it did not target was BCBC. Instead, BCBC adopted an approach of spatially targeted activities with DAF funding, and many of the areas which were targeted were also those with high ethnic minority populations. Despite no specific sub-group targeting, local evaluation analysis of the outcomes of BCBC CSP activity shows that a very substantial number of clients engaged were from ethnic minority groups.[61]

The approaches taken by the CSPs who decided to target this particular sub-group were mainly concerned with **making the mainstream work better** for ethnic minority groups, and **improving engagement mechanisms** as a means of achieving this goal. In the main, CSPs invested in activities which were designed to adapt mainstream provision so that it was more suited to the diverse needs of

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[60]   For instance, a recent test for racial discrimination in recruitment practices in British cities showed that 16 applications from ethnic minority applicants had to be sent for a successful outcome compared with nine from white applicants – see Wood, M., Hales, J., Purdon, S., Sejersen, T. and Hayllar, O. (2009). *A test for racial discrimination in recruitment practice in British cities*. DWP Research Report No. 607. Corporate Document Services, Leeds.

[61]   According to local evaluation evidence from the BCBC CSP area, across the 55 DAF wards 44 per cent of DAF clients were of white ethnic origin, while in Birmingham less than one-fifth of DAF clients were of white ethnic origin.

ethnic minority clients, but some CSPs were more ambitious in trying to understand and develop interventions for ethnic minority clients and businesses. For example, in South East Glasgow (the part of the city with the largest proportion of total population from ethnic minority groups), an Ethnic Minority Enterprise Centre/ Glasgow South-East Regeneration Agency pilot ran from January to June 2008. This was a partnership aimed at improving engagement and employment rates within the ethnic minority community of South East Glasgow which helped get a better understanding of the issues affecting the ethnic minority business community, not only in recruitment of staff but in barriers to business start up and growth. The key findings showed that it is through inter-agency work with a range of agencies that change is most likely to happen – including referrals to other non-employability services where appropriate.

In Blackburn with Darwen the targeted approach adopted to address concerns about low employment rates, particularly for females from ethnic minority groups, in the context of a relatively high degree of ethnic segregation across the city, involved both sub-group and spatial targeting. The emphasis was on targeted provision to meet particular needs (for example, through women-only English language classes) and on making the mainstream work better for ethnic minority groups. Blackburn with Darwen Council Employment Agency took 'positive action' to increase the number of individuals from an ethnic minority background gaining work experience and securing longer-term employment positions. An analysis of output and outcomes of CSP-funded activities shows success in reaching a higher proportion of ethnic minority individuals than their share of total population across the CSP area.

Overall, the evidence from CSPs suggests that sometimes small modifications to existing provision can allow ethnic minority groups to access provision more easily. For example, outreach workers from the target ethnic group have been appointed to work in the community to secure better engagement with the mainstream. This approach has been pursued by many CSPs and the evidence suggests that this is an extremely effective means of reaching the target group, especially when outreach workers are able to access the groups through existing community structures and agencies. Of course, some of the larger, more culturally diverse CSP areas have a more established infrastructure of community organisations, voluntary organisations and providers with experience of working with ethnic minority groups than others. In the latter cases, it is likely to take longer to build the necessary relationships and capacity to help address labour market disadvantages faced by some (but not all) ethnic minority groups.

Young people

In addition to topic guides for ethnic minorities, the national evaluation team developed topic guides, which were similar in style, for young people. Young people are seen as a particularly important client group in so much as getting young people into work early will have the effect of reducing benefit stock in the future. The scarring effects of spells of unemployment/economic inactivity are

well-known, which is why young people are a priority target group for most CSPs. Despite many CSPs identifying young people as a priority, the topic guides revealed that in terms of specific interventions or mapping of provision for young people, the work done in this regard was relatively under-developed, certainly compared with the efforts which had been made to map and commission interventions for ethnic minority groups.

These topic guides revealed that CSPs believed that young people suffered from 'generic' problems which face those who are workless, such as low skills, low confidence, negative perceptions of some employers, etc., but that this group may experience these problems more acutely. CSPs also revealed that young people may be more vulnerable than other groups, especially when they were resident in areas with poor employment rates and were resident in currently workless or permanently workless households. Another barrier that is faced by some young people is the issue of lone parenthood.

In County Durham, part of the Tyne and Wear CSP, a 'care pathway' has been developed for teenage mothers under the Common Assessment Framework. Teenage parents are referred to a midwife outreach programme with the aim of re-engaging them into drop-in provision and moving them onto vocational programmes where appropriate. In County Durham, NEET (i.e. not in education, employment or training) numbers are not particularly high, though there are pockets of higher concentrations, especially in the former mining communities, and in some of the areas, almost all NEETs are also lone parents. County Durham is also supporting a worker from the voluntary and community sector to work in schools identifying and supporting young people at risk of becoming NEET.

There was some concern expressed about whether advisers in the mainstream were always aware of the services to which young people could be referred. CSPs were also concerned that the transition from children's services to adult services be seamless, and that individuals were not 'lost' in between the two.

CSPs identified specific priorities for dealing with young people, although few actually commissioned new services or interventions specifically for this group.[62] The interventions which did come out of CS activity were mainly those which sought to make the mainstream work better for this client group, such as introducing staff into Jobcentre Plus specifically to deal with young people. CSPs stressed the need to intervene as early as possible with this group, including making use of preventative measures, where appropriate. In common with other workless groups, it was felt that interventions work best when they reach out to the clients in their own areas, rather than clients being brought into unfamiliar surroundings.

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[62] The fact that several CSPs have made successful bids to the Future Jobs Fund indicates that activity focused on young people is likely to increase in the short- and medium-term.

Glasgow is one CSP which has adapted provision so that it is specifically targeted at young people, and is particularly designed to address the transition between compulsory schooling and engagement with employability services. The main features of this approach are outlined in Box 4.2.

Box 4.2   The development of young people's services, Glasgow

Background: Glasgow Works (the CSP) has driven the establishment of a city-wide 'MCMC[63] Partnership' which is chaired by the Director of Glasgow Works with the Head of Vocational Training at Glasgow City Council as the lead officer. This was set up in 2008 to achieve a *'structured, co-ordinated and comprehensive approach aimed at supporting young people not in education, employment and training'* through a Service Level Agreement between all the key public sector agencies involved, including various departments of the City Council's Education Services, Skills Development Scotland (which now includes Careers Scotland following the reorganisation of Scottish Enterprise), the city's Further Education (FE) colleges, Glasgow Community Safety Services and Culture and Sport Glasgow, and the five Local Regeneration Agencies (LRAs).

Scope of the Service Level Agreement: The agreement outlines the strategic role of each partner agency and represents a commitment to *'resource and participate in local structures that will deliver the Agreement in each of the city's five spatial planning areas and local schools'*.

Progress to date: The agreement was rolled out across the five LRAs during 2008 and is monitored by the MCMC Partnership. Each LRA has an Area Youth Employability Group which develops a local MCMC plan to deliver the targets agreed with Glasgow Works through the area commissioning contract. Local feedback is positive about the approach which has brought together all the relevant agencies and *'bridged the gap between the education and employability services that young people were falling through'* and has exceeded the first year targets.

There was concern that the recession would have a negative impact on young people's job prospects, with employers likely to favour candidates with greater work experience, although the counter argument can be made that employers may seek out cheaper labour which would improve young people's chances. There is some evidence that employers have already been making young people redundant, and this has caused a particular problem if these young people are in the process of completing an apprenticeship. This issue has been reported to have happened in Newcastle and appears to be more prevalent in the built environment

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[63]   More Choices, More Chances – This is the name of a strategy to reduce the proportion of young people not in Education, Employment or Training in Scotland; (the MCMC Strategy was published in 2006 and endorsed by the Scottish Government in 2007).

and manufacturing sectors. The Tyne and Wear CSP has attempted to address the issue of non-completion by working with the LSC so that employment status rules can be relaxed. In Nottingham, the implementation team has aimed at resolving the issue by trying to find substitute employers so that the apprentices can be allowed to complete.

However, the effects of the recession have an impact on young people, CSPs stressed the need to improve training facilities for this group, so that when the economy improves, they are in a better position to move into employment more quickly.

Eligibility criteria

It is a feature of the policy landscape (and part of the reason why CSPs were created) that there exist many different worklessness interventions, funded by a range of different sources, which are regulated through the use of eligibility criteria. There are many ways in which interventions can be restricted; for example, by geography, age or by benefit group.

There have been examples of CSPs relaxing eligibility criteria for certain interventions. One such example is provided by the BCBC CSP, which allowed the DAF contractor in one local authority area to request exemptions from the contracted eligibility criteria for support in order to benefit clients (see Box 4.3). This is illustrative of a CSP testing flexibility in contracting.

Box 4.3   Flexibility in contracted eligibility criteria in Solihull, BCBC

Background: In Solihull (one[64] of the eight local authorities in the BCBC CSP), Pertemps (a private sector provider of Welfare to Work and associated services) holds the DAF client engagement contract. Pertemps asked the LSC contract manager for additional flexibilities and these were granted – in order to test if giving contractors additional flexibilities enhanced the number of people engaged and so 'added value' (one of the flexibilities was related to 'length of unemployment'). Initially the eligibility was based on age (aged 19 to 59/64), location (resident in one of the four target wards in the north of the borough) and benefit status (unemployed or economically inactive and in receipt of benefit for 12 months). This last clause was particularly difficult for some clients to satisfy. In some cases there were clients who had been out of work for 12 months or longer, but could not demonstrate this by way of 12 continuous months on benefit.

How it worked: The CSP allowed some relaxation of the stated eligibility criteria on a case by case basis, in order to test whether giving contractors these additional flexibilities resulted in greater numbers of clients being engaged

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[64]   DAF contracts in other local authorities in the BCBC CSP area were held by a mix of local authority and private sector contractors.

by the contractor. Importantly, this flexibility was not designed to make it easier for the contractors to achieve their targets (though arguably this may have been a consequence) but rather was related to the circumstances of the individuals themselves. Although technically some individuals were ineligible for help, if it was felt by Pertemps that the person was deserving of support ('in the spirit of DAF'), then Pertemps could apply to the DAF contract manager for an exemption so that they could be helped. The DAF eligibility rules were originally devised by the CSP team themselves, so in effect, the CSP was relaxing its own restrictions. However, the point remains that the eligibility rules which were laid down in the contract were subsequently relaxed to test if this could produce additional outcomes.

Outcomes and learning points: Of the 742 clients engaged, 44 (approximately six per cent) were not strictly eligible for DAF support. It might appear that the number of exceptions was small, but Pertemps was keen not to overuse this facility, and felt that, as a DAF contract, the vast majority of clients should be DAF eligible. It is difficult to quantify the additional effect of relaxing eligibility in these cases, but it is clear that by relaxing the criteria, Pertemps were able to extend more tailored support to those who previously would have been unable to access it, or would have had to wait in order to become eligible. Pertemps was able to work with the DAF contract manager at the LSC in order to produce results which were beneficial to both parties, and, even more importantly, the individual clients.

4.3 Engaging hard-to-help groups

CS was designed to tackle pockets of the most persistent worklessness, and in order to move towards the national aspiration of an employment rate of 80 per cent, it was recognised that progress would need to be made in moving the most entrenched clients off benefits. To that end, CSPs developed a range of strategies to engage with clients from groups which had traditionally been the hardest to help. As well as the groups which have been identified in the Department for Work and Pensions (DWP) targeting framework (those on Jobseeker's Allowance (JSA) for 12 months or longer, IB and Income Support (IS) claimants) CSPs have also identified further groups of benefit claimant[65], including:

- lone parents;

- workless parents;

- low income households;

- ethnic minority groups[66] (including refugees);

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[65]   Some clients in these groups will be claimants of IS, IB or JSA.

[66]   DWP specified at the start of the initiative that pathfinders should set ethnic minority employment rate targets, or justify why such a target was inapplicable in their case.

- the over 50s;

- ex-offenders;

- those with drug and/or alcohol problems;

- care leavers;

- people with mental health issues;

- young people – especially NEETS or More Choices, More Chances (MCMC) (Scotland only);

- adults with no or low qualifications.

CSPs adopted different approaches to gathering evidence on identifying hard-to-help groups. Some CSPs, mainly the larger ones, commissioned external research to identify the patterns of worklessness, and the barriers faced by the different workless groups. Other CSPs performed similar analysis internally, via local authority partners. For example, in the BCBC CSP, Neighbourhood Employment and Skills Plans (NESPs) were drawn up for each of the 55 target wards to identify, at a micro level, the particular issues and incidence of worklessness, and the particular barriers faced by benefit claimants in these areas. The NESPs were assembled using a variety of information and intelligence from local partners to complement figures derived from secondary data sources (see Box 4.4 for further details).

Box 4.4   Neighbourhood Employment and Skills Plans, BCBC

A NESP has been developed for each of the 55 CSP target wards, drawing on secondary data sources, research and intelligence from partners, and associated discussions. Each NESP identifies a **client profile** for the ward, encompassing:

- population and population profile;

- ethnicity;

- employment, unemployment and worklessness by target group;

- benefit recipients – showing concentration within the ward by super output area by type of benefit, gender, ethnicity, age, length of time on benefit, etc;

- attainment; and

- analysis of other underlying conditions in the area.

Each NESP also identifies:

- how the main workless groups compare to other wards and City Region-wide data – in order to highlight particular issues that need to be addressed in the specific local context;

- current interventions and priorities for future interventions; and

- key barriers and problems to be overcome by target groups – e.g. skills, motivation, health, childcare, transport, access for jobs.

In some parts of the CSP area the NESPs first produced when CS was launched have been revised considerably. As an example, the **NESP for Aston** (an inner city area in Birmingham with a large and diverse ethnic minority population and high levels of deprivation) is in two parts: first, an analysis of worklessness; and secondly, a plan of action to tackle worklessness. The analysis of worklessness draws attention to the high share of the population born outside the UK including a significant number of newly arrived communities (including refugees); the high proportion of the population lacking any form of recognised educational qualification; the low proportion of the adult population that is economically active; the fact that the majority of those in employment have low skilled jobs; the high proportion of people suffering limiting long-term illness; and, the concentration of worklessness within particular neighbourhoods in Aston.

The action plan:

- identifies barriers to employment – including language, carer responsibilities, the lack of infrastructure necessary to deliver employment and training from local community centres, localised job search areas, a lack of linkages with faith based and community networks to undertake engagement with hard to reach communities and to ensure that such engagement is of good quality, mental health problems and lack of awareness of existing services providing support;

- maps existing provision and initiatives (including Jobcentre Plus core services, New Deal programmes and LSC core services and training provision, European Social Fund (ESF) and Working Neighbourhoods funding and New Deal for Communities provision); and

- identifies gaps that need to be filled.

In several CSPs, pilot projects have also yielded intelligence on where engagement is lower and **monitoring data** is being used by some CSPs to highlight progress on engaging and supporting different sub-groups. In one instance this has shown that progress has been slower in engaging longer-term IB claimants and lone parents than JSA claimants. **Anecdotal evidence** from delivery agents and the **delivery experience** of stakeholders (on a range of local projects) – for example, low attendance at events designed to support specific sub-groups – is also a source of intelligence on reaching hard to help groups. In one instance, such evidence highlighted how some sub-groups (e.g. IB claimants aged 50 years and over) are particularly difficult to engage. Some CSPs have engaged in **discussions with partners** in probation, addiction, homelessness, and other services to enhance understanding of how they might better reach and design programmes to support

hard to help groups. In some CS areas work in the local community has highlighted that some individuals are either unaware that they might benefit from support in finding employment or are dismissive about support that is offered because they feel that they have a right to be on benefits and do not see the point in working. By definition, such individuals are hard to engage.

CSPs have used a range of methods and sources of information to map the local concentrations of worklessness and to assess the specific barriers faced by the different categories of workless client. However, not all those who are workless will be benefit claimants. The reasons for this may be manifold, but because these people will not be on administrative records, this makes them harder to engage. Indeed some clients actively try to minimise their dealings with Jobcentre Plus, or to avoid any contact with Jobcentre Plus at all. However, some interventions are only accessible via Jobcentre Plus referral, or only those with a certain length of benefit claim are eligible. Thus it is possible among this group that a client would not be able to get the most appropriate intervention for their particular circumstances and would have to settle for something less appropriate, or even for nothing at all.

In some areas, experience to date has revealed a need to move away from assuming that individuals from the same sub-groups necessarily face similar barriers and so require similar support and engagement mechanisms. Addressing **the specific and multiple barriers** that some individuals face has implications for the types of interventions required and for the resources needed to fund them.

Other challenges identified in one or more CSP areas included:

- for **lone parents** – a shortage of a range of affordable childcare, which may impact on the ability to help lone parents move into training and employment;

- for **those with chaotic lifestyles** – the difficulty of sustaining contact for long enough to address employability issues in their support programmes;

- **older long-term claimants** – may have resigned themselves to a life of worklessness;

- for some **ethnic minority groups and refugees** – language and cultural issues, and perceived or actual discrimination;

- for **ex-offenders** – a fear that their convictions will stop them working (although this is not always the case), and the fact that many face other problems – such as substance misuse.

- **attitudinal issues** – some individuals may not see work as a viable option for them[67] and may not wish to engage or to be involved in training or employment; in other instances 'caring' roles may be prioritised above training or working in the formal labour market[68];

- **low confidence and lack of motivation and aspiration** – may be applicable to individuals in several sub-groups and may contribute to a 'fear of change' and an associated willingness to 'get by' on existing income sources[69];

- **prevalence of localised outlooks in some disadvantaged areas** – means that there is a need for localised engagement and services in the first instance, which encourage individuals to gain confidence and subsequently broaden their horizons and seek opportunities outside their immediate locality;

- **mistrust of mainstream agencies** – by some individuals.

CSPs have used several different strategies to engage the hardest to help (see Box 4.1 for the approach adopted in the Muirhouse area of Edinburgh) – with some CSPs using a variety of approaches in tandem. These include:

- **jobs fairs in the community or in town centre locations** – designed to bring employers into the community at locations where workless individuals are likely to feel comfortable;

- **'taster days'** – linked to courses and jobs;

- **'fun' events with no direct links to worklessness/employment at which agencies are on site to engage** – examples include Family Fun Days, 5-a-side football tournaments (run by a local football club), trips and seasonal cooking sessions;

- **door knocking** – going out to engage people in their homes in areas with high concentrations of worklessness. In some local areas use has been made of Housing Benefit records to identify particular streets for targeting purposes;

- **community-based key workers** – who were charged with engaging these groups, and supporting them into appropriate provision. Key to this was the one-to-one nature of the service emphasising the importance of continuity and the build up of trust;

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[67]   In one CS area it was noted that in some estates characterised by inter-generational experience of unstable employment and worklessness some young people may opt out of school in their early teenage years and it is difficult to re-engage them. References were made elsewhere – by some individuals themselves and by some third party representatives – to lack of a 'culture of work' in families where there are two or three generations who have experience of long-term worklessness. The main issue here is one of labour market marginality, caused by a wide range of interacting economic and social factors and circumstances.

[68]   This is the case for some lone parents.

[69]   In most instances the major income source is benefits, but in some instances this may be supplemented by cash-in-hand working.

- **use of local residents to engage other local people** – this approach is based on the principle that local residents may be better able to engage their neighbours than 'outsiders'. Box 4.5 provides an example of the use of Learning Champions in Nottingham (but there are also examples of using local people in similar ways elsewhere);

- **use of specialist providers to reach particular groups** – on the basis that specialist providers have knowledge and expertise of working with particular hard to help groups;

- **development of specific projects to support particular groups** – sometimes designed to identify lessons to support the overall CSP approach. One example is the use of funding to support the Prince's Trust to engage young people;

- **working in partnership with other services in non employment and skills domains to enhance engagement** – examples here include using wider neighbourhood management structures as a mechanism to reach the hardest to help groups, initiatives concerned with working intensively with particular individuals in particular areas (Box 4.6 provides an example of the Focused Partnerships Jobcentre Plus initiative in Blackburn), working with outreach services in supported housing and placing an engagement advisor at a police station;[70]

- **work to support engagement** – through the development of training materials on employability to support front-line staff working in health and housing;

- **embedding worklessness as a top priority through partner organisations** – with a view to helping co-ordinate agencies working on engagement of hard to reach groups, and so overcome problems posed by disparate activity and competition between partners;

- **development of single points of access in easily accessible community locations** – designed to provide front-end services that are available to all workless people and which address the range of barriers to employment that they face. Box 4.7 outlines the example of the Single Points of Access in East London. Another example is the establishment of the city centre Discover Opportunities Centre in Dundee.

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[70]   For example, information suggests that 1,000 workless people are processed through the custody suite at Rhyl police station each year.

Box 4.5 Learning Champions in Nottingham

Background: Six Voluntary and Community Sector (VCS) organisations with a local presence were contracted to undertake this work and a VCS consortium co-ordinated the approach and sought to ensure some consistency by the six providers.

The Learning Champion role: Three 'Learning Champions', who were also local residents, were recruited to deliver impartial community engagement in each of nine priority wards. They were employed 16 hours a week and received training on information, advice and guidance (IAG), basic skills, personal safety, etc. They undertook three types of activity:

- **First contact**: door knocking and outreach in shopping centres, community venues etc.

- **Engagement**: development of trust between the resident and the Learning Champion over a period of time.

- **Referral** to employability provision such as IAG, Community Learning etc.

Lessons learned: The Learning Champions were more successful in engaging some sub-groups (e.g. ethnic minority groups and lone parents) than others (IB claimants). ENABLE (the VCS consortium) reported that another lesson was that greater attention should be given to the recruitment process so that it does not exclude some groups (especially men) from becoming Learning Champions. It transpired that the Learning Champion role was interpreted in different ways: some adopted an 'engage and refer' role, while others adopted a 'support and mentor' interpretation. Also, some champions were unaware of the range of local provision and others referred individuals to support in their locality rather than more appropriate provision elsewhere. It also emerged that for some VCS providers output-related funding required a 'change of mindset'.

Box 4.6 Focused Partnerships initiative in Blackburn with Darwen

Background: Focused Partnerships is a Pennine Lancashire-wide Jobcentre Plus initiative which includes four deprived wards in south-east Blackburn which are adjacent to employment opportunities.

Aim: The initiative sought to work intensively with 89 long-term unemployed individuals.

Activity: The 89 individuals were being interviewed to identify their needs. These needs were then discussed at round table multi-agency discussions (involving Jobcentre Plus, the LSC and various providers) to allocate responsibilities for addressing needs and barriers. The process also involved identification of employers and involvement of Community Business Partners. The idea is that this process makes agencies more accountable. Intensive work has been undertaken with the targeted individuals, including weekly (or more frequent) interviews and utilising a 'carrot and stick' approach of opportunities and sanctions.

Box 4.7   Single Points of Access in East London

General approach: In each of the boroughs in the East London CSP Single Points of Access (SPAs) have been set up. The idea is that by removing institutional barriers and working across organisational boundaries it becomes easier to deliver a joined-up or expanded service which is person-centred and highly responsive to individual needs.[71]

SPA models: Somewhat different approaches have been taken in different boroughs, due to a need to build on and take into account pre-existing training and employment provision. However, in all cases a key step to integration has been aligning services with physical premises, such that networks of premises have become spokes from which outreach and engagement is conducted and through which referral to appropriate local provision is made. Customers are engaged by outreach workers operating from local premises including schools, children's centres, and a range of local facilities. Referral to the New Deal for Families is enabled through targeting engagement workers in sites attended by parents.

- In **Hackney** outreach is provided to housing estates (in partnership with housing associations) using ethnic minority staff on outreach teams, ethnic minority residents involved in the delivery of outreach services and faith-based community organisations.

- In **Newham** there has been an emphasis on engagement with community groups to targeting sub-sections of certain communities that suffer high levels of exclusion – e.g. Newham Asian Women's project has been engaged to provide outreach for women, referring them into 'mainstream SPA' provision.

- In **Tower Hamlets** there has been work through community hubs to engage those that do not access high street services and employability courses have been delivered in local schools as part of the extended schools agenda.

4.4   Engaging with employers

This section is concerned with reviewing and assessing CSP activity on employer engagement (i.e. developing meaningful relationships with employers in order that they understand and contribute to CSP aims and objectives, including through communicating skills needs, offering work placements, etc). This is an important element of activity across most CSPs since linking workless people to

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[71]   This is similar to the 'whole person' delivery model adopted elsewhere, which is designed as a flexible 'catch-all' approach through which clients can be assessed on an individual basis and bespoke programmes of assistance/ development can be prescribed.

jobs represents the demand side of the Welfare to Work equation. Moreover, it was always intended at the outset that employers would have an important role in the CS initiative (as outlined in Chapter 1). A variety of agencies was already active in employer engagement activity at regional and local level prior to the establishment of CSPs, often creating confusion for employers concerning the provision on offer in a local area and also about how they might best influence policy (as discussed in Section 3.1.1). In general, the model of employer engagement activity in the local area that CSPs faced was for each agency to have its own network of connections to employers. The associated practice of multiple approaches made to employers by different partners is generally considered[72] to be wasteful from an employer perspective and counter to the CS ethos of collaborative working and the objective of streamlining and enhancing the effectiveness of employer engagement. Hence a key challenge facing CSPs is whether, and how, they might seek to 'join up' and streamline activity in a crowded arena.

In this section the approaches to employer engagement adopted by CSPs are outlined and types of research undertaken on or with employers to inform CSP activity is described. Attention then shifts to **employer involvement in CSPs** – at the bid formulation stage, at Board level, on particular projects and/or work with specific employers. There is a specific focus on **Local Employment Partnerships (LEPs)** and whether and how these link to CS. Challenges to, and factors assisting in, **effective employer liaison and engagement** are outlined. Finally, evidence on **employers' willingness to recruit** from particular areas and population sub-groups is presented and steps taken by CSPs to overcome any such reluctance are outlined.

It should be noted that in this section 'employers' is taken to refer to employers from the private sector. In many of the CSPs however, the public sector is a major employer and certain CSPs, such as Dundee and Glasgow, among others, have been trying to move clients into public sector employment through different types of pathway. It is likely that public sector employment opportunities will be a major element of the Future Jobs Fund, which will be administered by CSPs, although how this will be affected by the recession remains unclear.

Approaches to employer liaison and engagement

For some CSPs, especially some of the smaller ones, there has been debate about the appropriate balance between engaging with employers on an **individual** basis vis-à-vis more **strategic** engagement. In some instances there has been a shift towards more strategic activity, although in other instances a key focus on engaging with individual employers (in order to better understand their staff requirements, skills needs and to assist in design of training programmes) remains strong.

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[72]   There is a counter-view that multiple contacts with the same employer are not a problem because an employer 'can always put down the phone' (i.e. it does not have to engage).

To some extent approaches taken to employer liaison and engagement by CSPs have been shaped by what has been in place in the local area already. Here it is relevant to note that at a local level some local authorities have experience of, and have played a key role in, employer engagement under local employment, economic development and regeneration initiatives. This is reported to have led, at least in some instances, to a degree of hostility to new approaches, perhaps on a sub-regional level, on the basis that local authorities have local knowledge and experience and can 'do it best'; (this is indicative of a degree of territoriality which may hinder the development of a more strategic approach to employer engagement). In larger CSPs with a 'federal' structure and/or spanning several local authorities, some local authorities have continued to play a key role in employer engagement. In addition to local authorities, Jobcentre Plus has a longstanding key role in employer engagement, along with other organisations including training providers, colleges, the local chamber of commerce and careers services. While some of these organisations have adopted a 'social model' of concentrating on the needs of workless people with poor skills and trying to place them in employment, for others the primary emphasis has been on 'meeting business needs' (and this might not involve individuals who are long-term workless). Within this landscape there is a potential for confusion about what the employer offer should be and not all CSPs have been immune from this.

Organisationally, one 'model' has been to establish posts within CSPs with responsibility for employer engagement. This may be an account manager to deal with specific sectoral opportunities (e.g. major new retail developments in some CSP areas). Sometimes this accords with a sectoral focus outlined in business plans. In another 'model', LEPs have been used as a central tool in employer engagement and promoting CSP activity more widely (as discussed below). On a larger scale, considerable resource is required to set up systems to co-ordinate intelligence and to support a single programme of employer engagement and associated post-employment support at CSP area or city-region level. Such an ambitious approach is currently being taken forward in Tyne and Wear.

Research to inform CSP activity with employers

Overall, research to inform CS engagement with employers and associated interventions appears to have been quite limited. With a few exceptions, what **formal** research has been undertaken has tended to be small scale. This has variously focused on analyses of vacancies notified to Jobcentre Plus, of employers' skill needs and development of good practice guides on successful interventions. Another approach adopted has been **in-depth evidence gathering** (in a focus group or face-to-face interview context), in an attempt to understand employers' approaches to recruitment, their attitudes towards employing benefit claimants (including specific sub-groups such as lone parents, IB claimants, JSA claimants, ex-offenders, etc.) vis-à-vis other sub-groups and identifying any gaps that might be filled by workless people, together with associated support that might be required for them to take up and sustain employment. It is also clear that many of

the CSPs are engaged in ongoing learning of an **informal** nature drawing on the experience of partners and the ongoing involvement of employers in CSP Boards and project development.

Employer involvement in CS

Employer involvement in CS can and does take various forms (as discussed in Sections 2.4 and 3.1.1). In several CSPs there was some involvement of employers in **bid formulation**, often through consultations with local employer fora, chambers of commerce and/or enterprise agencies. However, in general, such involvement was on a relatively small scale in relation to the amount of work undertaken at this stage. In some CSPs employers and their representative organisations were not involved at the bid formulation stage.

Subsequent to bid formulation, such involvement has often continued in employer engagement (or similar) and sectoral sub-groups. In smaller CSPs (covering one or part of a local authority area) individual employers are more likely to be represented on Boards. More generally, there is often employer involvement in a broader CS **consortium**. In some CSPs a deliberate effort has been made to sign up private companies, and sometimes private sector employers take an active role. It is also salient to note that in some CSP areas the private sector is generally weak. On some CS Boards there is no direct employer representation; (although CS partners are generally employers in their own right).

Aside from involvement in the governance arrangements of CSPs, there is evidence across most CSPs of involvement of employers in **specific projects** and in **assisting with CS delivery**: Types of activity have included:

- developing pre-recruitment training for sector-specific employment opportunities (e.g. in retailing, customer service/call centres);

- delivery of training;

- schemes to guarantee interviews for specific sub-groups – often linked to completion of particular courses; and

- support at community events raising the profile of employability.

In the larger CSP areas especially, large national employers with a sub-regional/local presence have tended to dominate employer involvement in CS. In some of the smaller CSPs there has been greater involvement of medium-sized employers, as well as larger local employers. As noted in Section 3.1.1, a key advantage of such involvement is the insight into the needs of employers in relation to recruitment and training, and to business concerns more generally.

One major example of employer involvement in the delivery of CS is the **Work Highcross** project in Leicester, where the CSP has worked with a local developer of a major shopping centre in order to provide training and jobs for workless clients, mainly in the retail and hospitality sectors. Further information on this scheme is detailed in Box 4.8.

Box 4.8   Work Highcross project, Leicester

Background: The Highcross scheme comprised the redevelopment of Leicester's existing Shires shopping centre, and the creation of an extension to the mall, including 30,000 square metres of new retail units. It opened in September 2008 and is anchored by a new John Lewis store. The city centre scheme, developed by Hammerson PLC and Hermes, has resulted in over 2,000 (estimated) new jobs within the new retail and hospitality units.

Aim: Work Highcross (this is a partnership comprising Hammersons, Leicester City Council, Jobcentre Plus and the Learning and Skills Council) sought to meet the recruitment and training needs of retail and hospitality sector employers and to provide the local community with access to new employment opportunities. The CSP and partners developed a **retail routeway** to provide a journey from client engagement to employment. This routeway comprised of three key elements:

- engagement and registration;
- case-loading and pre-employment support;
- outcomes and further support.

Involvement with the project was 'sold' as a sound commercial proposition and a *'practical way to engage with Corporate Social Responsibility'*. The project's unique selling point was *'brand fit'*; i.e. that any candidates would fully understand the importance of the brand of their potential employer and have complementary personal attributes. Guaranteed interviews were presented to employers as a low-risk way of becoming involved. It was pointed out that: *'Employers didn't have to employ anyone'*. The Pathfinder has been able to offer over 730 guaranteed interviews from 32 retailers. More than 40 per cent of the new businesses based in the Highcross scheme have offered guaranteed interviews. The John Lewis Partnership alone has provided 250 guaranteed interviews.

Employer feedback has suggested that the **quality of candidates** has been high. **Small and Medium Sized Enterprises** (**SMEs)** in particular have benefited in terms of savings associated with the recruitment process. Employers have used the support to recruit from **non-traditional groups**, (though the reluctance of employers to recruit candidates with a disability has been a significant issue) and some have **set aside established recruitment processes** to consider Work Highcross candidates.

However, Voluntary Action Leicester has been publicly critical of the scheme, arguing that CS **subsided recruitment** (at a time when recruitment would not have been difficult) for Highcross, and that **those furthest from the labour market** have received little benefit. There is also the question as to the extent to which the scheme has raised **false expectations**. It could never hope to place all those undergoing retail training into employment; 22 per cent of those who completed the training moved into work at Highcross.

CS and LEPs

LEPs have been described as *'a deal between Government and business to tackle the increasing recruitment and skills challenges of our labour market and economy'*.[73] They are agreements between employers (initially large retailers, but subsequently other employers also) to work in partnership with Jobcentre Plus[74] to help the long-term unemployed and economically inactive back to work, through one or more of:

• Work Trials;

• helping in the design of pre-employment training programmes that meet employers' needs, and in turn guaranteeing interviews to long-term benefit claimants who complete this training;

• encouraging their employees to mentor long-term benefit claimants; and

• reviewing application processes to ensure that local benefit claimants are not inadvertently excluded.

These activities are similar to those outlined above in relation to employer involvement in delivering CS. In some CSPs, such as Glasgow, LEPs have been the main vehicle for taking forward employer engagement as part of the CSP – and Glasgow Works has played a major role in LEP. There was a certain amount of pride where the local area was deemed *'a LEP top performer'*. Elsewhere there have been instances of CSPs working closely with Jobcentre Plus to bring new employers 'on board' (as well as to fill vacancies). Where this has been the case, a good relationship between the CSP and Jobcentre Plus was a crucial factor.

LEPs provide a direct link between employers and Jobcentre Plus, and as such it would be easy to cut out any involvement of CSPs. In some areas there was a sense that a *'lack of consultation'* by Jobcentre Plus over the design and introduction of LEPs (as a national initiative) had *'muddied the water'* in relation to local/sub-regional employer engagement. In some instances LEPs appear to be seen as too much a *'Jobcentre Plus project'* and so are not contributing to effective partnership working. This could be symptomatic of a problematic relationship with Jobcentre Plus and/or of the fragility of partnership when a specific joint approach and/or working is required. Hence, there is some variation across CSPs in whether LEPs play a 'central' role in employer engagement activities, or whether they have what is seemingly a 'separate existence' from the CSP.

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[73] See Jobcentre Plus website: http://www.jobcentreplus.gov.uk/JCP/Employers/lep/ (accessed 16 January 2010).

[74] Jobcentre Plus is responsible for establishing a single point of contact in each district/region to lead on LEPs.

Effective employer liaison and engagement: features and challenges

In most CSPs engaging with employers and reaching hard to help groups were seen as complementary activities because of the need to access vacancies to support CS activity to help workless people into employment. However, in some CSPs, where, at least initially, there were a significant number of vacancies in the local labour market, priority has been given to the latter.

There is a general view amongst CSPs that effective employer liaison and engagement would be unified, co-ordinated, systematic and demand-led, perhaps targeted at key sectors, in order to obtain improved access to and sharing of vacancies and other intelligence with a view to encouraging recruitment from CS priority groups. It would be flexible and quick to respond to the needs of employers. Some CSPs have made some progress towards such an 'ideal' and have reported successes in partnership working between job brokers and sharing of vacancies.

Factors identified by CSPs as helping CS employer engagement activity included:

- a 'single door' or 'first stop shop' approach via which interested employers could gain access to recruitment and employability services;

- having 'employer engagement' as an integral part of an individual's job (for which the individual is trained and ideally has relevant experience and 'credibility' with employers), rather than as an 'add on' to another existing role;

- a sectoral approach and a detailed understanding of sectoral needs;

- a growing economy – such that employers need to look to long-term workless groups in order to find potential employees;

- the existence of large scale new projects/developments in the local area for which workers are required;

- using 'social models' (see discussion below) to appeal to locally based firms;

- the existence and use of LEPs (in many CSPs);

- a track record in the local area of successful employer engagement – building on the success of pre-existing networks;

- a willingness to adopt best practice from others; and

- active involvement of a diverse range of employers and their senior representatives on CS boards.

Conversely, factors identified as hindering effective CS employer engagement included:

- territoriality on the part of some partners – resulting in *'too many agencies fighting over the same jobs'*;

- employers' experience of multiple contracts and a complicated support infrastructure, including the associated bureaucracy and convoluted decision making processes;

- poor support given by agencies in the past;

- concerns on the part of some employers (particularly in smaller firms without well developed HR resources) about the needs of, and/or potential problems involved in, recruiting and supporting long-term workless people;

- a relative lack of large private sector employers in the local area;

- (in some smaller CSPs) the fact that some employers engage on a regional level;

- the existence of LEPs (identified by some CSPs, as outlined above); and

- lower levels for recruitment during recession and employers being able to draw from a larger pool of potential recruits who are not from the main CS priority groups.

Employers' reluctance to recruit from particular workless sub-groups and areas

There is a lack of 'real evidence' about employers' reluctance (or otherwise) to recruit from particular CS target groups or specific neighbourhoods therein. Nevertheless, there was a general feeling across CSPs of some reluctance to recruiting **ex-offenders** and in some instances this is borne out in the fact that they have benefited less from LEP activity than some other sub-groups. Also there have been reports about reluctance in some quarters to recruit from the long-term sick (i.e. there seems to be a greater reluctance to recruit from IB claimants, particularly people with mental health problems, than JSA claimants). Postcode discrimination was also reported by local partners to be an issue in some areas, but recent direct evidence of this is harder to find and many employers were felt to be open to employing from areas associated with concentrations of worklessness. Recent DWP evidence suggests that racial discrimination remains an issue[75]; however, there is little specific evidence from within the CSPs which has brought this into focus. The previous discussion on engaging ethnic minority groups in Section 4.2.2. cites some examples of recent research in this field.

More generally, it is evident that there have been, and are, concerns amongst some employers (and other stakeholders – including front-line worklessness delivery organisations) about the amount of support and aftercare in employment that some long-term claimants might need and the lack of time and other resources that they might have to provide this – particularly in a recession. Some of the attempts instigated by CSPs to work across employment and health domains (as discussed in Section 3.3 and 5.3.2) represent a positive way forward in this respect.

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[75] Wood M., Hales J., Purdon S., Sejersen T. and Hayllar O. (2009). *A test for racial discrimination in recruitment practice in British cities*. DWP Research Report No. 607. Corporate Document Services, Leeds.

Concerns about IB claimants having ongoing health problems and about any debt issues associated with long-term worklessness may be relatively more important than actual or perceived shortfalls in recent work experience and/or skills.

The way that work is structured (e.g. a need for flexibility or conversely a need for full-time workers) or the particular working environment (e.g. one in which work is physically demanding) may militate against some sub-groups more than others in their relative attractiveness to employers. So, for example, a demand for unsociable shift working may mean that employers do not consider lone parents an appropriate group, while a physically demanding job may not be considered suitable for some IB claimants.

There is a school of opinion suggesting that it is important not to 'put employers off', and so rather than dwelling on individual's characteristics, the barriers they might face in sustaining employment and their area of residence, emphasis needs to be put on 'getting people work ready'. In part, this reflects an underlying potential tension between encouraging employers to recruit from long-term workless groups (as part of a social model focusing on using the corporate social responsibility agenda to persuade employers to recruit from target groups) and at the same time meeting their business needs. Nevertheless, there appears to be general agreement across CSPs that part of the role of CSPs is to overcome any reluctance to employ from particular workless sub-groups and areas, through interventions such as pre-recruitment training and helping to make recruitment processes more accessible to workless people, as well as seeking targeted funding (e.g. through the European Social Fund) to help address specific barriers to work faced by long-term claimants and attempts to work with employers and agencies to influence attitudes and behaviour. It is important, though, to build some element of 'fairness' into the recruitment process and guaranteed interviews are one way in which this can be done. This stops short of a full offer of employment at the start of training, yet it still gives the individual client something to aim for. Importantly, at the end of the process, the employer is not corralled into awarding a job if the client is not suitable, and the client feels that the job has been obtained through merit. An important part of the model is the recognition that recruitment from the most disadvantaged groups is likely to produce a greater demand for post-employment support. However, to date, it appears that less attention has been paid to this aspect of supporting individuals once in work to sustain their employment.

Reflections on the role of employer engagement

Most CSPs outlined in their business plans that employer engagement would form one stream of CSP activity because it was important to deal with issues of supply of, and demand for, labour in the local area. However, the majority of CSP work has focused on supply-side measures such as training programmes and ensuring that clients are job ready. Direct employer engagement though, as evidenced in the Leicester example, can be an important link in taking clients through the journey into work. However, CSPs should note that meeting the needs of an individual

employer is not (necessarily) the same as meeting the needs of employment in the local labour market. The Work Highcross project in Leicester (outlined in Box 4.8) demonstrates that the needs of the employer and the social imperative to extend opportunities to those groups who have traditionally been marginalised by employers need not be incompatible. Arguably the balance of recruitment at Highcross would have been very different without the CSP's intervention.

4.5   Projects, initiatives and programmes

As noted in Chapters 1 and 2, the CS initiative was intended to draw together in a partnership various local stakeholders, who would work together to tackle the problems of worklessness. In principle this might result in no new initiatives, but rather a more co-ordinated approach to delivery of existing interventions. However, it was always unlikely that this would be the case. The pathfinders mapped the various provisions for different client groups and it was unlikely that this process would not have revealed gaps in provision, indeed pathfinders often engaged in the mapping exercise with the view that it would provide evidence which would be vital in commissioning new interventions. Added to these attempts to map existing provision, the possibilities brought about by partners joining up across spatial boundaries, have clearly provided impetus for a range of new projects, initiatives and programmes.

The balance between CSP strategic activity and CSP project development and programme activity has varied such that some CSPs may be considered to have followed a strategic approach, whereas others may be usefully thought of as having followed a project-based or programmatic approach (as shown in Box 2.1). A key strength of the latter approach is that it has been easier for such CSPs to demonstrate 'quick wins', yet arguably these quick wins may not come from the most disadvantaged groups. On the other hand, some CSPs who have been more focused on delivering projects and/or programmes have expressed the view that some of the other CSPs have focused too much on strategy, at the expense of delivering 'on the ground'. Whether CSPs have been largely programme-based, or strategy based, it is the case that every CSP has instigated some new activity under the CS banner.

This section considers some examples of such new activity. The following examples are just that; examples of what CSPs have done, and in no way do they account for even a fraction of the activities of the CSPs. AEA case studies form the basis for much of the detail of what individual CSPs have done, and these studies themselves were selected from a range of options so that various areas of activity could be investigated and showcased. The new types of activity which have resulted from CS include various client engagement initiatives, training initiatives and employer engagement initiatives (see the examples of partnership working to overcome employment barriers (Box 4.9) and the South Yorkshire Skills Passport (Box 4.10). However, the West London example (see Box 4.11) is a reminder that management and rationalisation of the Welfare to Work services in a local area is an important aspect of the CSP brief, which should not be overlooked.

Box 4.9   Partnership working to overcome employment barriers, Heads of the Valleys

Synopsis: This is a case study of a training programme designed to provide, on completion, a Foundation Craft Award (equivalent to a level 2 qualification) in the construction sector. Work experience was combined with training and the candidates received the national minimum wage during the period of their participation.

Activity: JobMatch (the CSP in the Heads of the Valleys) and Communities First (CF), the Welsh Assembly Government's key programme for improving living conditions and prospects for those in the most disadvantaged communities, came together in July 2008 to develop a routeway into employment for a group of boys in local comprehensive schools. Out of 15, five were selected to take part. The main employer taking part was Quadron, a medium sized contractor to the United Welsh Housing Association. United Welsh encourage their contractors to participate in this type of activity.

Outcomes: Three of the five individuals moved on to an apprenticeship, and one other went into employment. The final candidate proved more of a challenge and continued to receive support from the partnership.

Assessment: This employment route can be considered a success and there are three key factors contributing to this: Firstly, the **partnership** between key agencies provided real employment experience and training, leading to a recognised qualification in the sector. Secondly, the **support offered was customised** to the needs of the individual so that particular barriers could be addressed. Finally, the **support offered extends beyond** the time of training and continues through the individual's transition to the 'real' labour market.

Box 4.10   South Yorkshire Skills Passport

Aim: To demonstrate to employers that successful candidates had achieved an acceptable level of job readiness.

Background: Many employers expressed concern that large numbers of job candidates, especially those long-term unemployed or inactive, were ill-prepared to slot into their work on day one. Many would require some preliminary basic training, and with this in mind it was proposed that a set of generic employability skills be identified that would be applicable across sectors. Initially the discussions were in the borough of Sheffield only. Quickly this generated interest in the other three boroughs in the South Yorkshire CSP (Barnsley, Doncaster and Rotherham) and the concept evolved into the scheme becoming a sub-regional tool. Discussions were held at the Work and Skills Boards (WSBs) focusing especially on employers' needs and priorities. Further Education (FE) colleges and other training providers were also approached to see who might be willing and able to deliver the necessary Open College Network training elements. It was agreed to pilot the South Yorkshire Skills Passport (SYSP) with selected employers in each borough.

Piloting: For piloting two broad models were developed. The first kept the original focus on generic employability skills, leaving specific elements in the hands of future employers. The second model took a more sector specific approach with courses offering a different mix of training components depending on the sector of work they were targeting. The second model was developed because some employers who volunteered for the pilots wanted more specific pre-employment training needs to be met.

Differences between the constituent boroughs: The SYSP developed at different speeds and in different forms in each of the four boroughs. In Barnsley for example, the SYSP was initially developed in conjunction with a local manufacturer, who guaranteed interviews for those completing SYSP. In Doncaster, the approach followed the first model of generic skills, and was not linked to a local employer. In Sheffield piloting involved a two-stage pre-employment training package agreed with a local NHS trust, the first part providing generic employability skills and the second more specific grounding for people seeking jobs in a range of hospital support services. Rotherham is somewhat less far forward than the other two boroughs with the development of their SYSPs, though evidence suggests that it is likely to follow a sector-specific approach.

Issues: Parallel development of SYSP in the four boroughs has given rise to some concerns about consistency of the brand, though for some, the adaptability is a key strength. Eligibility criteria restrict expansion of the SYSP – courses are linked to streams of funding and, in general, eligibility rules are not sufficiently flexible to allow people funded via other sources to be admitted to the same course. On the positive side, it is clear that the link with employers (where established) has proved to be a major incentive for both the employers and for the trainees.

The trainees appreciated the feeling that there was a destination at the end of the training, and the employers appreciated that they would get a certain calibre of candidate. Undoubtedly the experience of SYSP raises certain wider issues pertinent to the Welfare to Work policy debate, but the experience so far shows that if employers can be engaged that there is value in developing this model.

Box 4.11   West London Working Performance Rating

Background: This is a prototype based on the LSC Framework for excellence and DWP's Star Ratings, adapted for use by local authority and London Development Agency funded providers of worklessness services. West London Working (WLW) had identified in its business plan a lack of planning and co-ordination in the provision of services because of the absence of a quality and performance management system.

Key aims: The scheme aims to **benchmark the achievements of West London employability services** by using **management and performance information**, and **evidence of customer satisfaction** collected by delivery partners. This will provide a **transparent evidence-based record of delivery against grant**, which can then be used in the **procurement process**. Areas for improvement will be identified, and the framework will allow lead delivery partners to **manage their sub-delivery partners more effectively**.

How it works: The performance rating consists of three key performance areas (KPAs), and six key performance indicators (KPIs). The KPAs are Contract Performance (assessed by two KPIs – delivery against grant targets and delivery against grant diversity targets), Quality (assessed by three KPIs – validated self assessment of quality, customer satisfaction and the conversion factor) and Contract Compliance (assessed by one KPI – contract compliance and contractor pro-activity in delivery). Lead grant holders and their sub-delivery partners were all part of a Performance Rating Development Group, which met regularly and were involved in detailed development work designed to ensure best use of existing data and minimal additional data collection requirements. The funder allocates a rating to each grant holder, and they in turn award a rating to each of their subcontractors. Performance ratings were not made public during the pilot period, but the intention is that they will be, once the scheme is fully operational.

Outcomes: At the end of the pilot a series of one-to-one meetings was held with stakeholders to review the effectiveness of the rating and identify any changes necessary. Providers felt that the rating offered greater transparency on how their performance was assessed, and the benchmarking against other providers acted as a means of improving performance. Contract managers felt that the framework provided a suitable means of addressing under performance.

4.6 Key messages

On the basis of evidence presented in this chapter it is clear that:

• the role of CSPs is generally accepted to be to provide support to mainstream provision, plug gaps and to offer supplementary services to specific individuals or client groups, so that local services provided are improved;

• many CSPs have chosen to target their resources, either by area or by sub-group of benefit claimant;

• CSPs have mainly organised their activities around the related aims of client engagement and employer engagement;

• whilst the 'theory of CS' did not necessitate new interventions and activities, all CSPs have used the opportunity to assess welfare provision in their areas and to deliver evidence-based interventions;

• CSPs have also instigated activities designed to improve the management of contracts.

5 Evidence of the impact of City Strategy

Chapter 4 reviewed the activities of City Strategy Pathfinders (CSPs). This chapter assesses evidence of the impact of City Strategy (CS). First, qualitative evidence relating to the **processes** adopted by CSPs is discussed (Section 5.1). Secondly, the focus of attention shifts to looking for a change in **outcomes** – in other words, can it be said that CS has been successful in reducing the numbers on benefit and increasing the employment rate? (Section 5.2). Then Section 5.3 considers the extent to which CS has effected a **cultural change** in the way in which worklessness is tackled by the CSPs. The chapter concludes with a summary of key findings (Section 5.4).

5.1 Evidence relating to process

5.1.1 Improvements in partnership working

Whatever the precise arrangements in each CSP, the aim of CS is to promote more effective strategic planning and delivery through partnership working, as set out in Figure 2.2. For this to happen requires partnerships that work together in a joined-up manner to develop a shared understanding of local needs and to reduce gaps and overlaps in services through developing a more coherent approach, rather than partnerships in name only where partners continue to operate independently. As one core staff member from a CSP noted: *'common interest is a prerequisite for effective partnership'*.

Inevitably much of the effort of many CSPs in the initial months of the initiative was focused on the process of establishing new or better working relationships with partners. CSPs were, however, at different stages of partnership development in April 2007 (as emphasised in Chapter 3). This meant that initially there were substantial differences in the progress made towards effective partnership working, and in at least one instance it was reported by a staff member who had involvement in the development of the CSP from the outset that: *'the development phase was accomplished'* prior to the inception of CS. Some members of CSP core

staff teams were of the view that: *'building on a history of partnership working was useful'*. Others did not necessarily believe this to be the case, and emphasised instead how: *'The new initiative* [i.e. CS] *allowed partners to mobilise around something neutral.'* Nonetheless, strong working relationships between partners were soon formed within most CSPs. These working relationships often took the immediate form of increased communication through regular meetings but beyond that they led to real changes in the way that partners worked together. Amongst such changes were:

• greater collaboration and shared language, priorities and targets around employability;

• greater clarity to the planning process; and

• increased speed of development.

By the end of the first year of operation, evidence from Area Evaluation Advisers (AEAs) and from local evaluations suggested that effective partnerships were operating in CSPs, although the extent to which this had happened varied across CSPs. There was evidence of clear support amongst partners for the strategic aims of CS. There were several instances of CSPs engaging successfully with other elements of a larger local or sub-regional regeneration structure. For instance, Dundee CSP operates as part of a wider Dundee Partnership's Employability Programme, while in Glasgow the CSP was delivered by the Glasgow Works structure – both of which are linked with the Community Planning Partnerships. In these instances the CS agenda and that of the wider organisation/partnership have been successfully aligned. Many other CSPs have reported positively in terms of partnership working, suggesting that the members of the CSP have found new and better ways of working together and have seen progress with the integration of employability, health (see Section 5.3.2 for further details), assessment, community and employer engagement as part of a single and continuing local development process.

As time has passed, so partnership arrangements have evolved and matured. In the survey of CSPs conducted in summer 2009 (see Appendix C for details), all CSPs 'agreed' or 'strongly agreed' with the statement that: 'CS has led to enhanced inter-agency working at strategic level'. There was a slightly less positive response to the statement: 'CS has enhanced inter-agency working at operational level', but even so the overall response was extremely positive. Most CSPs 'strongly agreed' or 'agreed' that: 'CS has extended the scope of partnership working beyond employment and skills to include partners from other domains', although two CSPs indicated otherwise. Commenting on their own experience, it was reported by South Yorkshire CSP that *'within South Yorkshire the public, private and voluntary sectors have collaborated on a wide range of employment and skills initiatives'*; (many other CSPs could have reported similar experiences). In general, co-location of staff from different organisations and policy domains, and newsletters and websites had helped to highlight some of the 'good news stories' of what could be achieved through partnership working to the local media and

local communities. There was strong agreement across CSPs that 'CS has made things happen that would not otherwise have happened', and likewise that: 'CS has improved dialogue with decision makers' – especially so at local level, but also at regional and national levels. In those instances where CSPs had introduced tracking systems, these were felt to have been beneficial in facilitating referrals between partners, with associated benefits for individuals; as highlighted in a response from one CSP: *'clients have access to a range of services that provide the range of support that is required'*.

How CSPs worked in practice often reflected the influence of key individuals or organisations willing to champion the CS concept and aims (as outlined in the discussion of leadership in Section 3.1.2); as one member of the core staff team from a CSP noted: *'Individuals, rather than structures, are important to partnership success'*. Partnerships worked well where there was a clear will for stakeholders to work together. Where key partners (such as Jobcentre Plus) had been reluctant to join the local partnership in an active manner, it often proved difficult to persuade other potential stakeholders and partners to get involved. The absence of key partners tended to compromise the ability of CSPs to forge wider partnership working within their local area.

A further difficulty facing some CSPs was that the CSP area overlapped, but was not congruent with, other initiatives involving partnership working. Thus, some potential partners were already committed to working with other organisations that were not likely to become part of a partnership under the auspices of a CSP. While organisations could, in principle, be members of several different partnerships, such an arrangement will only work so long as the aims and priorities of such partnerships match one another.

Despite examples of positive and improving partnership working, there have also been challenges, some of which have not been overcome.[76] These issues often relate to delivery rather than strategic policy or decision making. While partners may have appeared willing to 'sign up' to the strategic aim of creating an integrated approach to worklessness, translating that commitment into an integrated approach to delivery has been more difficult. Issues which have posed difficulties in many instances include data sharing, setting common priorities and targets and agreeing a common approach to delivering initiatives. One explanation for this might be that each partner in the CSP feels constrained by their existing remit (for example, when priorities and strategic direction are determined nationally) and therefore expects integration to take place through changes in the procedures and practices of other partners (indeed, this factor was highlighted in a local evaluation report for one CSP). Another factor is the level at which partners are represented in CS. In some instances, high level representation at the outset has given way to lower level representation once CS has been launched. The consequence of this change is that representatives may lack the authority to commit their organisation to change and to drive forward the process of integration.

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[76] In any case, partnership working is a dynamic process.

CSPs have indicated that data sharing is important for a variety of reasons including the identification of the scale and location of potential clients, to track customer/ clients and to monitor and assess outcomes and performance. While some CSPs have developed joint databases and tracking systems, at least until recently, these have been the exception rather than the norm. The operational benefits of tracking systems have been highlighted in the discussion above, but the benefits of such systems for fostering and embedding partnership working are important also – as indicated by the example of data sharing in Leicester, where significant strides have been made in developing a tracking system (see Box 5.1 for details of the background to the formation of the system and its features and possibilities). It is clear that the many CSPs hoped to populate their tracking systems using data from Jobcentre Plus. Many CSPs made data sharing requests relating to obtaining individual client names and addresses via Jobcentre Plus. The Department for Work and Pensions (DWP) does appreciate the general point made by CSPs that better data would enable more effective planning and targeting of services. However, the primary responsibility of DWP is the duty to protect the rights of the individual and, as such, any requests for information must be closely checked to ensure compliance with data protection legislation. At the moment this legislation does not allow the bulk transfer of these data in such a way. The whole issue of data sharing is, of course, wider than sharing individual client details, and is far from straightforward. As a means of clarifying some of the legal issues DWP staff have been working on a guide which sets out more explicitly what is possible and how it can be done, so that legislation is not contravened.

Box 5.1   Tracking system, Leicester

Background: It had always been the intention of the Leicester CSP to develop its own tracking system, and in the early days of the initiative the CSP purchased a sophisticated web-based system. Despite having this system, it was not being fully utilised when the current CS database manager came into post in June 2008. Up to that point the system had been mainly used for recording only names and addresses of the clients and minimal activity tracking; it was not using its full power. The main issue with the system was that it had not been set up so that the data input could be extracted. Like the experience of other CSPs, Leicester was unable to get data from Jobcentre Plus to populate the system.

Relationship and system development: By working closely with and developing the relationships with Jobcentre Plus and contractors, the CSP was able to get client details onto the database. When clients are engaged, contractors (such as the local authority, colleges, private providers, etc.) now upload client details onto the system using a standardised form. Variables included on the system are, among others, names, addresses, qualifications, language, benefit type, sector of work sought and ethnicity. Influence has been increased by securing the input from more partners. All partnership members are able to access the client records, which can be used for **case loading**. The data held by the partnership gives the option of **tracking clients** through the benefits and training system and then into work. Partners

can benefit from the case-loading potential of the system, which reduces the possibility of underspend. The CSP currently uses the system to produce periodic 'dashboards' which are records of client outcomes by different variables. The CSP and the accountable body are also able to manage the contracts more effectively through the system as Activity Reports generated per contract immediately highlight if outputs and outcomes are on track to be met. Furthermore the tracking system allows evidence in the form of payslips, letters from employers, etc. to be scanned against the client file, potentially reducing the amount of time monitoring officers have to spend at projects manually auditing paper files. The system has the facility to generate automatic email alerts which can be used to alert either a contract manager or monitoring officer to the fact a certain activity has been completed. This offers a great opportunity to develop an alert system to the monitoring officer to generate payment to the provider for the activity.

The system not only tracks the clients but is used to refine referrals and operational processes through the use of the scanning facility and automatic email alert options; for example, booking onto sector-specific routeways. This is done through the database, if an adviser wants to refer onto a sector-specific routeway they complete an activity form on the database against the clients file and it generates an automatic email to the booking co-ordinator. This is just one example of how the system is used to simplify the process for front-line staff. This highlights the importance of the database manager's involvement in all aspects of the project.

Evaluation potential: From the point of view of evaluation, this tracking system appears to offer certain possibilities. It will be possible to construct some longitudinal case studies of cohorts of clients following them from engagement to their current labour market position. And it will be possible to scrutinise effects by contract, geographical area (e.g. ward) and by benefit type. It is plain that because this system contains individual histories, it offers far greater exploratory (and possibly explanatory) power than any other source, to which the national evaluation team currently has access.

Future prospects: Despite the great strides made by Leicester CSP to instigate this tracking system, its future remains uncertain. One of the great selling points is that the management of the system is located in the chamber of commerce. Clients see this as distinct from either the local authority or Jobcentre Plus, whereas providers feel that because it is outside local authority control it will not be subject to the same protocols and bureaucracy associated with the public sector. Management of Leicester CSP is due to revert to the local authority in December 2009 and the management of the tracking system might also be transferred. There is a real danger that, should the tracking system, be transferred to the local authority, clients will lose trust, and that management of the system will be slowed down by the legal framework under which the local authority must operate, and furthermore, no one has yet been identified with the suitable expertise to step into the management role. Given the effort involved in setting this up, it would be a considerable missed opportunity if it were allowed to become obsolete.

5.1.2 Alignment of priorities

One key objective of CS is to ensure that all agencies tackling worklessness in a local area have a shared view of what is required and align their activities behind that shared perspective. A variety of approaches have been adopted to achieve that end – including **branding** of the CS and associated activities. For instance, the Blackburn with Darwen CSP made worklessness a strategic priority across partner agencies through the development and branding of **Workroutes**. This has provided an overarching identity for the CSP, with its own logo, and has also helped in the marketing of services. Other CSPs have also branded their strategy, sometimes using an existing and well known brand such Glasgow Works (in Glasgow) and the **Jobmatch** programme in the Heads of the Valleys CSP. Likewise, Rhyl CSP emphasises the 'Rhyl City Strategy' brand – both internally to partners and externally in the local community. West London CSP has used the slogan 'West London Working' (i.e. a generic 'neutral' brand) with a view to getting suppliers to associate with a common brand, which is then embedded into contracts; (the brand has not been adopted for use in engagement activities with the local community). In a similar fashion Edinburgh CSP has used the slogan 'Joined Up for Jobs'. In other CSPs, however, the emphasis has been on improved service provision and there has been no explicit aim to make customers aware of the role of CS, and a brand name has not been developed for the purposes of partnership working, inter-agency marketing or wider external communication.

Another mechanism for promoting effective partnership working has been the adoption of **explicit models of the delivery process** (as outlined in the discussion of business plans in Section 2.3). Partner agencies and organisations are then expected to sign up to the model and ensure that their activities are aligned with it. For instance, Blackburn with Darwen CSP adopted a detailed **Employment Progression Model** comprising five key stages through which individuals progress: engagement and outreach, diagnostics, learning and development, employer links and sustaining employment, with a detailed list of agencies and activities described at each stage. A key feature of the model is that it seeks to extend partnership working beyond the usual agencies to include, for instance, Social Services and Children's Services. In Dundee the delivery of CS was encapsulated in a shared 'client journey' model 'The Employability Pipeline' outlining how various services join up to support the client through the steps towards sustained employment. In South Yorkshire the CSP has developed an overarching delivery plan, following a 'whole person' delivery model, to be adopted by all partners, while in Merseyside the CSP has developed a routeway of personalised assistance to individuals from worklessness to employment, with subsequent support for retention, up-skilling and progression. Similarly, Tyne and Wear CSP has set out models of the client engagement process and employer engagement that map the process by which these engagements are to be achieved. A similar approach, an 'Integrated Employment and Skills System', matching the job and skills requirements of employers to programmes to assist workless individuals, has been adopted by the BCBC CSP.

Alignment of priorities is not easy to bring about, especially when partnerships have been forged from existing agencies and organisations with previously differing aims and priorities and, sometimes, a history of rivalry. This has been the case particularly in respect of local authorities which have in the past often competed with one another (for instance to obtain inward investment) and which were often regarded with a degree of suspicion by other partners at the outset. Similar concerns have been expressed in London about the role of the London Development Agency (LDA) which could be seen as driving the London CSPs to an agenda that was not derived from within the local areas involved. The evidence from AEAs is that most concerns about local authorities had evaporated in the light of experience. Nevertheless, issues regarding alignment of targets across organisations remain. It is notable that in the survey of the CSPs conducted in summer 2009, one of the statements for which positive responses were lowest was: 'CS has facilitated the process of alignment of targets across partner organisations', with the single most common response being 'neither disagree nor agree'.

Other aspects of partnership working appear 'patchy', working well in some areas but not in others. The relationship between CSPs and Jobcentre Plus appears to be an important example. Jobcentre Plus has been represented in all CSPs but the extent of their involvement and their willingness to change existing Jobcentre Plus programmes to align with CS appears to have varied considerably, with one member of a CSP core staff team noting that: *'embedding a shared agenda is challenging due to national agency approaches.'*[77] In a number of CSPs Jobcentre Plus appears to not to be fully engaged with CS (as outlined in Section 4.1). One explanation for this is that the Jobcentre Plus districts involved are performing well against their nationally set delivery targets and there is no motivation for them to change existing programmes to meet the needs of the local strategy. It is difficult for CSPs to align their priorities with partners whose targets and priorities are determined at a national level. Thus, the only way in which CSPs can align is to accept the targets of the partner. An added problem, again as highlighted in Section 3.4, has been that many of the changes sought by CSPs in the delivery of Jobcentre Plus programmes would require enabling measures that have not been approved by DWP. As noted in Chapter 3, in some instances the strategic commitment of senior Jobcentre Plus managers appears not to be shared by, or communicated to, line managers and front-line staff delivering Jobcentre Plus programmes. In other CSPs front-line Jobcentre Plus staff are engaged with CS teams even though the agency was not engaged strategically at the local level.

It is worthwhile noting that this aspect of partnership working appears to have improved over the course of the CS initiative, with most CSPs reporting a stronger commitment from, and involvement by, Jobcentre Plus than was formerly the case. This may reflect the activities of CSP teams to engage with Jobcentre Plus but at least one CSP was of the view that the commitment of Jobcentre Plus only

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[77]   Reference was made to Jobcentre Plus and the Learning and Skills Council in this regard.

changed after the announcement that CS would be extended to 2011. This was because local Jobcentre Plus staff realised that the extension meant that CSPs were going to be around for some time and it would be in everyone's interest to try to ensure harmonious working relationships.

5.1.3   Alignment of funding and budget enlargement

As noted in Section 2.2, the amount of funding directly associated with CS is relatively modest. In part, this is a reflection of the aim of the CS initiative to make more effective use of existing resources. At the start of the CS initiative direct funding to CSPs was from DWP's Deprived Areas Fund (DAF) and CS 'seedcorn' funding (to help CSPs establish themselves). The critical funding issue facing CSPs was whether they could secure additional funding or have access to additional funding to support their activities.

One of the principal sources of additional funding for CS is money directed towards CS by partners. It was part of the original CS concept that the effectiveness of local policy would be enhanced by aligning and/or pooling the funding of partners. In the survey of CSPs in summer 2009 there was strong agreement: 14 out of the 15 either 'strongly agreed' or 'agreed' with the statement that: 'CS has encouraged partners to think differently about resource allocation and multi-agency working'. However, such alignment/pooling has not necessarily been straightforward. As one CSP staff member noted: *'different regulations and eligibility criteria applied by different funders militates against complete integration'*. Local authority partners have been an important source of CS funding using money from the Neighbourhood Regeneration Fund (NRF), and subsequently Working Neighbourhoods Fund (WNF) (in parts of England). While WNF has opened up the prospect of an increased 'pot' of money from which English CSPs might benefit, it is also the case that WNF is not ring-fenced for expenditure on worklessness initiatives in deprived areas (as outlined in Section 2.2).[78] In the case of Nottingham CSP, while there was alignment of legacy NRF with DAF, WNF was dealt with by a separate management unit outside the CSP, and some difficulties were experienced around this. Hence, as a CSP staff member commented: *'allocation of funding to partners as a whole rather than individual organisations is a much better model'*.

The sheer scale of funding sources other than those from DWP specifically related to CS is exemplified by the fact that in 2009/10 in the Birmingham, Coventry and Black Country (BCBC) City Region key sources of funding for employability, skills and tackling worklessness were the Learning and Skills Council (LSC) (accounting for around 50 per cent of the total when Train to Gain, Adult Apprenticeships and Adult Learning Support are included), Jobcentre Plus (approximately 25 per cent of the total) and WNF (around 20 per cent of the total). In the Heads of the

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[78]   It is also the case that some local authority areas previously eligible for DAF funding are no longer eligible for WNF funding (for instance, Coventry in the case of the Birmingham, Coventry and Black Country City Strategy Pathfinders (BCBC CSP) and Rotherham in the case of South Yorkshire).

Valleys CSP the main source of funding for provision in the area over the same period is convergence funding from the Welsh European Funding Office. These two examples emphasise that the majority of provision uses mainstream resources.

A wide range of activities have been delivered under the auspices of CS and funded by partners. In many instances these activities have been funded and delivered as part of existing local provision by partners in support of the local CS. Examples of pooling of funding by partners have increased over time and by summer 2009 responses to a survey of CSPs revealed general agreement that: 'CS has led to pooling and aligning of budgets in order to make more effective use of existing resources' and also that: 'CS has led to leverage of additional resources to tackle worklessness and enhance employability' (albeit that such agreement was not universal). Overall, CSP respondents were slightly less positive that: 'CS has led to a reduced duplication of activities amongst partners' and one respondent noted that joint commissioning had had 'mixed results' and had *'not always delivered what was promised'*. The scale of the funding of this type being directed towards CS is quite considerable and appears strongly related to the size of the CSP, and a track record of securing external funding (especially European funding). In general, DWP funding directed to CS has accounted for a larger share of total funding in larger than in smaller CSPs. Large CSPs, like Greater Manchester, BCBC, Merseyside, Tyne and Wear and those in London, have access to partners that operate at sub-regional and regional scales. The London CSPs have been supported by the London Development Agency as well as, in East London, the Olympic London Employment Training Framework. Regional LSCs and regional development agencies have also been major funders of CS activities (with the North West Development Agency having been a key contributor of funding to CSPs in that region). CSPs in Scotland and Wales have benefited from having Scottish and Welsh government funding. In the case of Scotland, CSPs initially obtained funding from Workforce Plus (now combined with other funds for the Fairer Scotland Fund). As noted in Section 2.2, the European Social Fund (ESF) is a key source of external funding.

5.2   Evidence relating to outcomes

5.2.1   Introduction

Two key related aims of CS are to reduce the population dependent on out of work benefits and to raise the employment rates[79], in the target areas. Therefore one way to measure success of CS is to analyse changes in the CSPs' benefit populations and employment rates.

Each CSP is working towards DWP-determined benefit reduction and employment rate targets. This section reviews the CSPs' progress towards both of these sets of targets, and also seeks to provide context, firstly by developing a **comparison area** to contextualise the CSPs' performance, and secondly by **modelling off-flows from Jobseeker's Allowance (JSA)**.

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[79]   The Government's aspiration is for an 80 per cent employment rate.

Data availability also places restrictions on what evidence can be presented here. The three data sources[80] which are used in this section are DWP benefit data, claimant count data and Annual Population Survey (APS) data. Benefit data and claimant count data represent the actual populations in each of the areas; i.e. they are 100 per cent samples. Employment rate data are central estimates, so we also present the 95 per cent level confidence intervals; i.e. there is a 95 per cent chance that the true value lies in the band one confidence interval either side of the central estimate.

Individual level data, which would have been preferable, are not available for any analysis. With individual level data it would be possible to offer further insights into what is happening at the CSP level. Presently only the trend in each of the three key benefit levels (and obviously the sum of these three) at the level of the individual CSP can be shown. The DWP benefit data are themselves derived from the Work and Pensions Longitudinal Study (WPLS), which holds individual level data on all benefit claims. WPLS would allow analysis in more detail. It would be possible to determine in more detail between one quarter and the next, the reasons for the changes in the key benefit levels. This would permit investigation of the impact of population churn (including in relation to the functional role played by different deprived neighbourhoods in their wider locality, and the implications of this for meeting benefit reduction targets)[81], people moving between benefits (important as a measure of distance travelled) and destinations of those leaving benefits.

The benefit reduction targets were calculated by summing the forecast values for May 2009 for each of the three key benefits (JSA, Incapacity Benefit (IB) and Income Support (IS)) and then applying a three per cent 'stretch'.[82] IB and IS were forecast by projecting forward the trends respectively from February 2003 and August 1999 to May 2009, whereas JSA was forecast at a constant level from August 2006 to May 2009.

The employment rate targets were calculated by adding the difference between the benefit forecast and the benefit target to the predicted number employed in 2009. This figure was then divided by the projected working age population to produce the employment rate target.[83] Due to the size of the Rhyl CSP, employment rate data are not of sufficient quality, so no employment rate target was set in this case.

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[80]   All benefit and employment rate data presented are available via Nomis.

[81]   Robson, B. with Lymperopoulou, K. and Rae, A. (2009). *A typology of the functional roles of deprived neighbourhoods*. Communities and Local Government Publications, Wetherby.

[82]   DWP initially envisaged a five per cent stretch, but after negotiation a three per cent figure was agreed.

[83]   Employment rate figures are taken from the Annual Population Survey. Each figure expressed is the central estimate; the true value may be different, but we can say with 95 per cent certainty that it lies within the stated confidence intervals.

An analysis of changes in benefit populations and employment rates should seek to comment on the following issues:

• **Additionality** – the question of how much of the observed effect would have occurred in any case.

• **Attribution** – the question of how much of the observed effect has been caused by CS activity.

• **Distance travelled** – the question of how far CS activity has moved clients towards the labour market.[84]

5.2.2 Progress against benefit reduction targets

Table 5.1 shows the original benefit reduction targets for each CSP. These were determined from August 2006 data and relate to May 2009.

Table 5.1 Nationally determined benefit reduction targets

CSP	August 2006	Forecast (May 2009)	Target (May 2009)	Target benefit reduction
West Midlands (BCBC)	126,490	121,625	117,977	3,648
Blackburn with Darwen	14,960	14,253	13,825	428
Dundee	17,080	16,236	15,749	487
East London	131,570	127,211	123,395	3,816
Edinburgh	34,300	32,521	31,545	976
Glasgow	87,760	78,692	76,331	2,361
Greater Manchester	125,780	120,096	116,493	3,603
Heads of the Valleys	38,360	34,235	33,208	1,027
Leicester	30,920	30,619	29,701	918
Merseyside	107,450	95,757	92,884	2,873
Nottingham	32,305	30,593	29,675	918
Rhyl	3,590	3,336	3,236	100
South Yorkshire	117,130	109,402	106,120	3,282
Tyne and Wear	88,305	78,873	76,507	2,366
West London	114,430	112,873	109,487	3,386
All CSPs	1,070,430	1,006,322	976,133	30,189

Source: DWP Administrative Benefit Records, obtained via Nomis. Information obtained via a DWP statistician; (except for final data column calculated here).

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[84] Little can be said about the question of distance travelled without having access to individual client data. This is disappointing as it is an important element of the initiative. If, over the next two years, more CSPs are able to develop and allow external access to client tracking systems, this might allow further exploration of the issue.

Equivalence of targets

As noted above, the same method was used for calculating the benefit reduction targets for each of the CSPs. Because of this fact, it may be tempting to infer that the CSPs have been set equivalent targets and can therefore be ranked in their performance towards them. In fact there are three main reasons why targets may not be considered equivalent:

- the CSPs have different benefit histories;
- the CSPs have different benefit profiles; and
- targets do not always apply to the whole CSP area.

Benefit history

For the period of time used to set the targets, Great Britain as a whole saw a steady decrease in the numbers claiming IB and IS, and this was also true for these benefit profiles within the CSPs. However, the rate of change is different across the CSPs. This has important consequences for the setting of the targets. Those CSPs where either (or both) IB or IS number fell fastest prior to the setting of the targets had more demanding targets as the previous trend was assumed to continue. The problem is that especially with non-active benefits, reductions in numbers might be expected to slow down over time as the benefit population becomes a core of those who are most difficult to move into employment. So those CSPs who have had most success in bringing down these benefit numbers have, for the purposes of the evaluation of the CS initiative, by their own previous successes made their benefit target more challenging.

Benefit profile

Although the aim of CS is to reduce the numbers on the three key benefits the benefit profiles across the CSPs varies. If the hypothesis is that some benefit claimants are harder to help than others, then this suggests that some CSPs may find benefit reduction more challenging.

For every CSP, without exception, the largest benefit group has been (and remains) those claming IB (or Employment and Support Allowance (ESA)). This profile is long established. However, the proportion on the different benefits varies across the CSPs. For example, at May 2007, the proportion of IB claimants in the Heads of the Valleys CSP was over 70 per cent, whereas in East London CSP the proportion was under 50 per cent. At the start of CS, in each CSP the numbers (and therefore the proportions) on Income Support for Lone Parents (ISLP) and JSA were quite similar. It is not always the case that the numbers claiming JSA are higher than those claiming ISLP, though that is the case (and has been the case) for more CSPs than not. However, there is, difference across CSPs. For example, at May 2007, in West London the proportion on ISLP was over 25 per cent; in Rhyl the proportion was under 15 per cent. It is the case that the relative proportions of the three key benefit groups has remained fairly stable over the two year duration

of CS, though there has been some movement because of the recent rises in JSA claimants (see opposite).

Although JSA claimants in the 15 CSPs always constituted less than one-third of the key benefit stock in each of the areas, the target for each CSP is heavily influenced by what happens and what has happened to JSA numbers: First, as those on JSA may be considered as closer to the labour market than those on either IB or ISLP, a large part of achieving success for CSPs rests in reducing this number. Secondly, because of the way in which the JSA component of the target was computed, this has implications for the difficulty each CSP has faced in meeting the target. The JSA component has been calculated as flat from August 2006 to May 2009 and then the three per cent stretch has been applied. JSA claimant numbers tend to be seasonal and also are affected by wider economic concerns and this is why DWP did not model these data. However, with all the emphasis on this one data point, the historical patterns of JSA claimants in the different CSPs have not been taken into account in setting targets. For some CSPs the JSA figure for August 2006 may have been higher than usual, in which case it follows that achieving the target would be made slightly easier. On the other hand, the August 2006 figure may have been lower than usual, and achieving the target, therefore, would be more challenging. The size of the recent downward trend in the national economy has effectively made this point redundant.

Geographical coverage of targets

For some CSPs – such as BCBC, Heads of the Valleys, Merseyside, Nottingham, Tyne and Wear and Greater Manchester – the benefit reduction targets have been set for a sub-section of the CSP; typically, those with the very poorest employment records and longstanding issues of deprivation. This could affect the targets in one of two possible ways: First because the areas were those with long histories of worklessness, this could mean that reducing benefit numbers in these localities is much more difficult than it is across the whole of the CSP. On the other hand, if benefit numbers in these areas have been falling more slowly than in the wider CSP, the targets will reflect this and, at least in theory, they will be more easily achieved. The way in which these CSPs differ from the others might be suggestive of whether those in the most deprived areas face qualitatively different barriers to employment than the workless in less deprived areas.

Table 5.2   Figures on key benefit levels, February 2009

CSP	February 2009	Target (May 2009)
West Midlands (BCBC)	131,060	117,977
Blackburn with Darwen	16,140	13,825
Dundee	17,130	15,749
East London	128,610	123,395
Edinburgh	35,340	31,545
Glasgow	85,290	76,331
Greater Manchester	131,140	116,493
Heads of the Valleys	39,630	33,208
Leicester	33,290	29,701
Merseyside	109,170	92,884
Nottingham	34,925	29,675
Rhyl	3,940	3,236
South Yorkshire	127,360	106,120
Tyne and Wear	92,095	76,507
West London	114,970	109,487

Source: DWP Administrative Benefit Records, obtained via Nomis.

The key benefit figures for February 2009 indicate that no CSP had passed its target for benefit reduction. However, over the lifetime of the initiative there were points when various CSPs had benefit populations which were lower than the May 2009 target. For all the CSPs, the latest benefit figures are somewhat worse than they were at the same point a year previously. The trends for each of the three key benefit levels from the start of CS to the latest figures show that for IS and IB there has been a gradual decline in the numbers claiming these benefits. JSA figures, on the other hand, have been the most volatile (see Appendix E). Those CSPs who had, over the course of the two years, brought their benefit populations below the May 2009 target, had done so largely because of sizeable reductions in JSA numbers. One illustration of the problem of attribution is that even by the time of the launch of CS, some CSPs had virtually already 'achieved' their benefit reduction targets. In such cases, the sharp decline in benefit numbers between August 2006 and May 2007 had almost entirely been due to large falls in JSA numbers. Of course it is to be expected that those on JSA would be most able to move quickly into the labour market, however it might also be expected that one effect on CS would be to move some individuals from IB or IS nearer to the labour market, and onto JSA.

It is questionable whether moves off JSA, even those within the two-year time-frame, can be claimed as success for CS interventions. JSA clients in general, and certainly the shorter-term JSA clients, are not the main intended recipients of CS support, and indeed are not always eligible.

Any change in benefit levels **might** be attributable to the activities of CS although such differences are just as likely to reflect forecasting errors or, if real, to reflect

changes in the national economy or the impact of other policies operating in CSP areas. The key point here is that improvements cannot all be attributed to CSP activities, while a lack of progress towards the targets does not mean that CSP activities are necessarily ineffective. The question of attribution is especially important given the widely known changes to the national economic situation during the time of the initiative, and because of the poorer than expected performance of the UK economy, we propose two methods to contextualise the quantitative evidence.

New targets that have been set for CSPs are relative, along the lines of National Indicators.[85] In practice what this means is that targets are defined in the same way as NI 151 (working age employment rate) and NI 152 (benefit claimant rate) and that progress is measured in terms of reducing the gap between the CSPs and the Great Britain average. This method still does not measure 'value added' by CSPs, and is potentially more difficult to understand than an absolute figure; however, it does not require forecasts of employment and benefit rates to be made, and it does mitigate against some of the effects of large-scale shifts in the national picture. (These relative targets are not the subject of analysis in this report.)

5.2.3   Employment rate trends

Table 5.3 shows the centrally determined employment rate targets.[86]

Table 5.3   Nationally determined employment rate targets

CSP	September 2006	Forecast (June 2009)	Target (June 2009)	Target employment rate change (percentage point)
West Midlands (BCBC)	67.9	64.7	67.9	3.20
Blackburn with Darwen	66.6	66.2	66.7	0.50
Dundee	71.0	72.7	73.3	0.60
East London	60.2	62.9	63.4	0.50
Edinburgh	77.2	80.4	80.7	0.30
Glasgow	64.3	63.9	64.5	0.60
Greater Manchester	72.5	71.9	72.5	0.60
Heads of the Valleys	67.8	68.4	69.0	0.60
				Continued

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[85]   http://www.communities.gov.uk/publications/localgovernment/finalnationalindicators (accessed 16 January 2010).

[86]   DWP benefit data and Annual Population Survey (APS) employment rate data are issued quarterly. Claimant count data are issued monthly and have a shorter lag time than DWP benefit data.

Table 5.3   Continued

CSP	September 2006	Forecast (June 2009)	Target (June 2009)	Target employment rate change (percentage point)
Leicester	67.4	68.4	68.9	0.50
Merseyside	68.0	67.7	68.2	0.50
Nottingham	66.1	69.1	69.6	0.50
Rhyl		No target set		
South Yorkshire	69.7	67.5	69.7	2.20
Tyne and Wear	69.7	69.5	70.0	0.50
West London	69.8	68.0	69.8	1.80

Source: APS, obtained via Nomis. Information obtained via a DWP Statistician.

Notes:

Projected benefit levels and employment rates were measured at slightly different times according to when the data were released.

The percentage point changes in the final column represent the June 2009 target minus the June 2009 forecast.

Table 5.4   CSP employment rates, March 2009

CSP	March 2009	95% confidence interval (+/-)	Target (June 2009)
West Midlands (BCBC)	65.7	1.0	67.9
Blackburn with Darwen	66.0	2.8	66.7
Dundee	69.1	2.8	73.3
East London	63.8	1.7	63.4
Edinburgh	77.1	2.6	80.7
Glasgow	65.5	2.5	64.5
Greater Manchester	70.0	0.9	72.5
Heads of the Valleys	66.3	1.4	69.0
Leicester	63.6	2.8	68.9
Merseyside	66.3	1.2	68.2
Nottingham	62.8	2.9	69.6
Rhyl		No target set	
South Yorkshire	69.5	1.4	69.7
Tyne and Wear	70.2	1.2	70.0
West London	71.7	1.6	69.8

Source: APS, obtained via Nomis.

Figures for March 2009 are the latest statistics available.

Like the targets for benefit reduction, it is difficult to definitively link high employment rates with successful CS activity, and similarly low employment rates need not necessarily suggest poor CS performance.

Because the employment rate figures are estimates from a sample survey, this introduces a further element of uncertainty, and therefore these rates should be treated only as a guide to general economic performance in the CS areas. It has been well documented that during the time of CS the economy has performed poorly, and CSP areas have not escaped the effects. This can be seen in the time series for both the benefit profiles and the employment rates for the CSPs, which are included in Appendix E.

5.2.4 Developing a Comparison Area

Partly due to the changes in the macro-economic situation since the targets were devised, measuring progress towards these targets has become more problematic. Therefore, to provide another method of measuring CS performance, the benefit trends in an appropriate comparison group were calculated. The comparison group is intended to form only a guide. For example, the areas selected may have other policies impacting on employment rate and benefit levels and also be subject to the same national employment policies as the CSPs.

The first issue to address is what might be a suitable comparison for CS areas? One comparison that could be attempted is to compare the CSPs with the national picture. A further refinement of the above would be to compare the CSPs with the national figures minus the CSPs' own figures (i.e. measurement of the gap between the national picture and the CSPs). The principal reason for rejecting either of these two permutations is that it would be expected that when benefit figures are reducing, the rate of reduction would be highest in the areas of highest worklessness. If this is correct then comparison against either of the two options above would present an overstatement of the performance of the CSP areas.

Finding suitable comparators for each of the CSPs is only a worthwhile task if the results from such an exercise can be used to derive a definite answer. As there is no way, given the multiple policy interventions which are in operation, not to mention other external factors, this could ever be the case in this instance. For the reasons given, it was decided to define an area which can then be compared against the CSP areas in aggregate.

Selection of local authorities for inclusion in the comparison group area was based on the claimant count (JSA) as a proportion of the working age population, and working age employment rate figures for the year April 2006 to March 2007 (inclusive). Local authorities were included in the comparison group if they had a claimant count at, or above, the national average and a working age employment rate at, or below, the national average. So at least in terms of their benefit and employment

rates, the local authorities are very similar to the CSP areas.[87] Applying this method produced a comparison area of 50 local authorities which were distributed across the Government Office Regions and nations as illustrated in Appendix F.

The area selected is smaller than the total area of the CSPs; it covers a working age population of 5,317,100 (denominator for the employment rate calculation), compared with 9,366,000 for the CSP areas.

An analysis of the trends in key benefits over the duration of CS did not show a large difference between the CSP areas (taken together) and the comparison area. There are a number of possible interpretations of such a finding; however the most plausible is that the effect of CS, if indeed there is one, is too small to be detected and isolated from other effects when looking at these data. CS areas and the comparator area both show a large increase in the numbers of JSA claimants from June 2008 onwards, suggesting that the same macro-economic factors are affecting job numbers in both areas.

Using this method of comparison is indicative of the context in which CSPs have been operating, but it does not provide definitive evidence of the additional effect of CS activity. In order to try to isolate the **CS effect**, an exercise in modelling off-flows from JSA was undertaken, the results of which are presented in Section 5.2.5.

5.2.5   Modelling benefit off-flows

The CS initiative was designed to accelerate exits from benefits and entry to employment by increasing the effectiveness of support for workless people within CS areas. This improvement in effectiveness would come about through better co-ordination of support, aligning policies, pooling resources and removing duplication of services. If successful, CSPs could be expected to have a positive impact on off-flows from benefits and entries to employment. One method of assessing the impact of CSPs is, therefore, to examine benefit off-flows for evidence of an increase following the establishment of CSPs in April 2007.

In principle an analysis of benefit off-flows would seek to answer three key questions:

• At what rate did claimants leave benefits before the introduction of CS?

• Has there been any change in the rate of exit from benefits since the launch of CS?

• Were there factors other than CS that would account for any observed change in exits from benefit?

This section presents a summary of the results of this modelling exercise. A fuller, more technical report is available at Appendix G.

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[87]   Edinburgh CSP is somewhat of an outlier as it has a much higher employment rate than other CSP areas.

There are a number of ways in which off-flows can be defined:

a) aggregate (i.e. all types of benefit claimants) exits from benefits;

b) aggregate exits to employment;

c) exits from individual benefits (i.e. different off-flow rates for JSA, IB, etc.);

d) exits from individual benefits to employment.

Of these:

- type (a) is of interest to the Exchequer since any exit from benefit will save public money'

- exits to employment, (b) are also of interest to the Exchequer, but will be lower than (a); they are more relevant if the foremost interest is in increasing the local employment rate;

- type (c) exits might be more appropriate to consider if it is thought that CS will affect some benefit claimants more than others (so the model would measure impact more effectively) (however, not all exits will represent an Exchequer saving as some exits from (say) JSA will be entry to IB);

- type (d) exits are the 'best of both worlds' in that differential effects on claimants might be detected and movements between benefits are ignored.

It is important to note that exits to employment represent a small proportion of exits and may not be (in fact, certainly are not) fully recorded (there are many people who leave benefit to unknown destinations).

It must be acknowledged that modelling off-flow rates provides a view of the overall **effectiveness of CSPs**, not the **efficacy** of CS interventions. Even if CS was very efficient and increased off-flow rates by (say) 20 per cent, if CS interventions only touch or reach ten per cent of the population of the area then the overall effect of CS would be to raise off-flow rates by only two per cent. Such a small change may not be detectable, or be within the margins of error associated with the estimates. This does not mean the analysis is not worth undertaking, just that a zero impact in the aggregate should not lead to the conclusion that CS interventions had no effect on those they touched. It might, however, imply that CS was not a very effective way to reduce the number of benefit claimants (and other ways might give a bigger effect).

Regression analyses were performed to model off-flow rates from JSA[88] in each of the 15 CSP areas, and also for the comparison area (i.e. type (c) above). Variables included in the regressions were the lagged off-flow rate, a dummy variable for CS and a measure of demand in the local labour market, which was calculated as the unemployment to vacancy ratio in the travel-to-work area in which the CSP was

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[88] JSA off-flows are available monthly, whereas flows off IB and IS are only available quarterly.

located. The CS dummy variable was used to test if there was an effect associated with the CS initiative, and the other independent variables were used to control for other effects, so that the effect due to CS could be isolated. A further series of regressions was specified where the dependent variable was changed to off-flows to employment – type (d). If the regressions are specified successfully, the CS dummy variable should indicate the additional effect of CS activity, following the introduction of the CS initiative.

Results of these two series of regressions did not provide conclusive evidence of an additional CS effect. For the first series of regressions, the CS dummy variable was found to be **positive** and **significant** for the majority of the CSPs. Although this might indicate a positive effect of CS activity, this relationship was also observed in the comparator area, where no CS activity had taken place.[89] For the second series of regressions the CS dummy variable was found to be **significantly negative** for the majority of CSPs, indicating that since the start of CS, off-flows to employment had actually decreased. Again, this relationship was observed in the comparator area. It should be noted, that for both series of regressions the size of the CS effect was much smaller than the effect of the unemployment to vacancy (U/V) ratio on off-flows, so indicating the importance of labour demand.

These results indicate the difficulty of trying to model CS off-flows in such a way. It is questionable whether any effect would be detectable, given that CS does not seek to engage with all of the JSA clients in the area. Furthermore, since the same effects were also observed in the comparison area, this suggests that there may be a time series effect occurring in both the CSPs and the comparator area, which was not adequately accounted for by the specification of the model.

All of the evidence presented in Section 5.2 suggests that providing definitive evidence of the effect of CS by observing trends in the available data is problematic. Indeed, it is very difficult to see any positive impacts via 'top down' data on workless rates. Rather a micro-level approach is more appropriate, following beneficiaries of CS (and other) interventions and their experiences over time. As noted already, some CSPs have tracking systems, which may allow such interrogation in a second phase of evaluation. It is true that this approach would still have to address the counterfactual issue and the question of whether the changes would have happened irrespective of the CS activity, but by following individuals through interventions a much greater understanding of the dynamics of the customer journey will be achieved.

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[89]   This is not to say that the comparator area was devoid of other job activation schemes.

5.3   Evidence of cultural change

5.3.1   Reflections on new ways of working

Although process and outcomes are important measures of the CS experiment, arguably a major test of whether CS has really delivered anything new is the extent to which partners themselves buy into the strategic idea of a joined-up and integrated jobs service. In short, **has CS precipitated a cultural shift in the way in which worklessness services**[90] **are organised and delivered?**

Certainly, the results of the survey of CSPs conducted in summer 2009 revealed strong agreement across CSPs that: 'CS has raised the profile of reducing worklessness and enhancing employability amongst local partners'. Similarly, there was positive endorsement of the statement that: 'CS has helped to deliver a shared agenda for tackling worklessness'. In practical terms, one respondent pointed to *'better and more joined-up services'* and also noted that *'outreach is more coordinated'*.

In terms of fostering **innovative working**, some national stakeholders interviewed in spring/summer 2009 highlighted the fact that some CSPs had developed ways of getting people into work by addressing issues that mainstream provision had either overlooked or neglected and, more particularly, by simplifying and *'knitting together'* interventions and services that already existed. One national stakeholder noted a *'culture shift'* – in that *'where funding goes is subject to much more scrutiny than before'* and that *'funding is much more tied to outcomes'* than was formerly the case. However, rather than emphasising examples of innovative working from CSPs[91], national stakeholders tended to emphasise the fact that *'City Strategy initiative itself was **the** innovation'*. This was especially so given that, as one national stakeholder noted, the lack of enabling measures meant that the environment within which CSPs were operating was 'less adventurous' and therefore, that innovation could not be expected. On the other hand, in a survey conducted in summer 2009, 14 out of the 15 CSPs agreed or strongly agreed with the statement that: 'CS has facilitated the development of innovative approaches to address local issues'. Ten out of the 15 CSPs strongly agreed or agreed that: 'CS has led to markedly different interventions to those previously implemented by national/regional/local organisations in the CSP area' (the other five neither disagreed or agreed).

Perhaps more significant than a focus on innovation per se, the statement in the survey which elicited the highest positive approval was: 'CS has helped make things happen that would not otherwise have happened' (i.e. highlighting the enabling/facilitating role of the CSP in promoting synergy). More indirectly, but

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[90]   It should be noted that CSPs are not the only driver of cultural change in this domain. Further discussion of the context is given in Chapter 6.

[91]   Some interviewees felt that whether or not there was innovative working 'does not matter'.

nevertheless importantly, one Board member from Rhyl CSP noted how being involved with CS had meant *'a whole address book of new contacts'* and the fact that engagement in CS had enhanced their awareness and appreciation of the activities of other organisations, which had resulted in positive spin-offs in non-CS matters also. In part, this is testament to the strategic influence of CS, in that it is felt by CSPs themselves, to have facilitated improved dialogue with decision makers locally, regionally and nationally. Of course, dialogue is just one step on a journey and it should be acknowledged that the time it takes to bring about significant cultural change may exceed the life of the CSPs.

One element of change which many CSPs highlighted in their business plans was the need to introduce a 'seamless journey' from worklessness into employment. In this regard it might have been useful to hear the perspectives of those who had been subject to the interventions. However, those unfamiliar with the system would be unaware of what the service was like prior to CS. More generally though, it might be useful to seek out the views of the service users in assessing the future work of CSPs.

5.3.2   Integration across policy domains

As noted in Section 3.3, a key aim of the CS initiative is to tackle worklessness by adopting a more holistic approach to service delivery, including integrating the worklessness agenda into other services, which had previously not engaged with this policy domain. To that end CSPs have attempted to widen the partnership to include partners from other policy domains. Two examples are presented here to illustrate such links across domains: The first example, from Blackburn with Darwen CSP, relates to an attempt to link statutory children's services to the worklessness agenda and highlights new ways of working (Box 5.2). The second example is taken from Nottingham, where the CSP business plan identified the need to work across policy domains. The example of a 'health-driven' initiative – the Support Into Work Service (SIWS) – is presented in Box 5.3. Although funded and staffed by health professionals from the Primary Care Trust (PCT), the establishment of the CSP was considered by local interviewees to be a key development in that it improved networking between partners in the city. This resulted in the establishment of the 'Health and Employment Group', within which the PCT and the CSP delivery team shared their ideas and developed funding applications.

Box 5.2   Children's centres and Employment Initiative in Blackburn with Darwen

Aim: Linking of statutory children's services to the worklessness agenda

Background: The initiative started with the lone parent agenda. Lone parents were struggling to engage with Jobcentre Plus advisers and were not always open and honest about their circumstances. There was a need identified to work with lone parents in situations where they were happy to engage; for example, via organisations which were seen as separate from the machinery of benefit administration.

How the initiative works: The scheme is based on a two-way referral process between Children's Services and Jobcentre Plus. Staff in both agencies receive training on childcare, parenting and employment issues. Children's centre staff are able to signpost parents to Jobcentre Plus and Jobcentre Plus staff can refer claimants who are parents to Children's Services. The aim is to identify the parenting, childcare and employment support needs of the individual client and to develop an action plan of what is required from the key partner services.

There is a recognition that in order to facilitate engagement, individuals may have other issues such as childcare which need to be addressed, before they are able to engage on employment issues.

Key points: This model of working could easily be adopted in other CSPs, particularly because it is not dependent on large amounts of ring-fenced funding. However, the model does depend on strong partnership working between key agencies, including referral protocols, data sharing, joint training, job shadowing and placements in each other's workplaces. The initiative recognises the potential of embedding the worklessness agenda in key statutory services and the ability of these services to address a wide range of employment barriers.

Box 5.3   The Support Into Work Service, Nottingham

Background: The SIWS co-ordinator post was established in March 2008 with the Greater Nottingham Partnership and Jobcentre Plus to help address the needs of Nottingham residents whose health problems make it difficult for them to gain or maintain paid employment. SIWS operates within NHS Nottingham City, with a team (in addition to the co-ordinator) of three qualified occupational therapists and one clinical support worker, with funding for an additional specialist occupational therapist.

Aims of SIWS:

- To provide individual and group support to participants with physical and mental health problems – focusing on addressing their health problems (rather than focusing on 'getting people off benefit').

- To work strategically to improve service levels across the city.

Working in partnership: The SIWS co-ordinator spent a lot of time establishing personal relationships of trust with key local health partners. Staff members have developed close working relationships with IAPT (Improving Access to Psychological Therapies) and primary health care specialists. The SIWS has credibility with the health professions and with GPs, but is less well integrated with employability services. While the involvement of Jobcentre Plus is underdeveloped at the time of writing, nevertheless, it is salient to note that Jobcentre Plus has expressed interested in working with the SIWS team to develop health-related training for new members of staff.

It is worthy of note that the aspect of partnership working that received strongest endorsement from CSPs in a survey conducted in summer 2009 was: 'CS has extended the scope of partnership working beyond employment and skills to include partners from other domains (e.g. health, housing, the probation service, etc)'. Even though it was noted by one respondent that: *'high level commitment to change sometimes takes a long while to embed'*, there have been clear examples of progress. For example, in East London a respondent noted that *'health and social care services have incorporated employability and are able to refer to relevant services'*. CSPs have certainly made great efforts to expand the range of services which have an interest in employment issues so that a more holistic approach can be taken. CSPs recognise that this represents a 'new' way of working for them (in many instances they are talking to individuals and organisations that they never would have done in the past) but that at this stage, some of these links were very much in the formative stages and there is more to be done to foster these new relationships.

These new relationships will be tested over the course of the recession and it will be of particular interest how the partnerships react and adapt to the more difficult economic circumstances. There is a feeling within DWP that because of the strengthened partnerships, the local areas will be in a much better position to deal with the changes brought about by the recession. The next phase of CS

evaluation is likely to look in more detail at the responses which CSPs have made to the recession and it will be instructive to see if evidence can be found to support the DWP view.

5.4 Key messages

Key messages emerging from this chapter include:

• all CSPs have managed to create partnerships which have developed during the course of the two years since the CSP initiative officially went 'live' (and also through the lead-up period) and continue to work together. None of the partnerships have become moribund, which could have been the case;

• alignment of priorities and alignment of funding has happened more slowly. Historical or structural factors have impeded faster progress;

• measuring the effect of CS through quantitative investigation is difficult. Questions of attribution and added value to some extent remain unanswered;

• all CSPs have struggled to meet their targets for benefit reduction in light of the recession and the subsequent increases in JSA claimants.

• CSPs themselves recognise that a cultural change has occurred. For some this has been in terms of talking with partners from traditionally different policy areas and also with partners from a wider geographical area. For others, there have been new ways of partners working together (e.g. through joint commissioning) and evidence of changes within partner organisations to align their services more closely with a co-ordinated employability agenda.

6   Challenges and issues

As outlined in Chapter 1, the City Strategy (CS) initiative was first announced in the Welfare Reform Green Paper in January 2006. Since then the 15 City Strategy Pathfinders (CSPs) have been set in place, initially to operate from April 2007 to March 2009, but subsequently extended to March 2011. The CSPs have developed in a context of ongoing policy and economic change, which prompts the question of whether the original concept and aims of CS remain appropriate. This chapter discusses some of the main challenges that have faced CSPs to date and some of the key issues from their experience that have implications for the monitoring and evaluation of the CS initiative. Building on material presented in Section 3.2, Section 6.1 discusses the shifting institutional and policy landscape which CSPs have operated (and continue to face) and associated implications for their working arrangements and activities. Section 6.2 considers the impact of recession and associated implications for CSPs' priorities and the achievement of targets. Section 6.3 addresses the issue of diversity amongst the CSPs in terms of their geographical scale, and the implications of this for deriving key evaluation lessons. Within this section there is a particular focus on the geographical size of CSPs and the advantages and disadvantages of CSPs of different sizes are discussed. Section 6.4 considers strategy, delivery and outcomes. Finally, key messages are presented in Section 6.5.

6.1   The shifting institutional and policy landscape

A **plethora of policy documents** have been published since the CS initiative was developed and the CSPs formally commenced their activities in 2007. These relate both to wider developments in welfare reform and to the localisation (or localism) agenda, as well as to ongoing developments in working across policy domains. Such developments have had the potential to 'overtake' CSPs, to 'undermine' them and/or to provide them with the 'opportunity to evolve' (whether within or outside of the framework set out by their initial business plans), potentially via routes to embed and sustain the CS vision.

In relation to the **welfare reform agenda,** the period since 2007 has witnessed the continuing roll-out to more areas of phased policies, such as Pathways to Work. New policies have been introduced, such as the Employment and Support

Allowance (ESA) in October 2008, replacing Incapacity Benefit (IB) (initially for new claimants, but gradually for existing claimants). ESA exemplifies the trend towards **increased conditionality** and also marks a greater expectation of a move towards work readiness amongst those on inactive benefits.[92] **Changes in benefits and benefit entitlement** have implications for CSP targets. Holding other factors equal the introduction of ESA might be expected to lead to a reduction in the numbers of claimants on inactive benefits and an increase in those claiming Jobseeker's Allowance (JSA). There have been other important changes in benefit entitlements – notably for lone parents. Changes in entitlement for Income Support (IS) affecting lone parents with a youngest child aged 12 years or over in November 2008 and with a youngest child aged ten years or over in October 2009 (and for those with a youngest child over seven years or over in November 2010) would be expected to lead to a reduction in IS claimants and an increase in JSA claimants, holding other factors constant.

Another key development is the **Flexible New Deal (FND)**, replacing existing mandatory New Deal and Employment Zones programmes, delivered by large prime contractors (to date, from the private or third sector) working with subcontractors at a sub-regional level, with enhanced autonomy to design flexible and individualised support for claimants who have been unemployed for 12 months. The introduction of FND is in two phases: the first was in 2009 and the second is in 2010; (some CSPs were in Phase 1 and others are included in Phase 2). Several of the core principles of FND align with those underlying the CS initiative, namely[93]:

- a stronger framework of rights and responsibilities to move benefit customers from being passive recipients to active jobseekers;

- a personalised and responsive approach to individual customer needs which will provide tailored employment and skills support to meet the needs of both customers and local employers;

- a partnership approach with public, private and third sector organisations working together to maximise innovation, leading to more and better outcomes;

- devolving and empowering communities for future sustainable employment which will be at the heart of neighbourhood renewal; and

- not just jobs, but jobs that pay and offer opportunities for progression, with an emphasis on sustaining and progressing in work to ensure all customers who need help to develop their skills have access to the relevant pre-employment and in-work training.

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[92] For further discussion of conditionality see: Gregg, P. (2008). *Realising Potential: A Vision for Personalised Conditionality and Support*, An Independent Report to the Department for Work and Pensions. TSO, Norwich.

[93] Taken from:
http://www.dwp.gov.uk/supplying-dwp/what-we-buy/welfare-to-work-services/flexible-new-deal/ (accessed 16 January 2010).

Yet although it is recognised that successful delivery at the sub-regional level will require providers to engage with existing sub-regional working[94], some CSPs have not been involved either to the extent, or in the ways, that they would have wished.[95]

The FND Phase 1 was the first procurement exercise to be commissioned and contracted under the **DWP Commissioning Strategy**, which represents the implementation of Freud's vision of contracting out employment services to private and third sector providers.[96] The strategy marks a move towards larger, longer contracts with primary providers, who may in turn sub-contract to a diverse range of suppliers. This is also the preferred contracting model for the LSC in England, but not necessarily of local authorities who often prefer to use smaller providers, including those from the voluntary sector, to engage with hard-to-reach groups. This is indicative of an underlying tension between centralisation and localisation (as outlined in Section 3.4).

Despite such tensions, both FND and the DWP Commissioning Strategy may be seen as part of the **devolving decision making and localisation agenda**. Reference was made in Section 3.2 to developments in England, including:

• the **Sub-National Review of Economic Development and Regeneration** which encourages partners at various spatial levels to work collaboratively to strengthen economic development at the local level;

• the strengthening of the **role of local authorities** in economic development, regeneration and tackling worklessness, and the inclusion within Local Area Agreements (**LAAs)** of specific targets for tackling worklessness;

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[94]   Indeed, in correspondence with a CSP regarding DWP Commissioning and Contracting Plans and localisation within the commissioning process, a representative of DWP Delivery Directorate identifies *'alignment of employment programme provision and resources within a locality, focused on a partnership's strategic priorities, as being the prime localisation objective of DWP'*.

[95]   For example, see House of Commons Work and Pensions Committee (2009) DWP's Commissioning Strategy and the Flexible New Deal, HC 59-1, The Stationery Office, London. In response to some of the comments from CSPs involved in the procurement process for Phase 1 of FND, DWP has made some changes to the implementation of the procurement process for Phase 2, including allowing a longer timescale for consultation with sub-regional partnerships. Consideration is also being given by DWP to what further information needs to be provided to potential contractors when preparing their tenders to make clear the need to provide evidence of partnership working and a clear understanding of local issues and progress has been made on co-commissioning approaches.

[96]   Freud, D. (2007). *Reducing dependency, increasing opportunity: options for the future of welfare to work,* An independent report to the Department for Work and Pensions (DWP). Corporate Document Services, Leeds.

- the increasing policy emphasis on the city-region scale and the **development of Multi Area Agreements (MAAs)** (where CSPs themselves have often been instrumental in driving forward developments) to establish collective agreements to identify and work towards specified priorities on a sub-regional basis; and

- the establishment of **statutory city regions**.

While the policies outlined above are England-specific, the localisation agenda has moved forward in Scotland and Wales also; for example, in Scotland local authorities have greater responsibility than formerly for community planning.

Since the start of the CS initiative there have been further developments in the **employment and skills agenda**. Although policy responsibility for skills is devolved in Scotland and Wales, as in England, the emphasis is on **integration of employment and skills** in order to move individuals from worklessness and low skills to high skilled sustainable employment. The 'employability pathways' outlined in many of the CS business plans were founded on this principle. Birmingham, Coventry and Black Country (BCBC) and Greater Manchester CSPs have been involved in tests of aspects of a fully integrated employment and skills service. In these, and in some other CSP areas, progress has been made on establishing local Employment and Skills Boards (ESBs) and on integrating employment and skills.

Government changes have also impacted on the policy landscape. Since the start of the CS initiative there have been changes of government in Scotland and in London. In their wake these new administrations have brought organisational and policy changes. In 2010 all CSPs will be impacted by policy changes of any incoming Government following a UK General Election. Likewise, **organisational restructuring** in partner organisations has had implications for partnership working in CSPs (as outlined in Section 3.3), especially given the tendency for the focus to be on internal developments at a time of organisational change.

Changes in **funding** streams associated with institutional and policy changes have impacted on CSP activities. In England one major change since CSPs commenced their activities has been the introduction of the Working Neighbourhoods Fund (WNF) (as discussed in Sections 2.2 and 3.1) which is targeted at reducing worklessness, but which is not ring-fenced accordingly. Many, but not all, local authorities in CSP areas in England are eligible for this funding. In Scotland a number of previous regeneration funding streams have been brought together into a single pot as the 'Fairer Scotland Fund'[97] to tackle poverty, especially through improving employability, while in Wales extra funding has been made available for regeneration (including tackling worklessness) with the creation of Strategic Regeneration Areas. New policy pilots and funding streams have offered opportunities for CSPs to bid on a partnership basis for extra resources to complement existing provision or develop new provision for local residents – for example:

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[97]   Specifically: Community Regeneration Fund, Community Voices Fund, Working for Families, Work force Plus, More Choices More Chances, Financial Inclusion, Changing Children's Services.

- the Fit For Work Service pilots – introduced in 2009 to pool existing funds, bring together existing support and develop new and innovative services to deliver a Fit For Work Service for people with health problems who are in work but are in danger of falling out of work; and

- the Future Jobs Fund – announced in the 2009 Budget to support the creation of jobs for long-term unemployed young people and others who face significant disadvantage in the labour market.

In pursuing such opportunities there is a risk that CSPs may be deflected from their existing activities, but it is also salient to note that involvement in preparing bids for such initiatives may strengthen partnership working. Moreover, there is a risk, as identified by the BCBC City Region Director in August 2009, that: *'There have been so many national initiatives (DWP and BIS) in the last three months combined with the roll out of fND across the City Region we are now finding that some existing provision is suffering and that we have considerable overlap and duplication. With so many national initiatives aimed at different client groups that we are in danger of causing confusion, overlap and duplication.'*[98]

In **summary**, the period since the start of the CS initiative has been characterised by a plethora of new policy developments (some of which have been helpful in supporting and embedding CS, while others have been less so) and also by institutional changes. Whilst it is not unusual for policy to be in an ongoing state of flux, and therefore for initiatives (such as CS) to be subject to new legislative developments, it is arguable that during the time of CS, fundamental changes have affected the UK and world economies in a way which has not been experienced for some years. There have been drives towards greater co-ordination of policy between areas and across boundaries – both in geographical and functional terms. While the emergence of new policy initiatives and organisational changes contribute to an uncertain operational context and while some may present challenges for co-ordination and alignment, in general the CSPs have proved to have the adaptive capability both to respond to events and to help shape new central government initiatives such that they more closely address local circumstances.

6.2   The consequences of recession

As emphasised in Section 5.2 (and elsewhere) the economic situation has changed markedly from when the CS initiative was conceived and the original targets were drawn up. In the second and third quarters of 2008 Gross Domestic Product in the UK contracted and the UK entered recession for the first time since 1991, ending a prolonged period of economic growth.

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[98]   From Quarterly Monitoring Report for the period April to June 2009. On the same theme, Justine Greening, Shadow Communities Minister, has referred to the *'alphabet soup'* of initiatives and *'too many snazzy-named funds to bid for'* (Regeneration and Renewal, 19 October 2009, 9).

Attention soon turned to what the differential impact of the recession would be on different areas and population sub-groups. Initially some commentators expected that the main impact of the recession would be felt in London and other parts of south-eastern England, reflecting the fact that the economic downturn originated in financial markets and the concentration of financial and business services employment in these areas. However, early claims of a 'middle class recession' have not proved wholly accurate; certainly some individuals with high level qualifications and unbroken work histories have lost their jobs, but as in previous recessions those with poor skills have suffered most. This reflects the fact that employers might try harder for longer to retain skilled workers in whom they have invested and also that those with higher level skills are able to 'bump down' in the labour market to fill jobs at lower skills levels.[99] Hence, concerns about the potential for recession to exacerbate existing inequalities appear well founded, with experience from previous recessions pointing to a tendency for 'rock-pools' of lingering worklessness to remain[100], as some areas fail to recover pre-recession worklessness levels prior to the onset of subsequent recessions.

The scale of the increase in the JSA claimant count across CSP areas was 65 per cent between April 2007 and September 2009, but the size of the increase varied between CSP areas from around 30 per cent to over 90 per cent, so making comparisons of impact and performance across CSPs more complex. Given that unemployment is a 'lagging' indicator (i.e. unemployment tends to continue to rise even after a return to economic growth), and with further job losses expected in the public sector, it is clear that while the CS initiative was designed, and associated benefit reduction targets were set, in the context of a tight labour market (at UK level) the reality since the latter part of 2008 has been one of a slack labour market.

The onset of recession has had **implications** for the **balance of activities** of CSPs and for **evaluating the success** of the CS initiatives:

• With fewer vacancies and greater competition for those that exist in recession, the original benefit reduction targets have become more difficult to achieve (as outlined in Section 5.2, revised targets have been set in relative terms).

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[99]   For further discussion of the concept of 'bumping down' see: Gordon, I. (1999). *Move on up the car: dealing with structural unemployment in London*. Local Economy 14, 87-95.

[100] When announcing the two-year extension of the CS initiative in June 2008, Secretary of State for Work and Pensions, James Purnell, announcing the extension of the City Strategy initiative for a further two years, referred to the fact that: *'The rising tide [of economic growth] has still left some stranded beyond the water'*. For further discussion of the 'rock-pool effect' see: PACEC (2009) *From recession to recovery II: a focus on unemployment*. Local Government Association, London.

- Initially, the recession hit the private sector hardest and some CSPs began to devote more attention to job opportunities in the public sector and in social enterprises. As the recession has evolved, the public sector – which is a large employer in many CSP areas – has also suffered job losses and cutbacks in recruitment.

- On the basis of the 'inverse queuing' principle (i.e. those who are recently unemployed join the queue of unemployed at the front, rather than the back), those who have been out of employment for a long period become relatively less attractive to employers in the competition for jobs. One of the stakeholders interviewed for the Create Futures project in Merseyside (outlined in Box 3.3) noted: *'Jobcentre Plus now has more 'employer friendly' people on their books – people with better skills, no criminal convictions, who are friendlier to employers. Ex-offenders are being pushed down the ladder.'*

- Given that the immediate employment prospects of the long-term workless have reduced, training/skills enhancement has become more important – in order to increase individuals' chances of employment when an upturn comes.

- Likewise, some CSPs have placed greater emphasis than they did initially on intermediate labour markets, social enterprise and self-employment options. In Rhyl CSP, for example, some of the initial Deprived Areas Fund (DAF) money has been used in a test trading scheme which allows people to start their own business through the Rhyl Enterprise Rehearsal Scheme, while remaining in receipt of benefits for the first 13-26 weeks and with a package of support that includes mentoring, a start-up grant, and regular networking events.

- With fewer vacancies, some CSPs have placed greater emphasis on voluntary work placements / work trials. For example, in Solihull (one of the local authorities covered by the BCBC CSP) voluntary work placements were brought under the auspices of a DAF contract between Pertemps (the contractor) and the Learning and Skills Council (LSC) (the contract manager), so allowing Pertemps to claim for a sustained voluntary placement[101] in the same category as a sustained job outcome. (The rationale for this is that in some cases individuals have demonstrated their worth in a voluntary placement, and have then been taken on for a job.)

- With rising unemployment there have been increasing pressures (at local, regional and national scales) to focus on helping those who have recently become unemployed, in order to ensure that they do not become long-term unemployed. Despite the central government emphasis on helping both the short-term unemployed on the one hand and the longer-term unemployed and inactive on the other, there has been some dispute amongst interviewees about whether, at local level, the focus had shifted towards the former group at the expense of the latter. Clearly, without extra resources, there has been a danger of diversion of resources away from the hard to help groups on whom the CS initiative is focused primarily. In the BCBC CSP area, for example, the focus of activity in April 2009 moved away from the 55 wards identified initially as

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[101]   A sustained placement was one which lasted for a minimum of 13 weeks.

suffering greatest worklessness, on the basis that mainly due to the economic downturn many wards had either reached or exceeded the levels of unemployed as the original 55 wards.[102]

• The rise in unemployment has impacted on partners' activities. In the Muirhouse area of Edinburgh, for example, due to increased pressure on staffing and resources as a consequence of the economic climate, Jobcentre Plus was unable to meet a request from an area based project to base a member of staff locally to provide services from the community hub. Concerns have been expressed by staff and partners in other CSPs that shifting priorities amongst partners will put pressure on partnerships to focus more than formerly on their individual targets and outcomes. To the extent that this happens, there may be a reluctance to offer resources on a partnership basis.

However, it should also be acknowledged that because CS has facilitated and strengthened local partnership working, the very existence may help in mitigating the negative impacts of recession, since partnership working mechanisms can facilitate a swift response to events.

Overall, the changing economic context has important implications for measuring the success of the CS initiative and presents important challenges to all CSPs. Rather than seeing a reduction in benefit claimants, CSPs have been operating, from their second year, in the context of rising unemployment and fewer vacancies. The target framework which DWP has set for CSPs has been changed accordingly and, as noted in Section 5.2, more attention has been given to outcomes other than employment. Alongside quantitative measures of progress made, the recession has meant that in the evaluation greater attention has been placed on process change.

6.3   Size and geographical coverage of CSPs

This section discusses whether there is an optimal size for CSP areas, and the advantages and disadvantages of different sizes. The context for the discussion is the considerable diversity in size of CSP areas (as outlined in Chapter 1 and codified in Table 2.1), ranging along a continuum from:

• the smallest, Rhyl, which focuses on a few wards;

• to those CSPs generally comprising a single local authority area – including smaller CSPs such as Blackburn with Darwen and Dundee, through medium-sized CSPs such as focusing on larger local authority areas such as Leicester and Nottingham in the East Midlands, and still larger cities, such as Edinburgh);

• to groupings of a few local authority areas – such as South Yorkshire and West London;

• to the largest City Region scale CSPs like Greater Manchester and BCBC, covering ten and eight local authority areas, respectively.

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[102]   The intention is to refocus on spatial targeting at a later date (after the recession).

Theoretically, as noted by a national level stakeholder, since *'localism is not about 'one size fits all' there is no single optimal size'* for a CSP area. It follows that different sizes of CSP area are applicable in different local and sub-regional contexts. The trend towards working at a city-region scale suggests that CSP areas should match functional economic geographies (which may differ in size between different parts of the country), although an alternative view (expressed by one national level stakeholder) is that CSPs should span areas with *'similar economic problems'* (which may or may not coincide with functional economic geographies or local authority boundaries). In practice, given the importance of local authorities in economic development there are some advantages in partnership working that are coterminous with local authority boundaries, and arguably experience from CSPs to date suggests that partnership working and delivery[103] may be easier at the scale of a single large local authority (such as Glasgow or Edinburgh). Whether or not CSPs operate across one or more local authority areas, it is clear that (greater) alignment of the boundaries of the geographical areas covered by different partner agencies; notably Jobcentre Plus districts, is desirable.

There are advantages and disadvantages of large and small CSP areas. **Advantages of larger CSP areas** at a city region/sub-regional scale covering several local authority areas have included:

• the fact that the sub-regional level is an appropriate level to have a dialogue with employers;

• the potential to make links to economic development strategies and activities that are being developed at the same scale[104];

• larger areas have more expertise on which to draw (albeit it may not be possible to capture all such expertise to help the CSP – in strategy formulation, analysis, evaluation, etc.);

• working at city-region level necessitates a strategic focus;

• an ability to influence key regional level decisions (e.g. on European Social Fund (ESF) allocations);

• the possibility of more efficiency gains from aligning funds across larger areas and more scope for levering in additional funding; and

• some preference amongst central government departments for larger areas for testing policy.[105]

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[103] Of course, it should be recognised that much delivery in larger CSP areas is at a local level (as noted in the second of the disadvantages highlighted for larger CSP areas) and at neighbourhood level.

[104] This underlines points raised in Section 7.1.4 about the importance of labour demand in tackling worklessness.

[105] Such a preference was revealed by some of the national stakeholders interviewed as part of the CS evaluation.

Two main **disadvantages** of such larger CSP areas were identified by national level stakeholders:

- *'partnerships are too far removed from what is going on at ground level'*, such that it becomes more difficult to ensure a focus on tackling localised pockets of worklessness; and the fact that

- in practice, large CSP areas' (spanning several local authority areas) commissioning and delivery tends to be managed at the local authority scale, so raising the question: *'is the city-region just another level of bureaucracy?'*, (while alternatively an area commissioning approach (as outlined formerly in Box 3.1) may be thought of as combining some of the advantages of smaller and bigger CSP areas).

The main **advantages of smaller CSP areas** (comprising part of a local authority area or a single smaller local authority area) follow from the key disadvantages of larger CSP areas:

- in smaller CSP areas partnerships tend to be, in the words of one national level stakeholder: *'closer to the action'* – and there is less danger of losing a focus on micro-area level concentrations of deprivation;

- delivery to tackle worklessness is appropriate at a local/micro-area level[106] – especially in terms of client engagement activities; plus

- there is (possibly) greater local awareness of CS activity in a smaller CSP area.[107]

Likewise, disadvantages of smaller CSPs may be the obverse of some of the advantages of larger CSPs – for example:

- a smaller pool of expertise on which to draw;

- a smaller pool of employers on which to draw[108]; and

- (possibly) more limited scope for funding alignment.

The **medium-sized CSP areas** share some characteristics of both the larger and smaller CSPs. They may have the advantage of the smallest CSPs of greater local profile and awareness, while also sharing with larger CSPs the possibility of having a larger pool of expertise on which to draw. Whether the scale of such CSPs is the

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[106] But, as noted above, much of the delivery of larger CSPs is at a neighbourhood level.

[107] Here it is salient to note that, in general, smaller CSPs have been more enthusiastic about adopting a policy of 'branding' CSP activity, whereas in some of the larger CSPs the emphasis has been on 'internalising the wiring' (i.e. a policy of not making 'customers' aware of the joined-up working from which they (hopefully) benefit).

[108] For example, for data analysis, experience and appreciation of evaluation, etc.

most appropriate for employer engagement activity depends on the functional economic geography of the particular location in question.

6.4 Strategy, delivery and outcomes

As outlined in Chapter 4, CSPs have interpreted the CS approach in rather different ways. Some have taken a CS **'programme' approach**, founded on a mapping of what services/interventions were available and an associated gap analysis to identify where additional provision could be most usefully concentrated. Features of a programme approach include joint commissioning of projects and alignment of funding streams and changes in the way in that joint resources are used to create more joined-up services. Other CSPs have adopted a **project-based approach**. One CSP (Heads of the Valleys) based its initial activities around an existing project (Jobmatch). A more common approach has been an approach based on a suite of 'projects' (as in Rhyl).

While a programmatic approach is more in keeping with the CS concept, such an approach takes time to develop and necessarily has a primary focus on strategy (as outlined in Section 3.1.2), as opposed to delivery, at the outset. Early local evaluation evidence emphasised the need in such instances to move **'from strategy to delivery'**. Conversely, a project-based approach gave greater prominence to implementation and delivery at an early stage. While such delivery was by no means in a strategic vacuum (since early projects were often set out in business plans and were informed by analysis of local needs), some of the CSPs adopting such an approach have given greater attention to a broader strategic approach subsequently, and so may be conceptualised, in simple terms, as having moved **'from delivery to strategy'**.

It is easier to measure the outputs and outcomes from individual projects than it is to measure CSP partnership outcomes more generally. Nevertheless, as outlined in Section 2.1, there are ways in which CSPs can raise performance and increase impact through improving understanding of needs, aligning and gaining additional resources, reducing duplication and realising greater value for money by achieving more with less. In practice, as outlined in Chapter 3, there have been, and are, tensions inherent in partnership working – particularly between delivery and strategy. Some of these are illustrated by the way in which local authorities in one of the larger CSPs – Tyne and Wear – have been working under the auspices of the CSP to develop a strategic role at a city-region level (and at local level) to tackle worklessness, and in so doing achieve tangible outcomes from CSP partnership working (see Box 6.1).

Box 6.1   The strategic role of local authorities in working at a city-region level to tackle worklessness, Tyne and Wear

Background: One of the objectives of Tyne and Wear CSP was to enhance the capacity of local authorities, Local Strategic Partnerships (LSP) and key agencies to undertake joint strategic planning within their local areas and across the city-region.

Rationale: There was a recognition that the strength and flexibility of the CSP approach in Tyne and Wear was in part due to the different strategic and operational approaches in each local area to tackling worklessness. The CSP has sought to preserve the diverse approaches adopted but to bring consistency in key areas where significant value could be added to doing so. Thus, where collaboration takes place at a city-region level it is because there is a shared rationale or set of principles to do so.

Pre-existing approaches at a local authority level: The local authorities have adopted different approaches to delivery of activity to address worklessness and skills issues:

• direct delivery;

• external commissioning; and

• a mix of direct delivery and external commissioning.

Implications of different approaches: The diversity of approaches is both a source of strength and of potential conflict for Tyne and Wear CSP when decisions are required around commissioning and co-commissioning at city-region level. This is because local authorities with a delivery, as well as a strategic, function have an interest in securing the most appropriate allocation for their area as well as their delivery units and inevitably a conflict of interest arises as a result. There is ongoing debate about how the CSP should collectively manage such conflicts of interest.

Progress in developing joint strategic planning and a consistent approach: There has been sharing of experience and practice across local authority areas. Consistency has been achieved and value added locally through the development of common approaches to:

• employability commissioning;

• client monitoring;

• tracking and referral; and

• employer engagement.

The CSP is working towards leveraging as much influence as possible over the commissioning of programmes for the city-region undertaken at a national level and has been working towards pursuit of level 2 devolutionary powers from the Department for Work and Pensions (DWP) (outlined in Section 2.1). In a contract specification for FND Phase 2 for Northumbria and Gateshead, and South Tyne and Wear Valley there is support for DWP contracted providers to participate in local management information systems.

6.5 Key messages

In the period since 2007:

* the CSPs have faced the onset of a deep and prolonged recession has made the task of moving long-term workless individuals into employment much more difficult than was envisaged at the time the CS initiative was conceived and the CSPs' business plans were drawn up. This has had implications not only for the prospects for meeting benefit reduction targets, but also for the balance of activities of CSPs. The role of CSPs in dealing with recession is one of the key questions to be addressed in the next phase of the CS evaluation;

* as well as ongoing policy changes – including the roll-out of the welfare reform agenda – which were already in train, there have been a plethora of new policy initiatives since 2007, some designed to tackle the worst consequences of recession;

* whilst it is not unusual for policy to be in a constant state of flux, and therefore for initiatives (such as CS) to be subject to new pieces of legislation, it is arguable that during the time of CS, fundamental changes have affected the UK and world economies in a way which has not been experienced for some years. The result of this has been that, to some extent, part of the original focus of CS (i.e. the focus on long-term disadvantaged groups) has been diverted to the needs of the newly unemployed/ redundant (and there are sound policy reasons for a focus on this group). In other respects, however, the economic changes and ensuing legislation have sharpened the focus on another of the aims of CS (i.e. the experiment in devolving to the local level) as local partnerships have become key implementers of these new legislative measures and policy pilots. Hence, some policy developments, and the responses of CSPs to them, can be seen as supporting localisation and have provided an opportunity to further embed the CS vision and ways of working;

* together with institutional changes, these policy changes have been perceived by some CSPs as 'mixed messages' and they have contributed to an uncertain context within which CSPs have found themselves operating;

* the 15 CSPs vary markedly in terms of size and geographical coverage. In general, in simplistic terms larger CSPs have focused more on strategy, while smaller CSPs have tended to have more of a focus on delivery of a series of projects. However, the reality is somewhat more complex, with larger CSPs tending to adopt area commissioning arrangements and/or area-based projects to address delivery at a local level.

7   Key themes and policy implications

This chapter draws together the main findings of the report under a number of key themes (Section 7.1) and some of the policy implications that have emerged (Section 7.2).

7.1   Key themes

This final chapter attempts to draw together the main findings of the report and to assess the progress of the City Strategy (CS) initiative over the first two years of its life, also taking account of developments in the third year from April to September 2009. Rather than summarising the key points from each of the previous chapters, the discussion is grouped around four main themes underpinning the evidence that has been presented. These are:

• the central-local relationship;

• external and internal evolution;

• partnership and focus; and

• labour demand.

7.1.1   The central-local relationship

The relationship between City Strategy Pathfinders (CSPs) and central bodies (mainly Department for Work and Pensions (DWP) and Jobcentre Plus) is a key issue as the form it has taken exerts influence at all levels of the CSPs' strategy and activities.

The CS initiative can be seen as an experiment or a pilot exercise in devolving responsibility to the local level and the experiences thus far give some sense of how an agenda of further devolution might take shape.

CSPs have been limited in what they can achieve by not only having to work within the constraints of the national benefit system, but also the need to work alongside

organisations whose aims, priorities and targets are centrally determined. Clearly CSPs did not achieve the level of influence that they were expecting in the form of enabling measures, and this struck at the very heart of the devolution/localisation debate. What was the purpose of CSPs if they did not have the ability to innovate at the local level?

The question of **innovation** is pertinent and the extent to which CSPs have been innovative is debatable. In regard to the actual services which have been delivered, arguably there has not been a great deal of innovation, with in many cases, the strategy being to *'make the mainstream work better'* for certain individuals and sub-groups. However, there has been clear innovation in terms of the ways in which partnerships work (and the fact that they work at all) and there is evidence of cultural change. Organisations are now working in partnership with other agencies with whom they were previously in competition, and the reach of the partnerships has extended to include organisations from other (related) policy domains, which up until this point have traditionally had very little involvement in employability matters. CSPs have also brought about improvements in local delivery of local policy.

The central-local tension has not entirely been resolved, though there are suggestions from DWP about granting CSPs different levels (or tiers) of devolved power, there has as yet not been much progress on this, so the exact form of how this will operate is open to some speculation.

7.1.2   External and internal evolution

Another theme emerging from the report is one of constant change at both central and local level, influenced by both central and local factors and actors. In some sense change can be thought of as desirable and expected; for example it would be strange to suggest that CSPs would not react to 'events', such as the downturn in economic fortunes experienced approximately one year into the life of the CS initiative, or if they had not made changes in their governance structures and operations in the light of experience.

However, some change has been externally driven, and far from being benevolent, has actually had a detrimental effect on the ability of CSPs to carry out their plans. CSPs have had to respond to the changing policy context. In the case of most CSPs in England, much resource has been devoted to the development of Multi-Area Agreements (MAAs), which is clearly the favoured model of sub-regional organisation in England. For the most part, the development of MAAs has built on, and has been designed to take forward, the lessons learned and positive elements of the CS experience. Change has also happened in the form of new initiatives and welfare development at the national level, which necessarily makes it more difficult for CSPs to identify and plug gaps in local provision. If CSPs are to take the role of overseeing and orchestrating the provision in their areas, then these changes at national level make keeping an up to date record of services much more difficult.

Related to this is the issue of **alignment**. CSPs have at times struggled to align priorities, targets and funding streams, although notable successes have been achieved too, particularly through joint commissioning. Part of the reason behind the CS initiative was the need to rationalise the provision which was on offer, reducing duplication and waste, which came about due to the complexity of the Welfare to Work landscape. It must be questioned as to whether the introduction of CSPs has actually served to reduce the amount of duplication of service and if it has actually reduced the amount of bureaucracy associated with welfare provision. Certainly the partnerships have operated under certain constraints, which have impeded their progress towards gaining operational flexibility. This is clearly seen in the examples of contracting and procurement that was often subject either to local authority and/or Jobcentre Plus procedures and protocols.

The most obvious change which has occurred since the beginning of CS is the **recession**, which has made achieving the benefit reduction and employment rate targets much more difficult. It has also complicated the question of added value of CSPs. Longitudinal data at individual level are required to get a better understanding of the dynamics of change and the impact of CS. Due to problems of accessing national data, and the fact that these cannot identify CSP interventions anyway (this is the question of 'attribution'), it seems that CSPs' tracking systems will prove to be one of the most useful sources of data for future evaluation work, given a desire for more evidence of quantitative outcomes from CS.

Earlier on in the initiative when the economic situation was markedly different from now, and when benefit levels were decreasing and employment rates were increasing, it was discernable from the presentations made by DWP and by ministers at the City Strategy Learning Network (CSLN) that quantitative evidence of the effect of CS was wanted. Since the economic downturn however, this message about benefit reductions has been muted. In some ways this points to a wider question about the speed and type of change that was expected in the first two years. As demonstrated by the call for evidence of benefit reduction, CSPs were under a certain amount of pressure to deliver 'quick wins', but the CS model suggested that CSPs should also be attempting to institute **system change** in the form of new ways of working. There is some ambiguity over which element CSPs should have prioritised.

7.1.3   Partnership and focus

There can be no doubt that over the two-year period of CS (and in the lead up) CSPs have evolved greatly and have become much more embedded. This was easier in some areas than in others, and tended to work better (at least at an early stage) where there was history of similar joint endeavour, but not exclusively so. However, within partnerships tensions remained, especially when partners were also providers of Welfare to Work services, as in the case of some local authorities. Providers have been delivering contracted services under the auspices of CS, but the extent to which they have bought into a CSP approach, or whether they are continuing as before, is unclear. Payments for positive outcomes are paid to

the individual provider and not shared amongst the partnership. This incentive structure potentially cuts across the idea of a 'no wrong door' approach and the concept of passing clients onto the most appropriate provider, especially at a time of cutbacks in funding. Related to this, and another tension which remained unresolved, was the question of whether organisational aims or partnership aims took precedence. This can best be described as the **tension between competition and co-operation** within the partnership.

Another tension is that of **strategy vis-à-vis delivery**. This issue goes to the heart of the CS rationale. Is CS intended to provide a strategic framework within which worklessness support is delivered or is it to set up the means for delivery itself? Clearly there is an element of both in most CSPs but some partnerships have been more delivery focused, whereas others have devoted more time to strategic planning, concentrating on rationalising services, alignment of funding streams, budget enlargement, etc. Successes have been achieved on both fronts. However, there is evidence that the balance may be changing over time – so that those formerly focusing on delivery are devoting greater attention to strategy, and vice versa. All CSPs have arranged activity around client engagement and, to a lesser extent, employer engagement.

7.1.4   Labour demand

Many of the CSPs included statements in their business plans that they would seek to join up with local **employers** and/or local operations of national or international employers in order to complete the journey from engagement and training, into work. In general, though, with notable exceptions, there is limited evidence of success in this area, and it is not entirely clear why this should be. Employer engagement has traditionally been the most difficult element for Welfare to Work practitioners to influence, and there may be an element of providers continuing to do what they did before (again this relates to whether CS has delivered anything innovative) and hence, employer engagement continuing to be underdeveloped. Where there have been examples of engagement with employers, this has appeared to work well. However, CSPs need to be mindful of some potential criticisms, mainly the issue of raising expectations when there are far fewer jobs than training places, and that employer engagement can prioritise the needs of the employer over the needs of the most disadvantaged groups. Nevertheless, the examples so far do indicate that there are positive effects to be achieved by linking potential employment to the training process through the individual 'pathway' models adopted by most CSPs.

Links with employers may be considered even more important, given the bleaker economic scenario compared with when the CS initiative began. Undoubtedly CSPs have managed to achieve a lot in terms of engaging and training workless clients, but the change in economic circumstances has only served to reinforce the point that **labour demand matters**.

Throughout the report the focus has been on the activities of the CSPs and any associated outcomes. However, one strand which is virtually absent from the whole discussion is the experience of the workless individuals themselves. CSPs may have engaged in gap analysis in relation to the services which were provided, but in general there was little direct consultation with workless groups. So although there has been some devolution of responsibility to the local level, the services which have been provided to the workless, still have, in many instances, the character of something which has been 'done to them'. It is questionable as to whether in terms of the type of services that have been delivered, and the means by which this has been done, workless clients would have been able to identify changes since the start of the CS initiative.

Although this report has highlighted some of the tensions and challenges inherent in the environment in which CSPs have been, and are, operating, nevertheless it is the case that CSP have made significant progress. They have demonstrated enthusiasm and commitment in what they have done, and in process have instituted some important cultural changes. The recent increases in Jobseeker's Allowance (JSA) claimants do not change the simple fact that there are still many long-term workless people from the most disadvantaged areas and sub-groups who require support in their journey towards employment.

7.2   Policy implications

This section highlights some of the learning points from this evaluation of the CS initiative to date which may be of relevance for future programme evaluations and more specifically during the remainder of the life of CSPs and the next phase of the evaluation.

• CSPs in general have been keen to share their positive findings and examples of good practice. They have been less keen to discuss where elements of their strategy or delivery have proven problematic. Future work could explore how best to encourage pathfinders to discuss such issues.

• Where they have occurred, employer engagement and linking clients up with pathways into specific jobs have been successful. More work could be done to demonstrate to employers the benefits of involvement in such schemes.

• Differential commitment to evaluation and the fact that it has been devolved to local partnerships has resulted in the available evidence being patchy or inconsistent. For future devolved programmes DWP may wish to consider mandating certain elements of evaluation activity.

• Measuring outcomes using quantitative data at the level of CSPs (or constituent micro-areas targeted by CSPs) has been difficult. This suggests a need to make greater use of longitudinal data (from Work and Pensions Longitudinal Study (WPLS)), tracking data (from CSPs) and longitudinal case studies/surveys of individuals accessing services in CSP areas.

- In any future experiment in localisation it is important to be mindful of the need to manage expectations. It is noted that some of the dissonance in expectation experienced to date in some aspects of the CS initiative was caused by external events which were beyond the control of DWP and the CSPs, but the general point remains.

- If DWP is to allow local partnerships to truly innovate local policy, it must recognise that in some cases this may cause conflict with the national benefit system/regulations. It is important to develop policy to manage such potential conflict.

- It is important that DWP continues to work closely with CSPs in developing and implementing the Commissioning Strategy – CSP input is crucial to making this successful and also to ensuring CSPs 'buy-in' to the exercise.

- There has been only one example of a truly private sector led CSP, and this has shown some distinct differences from the rest. If further pathfinder areas are to be developed, DWP could consider encouraging private sector partners to lead in these areas, thus increasing the knowledge base.

- CSPs are quite varied in terms of size, resources, approach, etc. Moreover, they are dynamic – in a process of continuous evolution. This has meant that it has not been possible to derive an effective typology from 15 CSPs. While such diversity might be expected from an experiment in localisation, arguably more could have been learned from greater 'prescription' – for example, nine CSPs with 'three groups of three' (at different geographical scales – to allow for comparisons within and between the groups) with greater 'direction' regarding the nature of their activities. Though of course, it is difficult to reconcile prescription with the idea of a 'bottom-up' approach.

- It was not always clear whether the purpose of the CSP was to deliver 'quick wins' or strategic change, or both. CSPs have taken different approaches based on their understanding of what the programme is about. Where DWP (or other central government departments) have a clear view of what should be prioritised it is important that this is communicated clearly and explicitly.

- It is important that all central government representatives appreciate that the CS initiative (and similar 'localised' initiatives) are not just concerned with shaping and delivering national policy to enhance its effectiveness at local level, but are also about local delivery of local policy (albeit with national support).

Appendices – Topics and evaluation questions set out in the evaluation framework for the local evaluations issued by DWP to CSPs

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Appendix A
Topics and evaluation questions set out in the evaluation framework for the local evaluations issued by DWP to CSPs

Before the bid

• Why did the consortium make the bid?

• Why did the consortium want to become a pathfinder?

• How did the consortium consider the bidding process went?

• Which aspects of the bidding process went well and which went badly?

Formation and early days of the consortium

• Who led the consortium in the preliminary stages?

• How was the business plan put together?

• Were other organisations approached who did not subsequently take part? And if known why?

Enabling measures – the central government offer

• What enabling measures were requested?

• What enabling measures were offered?

• With hindsight were they the 'right' enabling measures?

- Did the CSP use effectively the measures won?

- Did the enabling measures make an important difference to the CSPs performance?

- Would the same enabling measures be requested again and if so why/why not?

- What was the breakdown of enabling measures requested in the strategy/planning and delivery phases? Was there any variance in the usefulness?

Central/Pathfinder relations

- How has the relationship with central government worked?

- If applicable how has the relationship with regional/devolved government worked?

Partnership working – organising at a local level

- What are the governance arrangements of the consortium?

- What is the role of the private sector, public sector and voluntary sector?

- Who have emerged as the leaders of the partnership?

- Have employers been involved and if so to what extent, how and to what effect?

- Has partnership working had an impact on duplication and delivery of services?

- Did partnership help to achieve the positive outcomes? If so, how?

- What is the history of the partners working together and partnership working in the area more generally?

- Did any problems arise in the partnership working and how were they resolved?

- What processes were set up to assist partnership working? How have they worked?

- How important has engagement at local level been in improving local awareness?

Organisation roles

- Where did evidence come from and who handled the gathering and analysis of evidence?

- How did diagnosis of problems and targeting interventions happen?

- Who designed and decided on the interventions necessary?

- How where decisions on aligning and adjoining up spending brokered?

Innovation

- How was the concept of innovation defined?

- What did the Pathfinder do to promote innovative approaches?

- Was the environment favourable to innovation?

- How were risks managed against the potential for innovation?

Bringing together the funding – pooling and aligning resources

- Which funds were pooled?

- Which funds were more closely aligned?

- How easy was this task to achieve?

- How effective has the pooling been?

- Could further possible funding be identified?

- How has mainstream/other funding been influenced?

The activities

- What has been the mix of activities?

- Which activities have been the most successful? And why?

- Which activities have not reached expectations? How/why?

- Have the CSPs used markedly different interventions to those previously undertaken by central government and others in the area?

- What has been done to make the local population aware of the changes in employment services provision as a result of City Strategy status?

- To what extent have activities to improve awareness been successful?

The outcomes

- To what extent have ethnic minority communities been positively affected in their efforts to gain employment or get nearer to the labour market by the introduction of the CSP in the area?

- To what extent have Incapacity Benefit claimants been positively affected in their efforts to gain employment or get nearer to the labour market by the introduction of the CSP in the area?

- To what extent have lone parents been positively affected in their efforts to gain employment or get nearer to the labour market by the introduction of the City Strategy Pathfinder in the area?

- To what extent have other hard to help groups (particularly those identified by the CSP) been positively affected in their efforts to gain employment or get nearer to the labour market by the introduction of the CSP in the area?

Appendix B
Aide memoire for national level interviews on the City Strategy initiative

Background

1. Please can you tell me something about your current role and how it relates to the City Strategy initiative?

The nature of worklessness

2. What do you think are the main reasons for concentrations of worklessness in some local areas?

   Prompt for:

   • supply-side issues (e.g. lack of skills, poor motivation of benefit claimants, etc);

   • demand-side issues (e.g. a lack of [suitable] jobs);

   • institutional factors (e.g. operation of the benefits system);

   • other (e.g. operation of the housing market).

3. Do you think the nature and configuration of these factors vary between local areas?

   (i.e. do the causes of worklessness and challenges in addressing it vary in different local areas?)

4. Do you think the relative importance of these factors has changed over time?

Aims of City Strategy

5. What do you see as the aims of the City Strategy initiative?

   Prompt for:

   • reduction in number of claimants;

   • focus on most deprived areas and groups;

   • improved partnership working;

   • reduction in duplication of services;

   • alignment/pooling of resources;

   • devolution of responsibility for employment programmes to sub-regional and local levels;

   • develop innovative approaches to tackling worklessness.

      To which do you give greatest priority?

6. What would 'success' of City Strategy look like (in your view)?

7. (How) is City Strategy different from other initiatives to tackle worklessness?

8. How does City Strategy relate to other initiatives to tackle worklessness and enhance employability?

9. What is your experience of other area-based initiatives?

Partnership working and central/local relations

10. Drawing on your knowledge and experience of City Strategy, who are the key partners in City Strategy at Pathfinder level?

    Prompt for:

    • partner organisations which have tended to engage well

    • partner organisations which have proved more difficult to engage

    • presence and role of private sector and third sector vis-à-vis public sector

11. Drawing on your knowledge of City Strategy, do you think some 'partnership models' at Pathfinder level have been more effective than others? If so, which? Why is that?

12. If applicable, how has the relationship between your organisation (i.e. a 'central' organisation / devolved government) and the City Strategy Pathfinders worked?

13. What have been the main challenges you have faced in developing and implementing the City Strategy initiative?

14. What do you think are the key lessons that should be learned from City Strategy partnership working to date? (i.e. what are the successes/failures)

Successes of City Strategy and innovative working

15. What do you think are the main successes of the City Strategy initiative? Why? Could these have been achieved in the absence of City Strategy?

16. Do you think City Strategy has fostered innovative working? If so, can you give examples?

17. Do you think City Strategy Pathfinders have used markedly different interventions to those previously undertaken by central government/other organisations? If so, what is different? If not, why do you think this has been the case?

18. Has City Strategy enhanced your knowledge and understanding of local and sub-regional issues and of policy implementation at local and sub-regional levels?

Challenges facing City Strategy

19. What do you think are the key barriers that have faced City Strategy in the first two years?

    Prompt for:

    • lack of enabling measures;

    • time taken to time to get delivery underway;

    • data sharing issues.

20. What do you think is the rationale for enabling measures in City Strategy?

21. What lessons should be taken away from the experience of negotiations on enabling measures?

22. What else, other than enabling measures, could have been done to inject the 'local' into City Strategy?

23. There have been ongoing changes in the policy landscape since the introduction of City Strategy. What has been the impact of new policy initiatives on City Strategy?

    Prompt for:

    • whether new initiatives mean more 'institutional clutter' and make partnership working more difficult;

    • whether new initiatives offer greater scope for innovation/new ways of working;

    • changes in benefit regulations (e.g. ESA, benefit rules for lone parents);

    • introduction of the Working Neighbourhoods Fund (in England);

    • Multi-Area Agreements (in England);

    • flexible New Deal;

    • other

24. In the light of current policy developments, do you think that City Strategy still has relevance?

25. What does economic recession mean for City Strategy?

    Prompt for:

    • will recession lead to greater emphasis on local solutions?

    • will recession lead to a diversion of resources away from the hardest to help/most disadvantaged towards the newly unemployed? If so, does this matter?

Geographical scale

26. What do you consider to be the appropriate geographical scale for interventions to tackle worklessness?

    Prompt for:

    • what is best done at the national level?

    • what is best done at the regional level?

    • what is best done at the sub-regional level?

    • what is best done at the local (i.e. local authority) level?

    • what is best done at the neighbourhood level?

27. What do you think is the optimal size for a City Strategy Pathfinder? Why?

    Prompt for:

    • are large Pathfinders too big?

    • are small Pathfinders too small?

    • what is best done at the national level?

Looking ahead

28. Are City Strategy Pathfinders suitable 'models' for future devolved employment programmes in deprived areas and for those groups most disadvantaged in the labour market? Why/why not?

29. Has City Strategy highlighted any tensions between 'centralisation' and 'localisation' of policy? If so, what and how? (How) can they be overcome in the future?

Learning points

30. What are the key learning points you are taking from your knowledge/ experience of City Strategy to date?

Appendix C
Generic questions for electronic survey of CSPs

Questions to be answered using a Lickert scale indicating the extent to which respondent agrees with each statement:

1: strongly disagree

2: disagree

3: neither disagree nor agree

4: agree

5: strongly agree

It would also be possible to ask for comments under each heading.

A.   Strategic leadership

A1.   City Strategy has raised the profile of reducing worklessness and enhancing employability amongst local partners

A2.   City Strategy has stimulated efforts to improve the evidence base on understanding the nature of worklessness at local level and ways to reduce it

A3.   City Strategy has helped make things happen that would not otherwise have happened

> Please insert any comments relating to the questions above:

B. Strategic influence

B1. City Strategy has facilitated improved dialogue with decision makers in local organisations

B2. City Strategy has facilitated improved dialogue with decision makers in regional organisations

B3. City Strategy has facilitated improved dialogue with decision makers in national organisations

B4. City Strategy has encouraged partners to think differently about resource allocation and multi-agency working

B5. City Strategy has helped in mainstreaming of reducing worklessness and enhancing employability as priority issues in partners' policies and practices

Please insert any comments relating to the questions above:

C. Partnership working

C1. City Strategy has extended the scope of partnership working beyond employment and skills to include partners from other domains (e.g. health, housing, the probation service, etc.)

C2. City Strategy partnership working has helped to develop and embed a shared agenda for tackling worklessness.

C3. City Strategy has led to enhanced inter-agency working at strategic level

C4. City Strategy has led to enhanced inter-agency working at operational level.

Please insert any comments relating to the questions above:

D. Leverage

D1. City Strategy has helped in the sharing of knowledge and best practice in tackling worklessness amongst partner organisations

D2. City Strategy has facilitated the development of shared priorities for tackling worklessness.

D3. City Strategy has led to joint approaches to commissioning.

D4. City Strategy has led to leverage of additional resources to tackle worklessness and enhance employability

Please insert any comments relating to the questions above:

E.   Synergy

E1.   City Strategy has helped partner organisations in working to achieve their targets.

E2.   City Strategy has facilitated the process of alignment of targets across partner organisations.

E3.   City Strategy has led to pooling and aligning of budgets in order to make more effective use of existing resources.

E4.   City Strategy has led to a reduced duplication of activities amongst partners.

> Please insert any comments relating to the questions above:

F.   Flexibility and Innovation

F1.   Local agencies are best placed to identify local differences in the causes and incidence of worklessness and to address them.

F2.   City Strategy has facilitated the development of local solutions to meet local needs.

F3.   City Strategy has facilitates the development of innovative approaches to address local issues.

F4.   City Strategy has led to markedly different interventions to those previously implemented by national/regional/local organisations in the CSP area

> Please insert any comments relating to the questions above:

Appendix D
Enabling measures to support City Strategy and 'make work pay'

Challenge	Enabling measures
Supporting larger families	The current cap on the childcare element of Working Tax Credit is a significant disincentive for parents with more than two children to take on childcare in order to assist with the move into employment. DWP, HMRC, DCFS and CS should design and implement possible pilots capable of providing greater support to this group. The pilots should be used to inform how local authorities can meet their duty to ensure that adequate childcare provision is available to this group.
Improving support for homeless people	DWP, DCLG, and CS should develop and pilot improved packages of support for people living in temporary accommodation that can facilitate their entry into the labour market. These packages could include: (i) using block grants to reduce rents for private sector leased temporary accommodation to social housing equivalent levels; (ii) creating a dedicated and flexible budget to support homeless people into work that brings together funding available for housing support (DCLG), and benefit payments, including housing benefit payments (DWP); (iii) improving the links between employment and skills provision and initiatives including rent deposit schemes and temporary to permanent initiatives which seek to progress households in temporary accommodation into secure housing.
Providing incentives for absent parents to work	DWP, DCSF, and the Child Maintenance (CS) Enforcement Commission should consider developing pilots that increase the incentives for non-working absent parents to take up employment. These could include allowing a lower rate of initial maintenance payments to be paid for the initial period after an absent parent starts work or by providing an in-work reward grant or other form of financial incentive to offset the initial jump in maintenance payments. Pilots could be used to test the impact of different levels of initial rates or reward payments on the employment rates of absent parents.

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Helping with the transition to work	DWP, Ministry of Justice, DCLG, and CS should develop pilots that address the impact of debt recovery during the transition to employment.
	In particular:
	(i) DWP should improve its delivery of Better Off Calculations for work by incorporating routine debt screening into this process and by establishing formal referral arrangements to local money advice agencies. The Financial Inclusion Fund could be used to fund this service;
	(ii) the Ministry of Justice should establish fast track procedures for people moving into employment to obtain the protection of an Enforcement Restriction Order to prevent debt recovery action during the initial period of employment where appropriate;
	(iii) DCLG and CS should improve Council Tax debt recovery practices so that these do not deter people from moving into work;
	(iv) DWP should review the eligibility criteria for Housing and Council Tax Benefit run-ons. At present these exclude those claimants who have broken their periods of claim due to stays in hospital or prison.
Incentivising part-time employment as a stepping stone to full-time work	DWP and CS should pilot ways of increasing the use of part-time work as a stepping stone towards full-time employment. These pilots should focus on those groups that are hardest to reach:
	Possible pilots include
	(i) raising the earnings disregards for single JSA and ESA claimants working for less than 16 hours per week in CS areas, provided that this forms part of an approved individual package of support designed to promote progression towards full-time, sustainable, employment;
	(ii) expanding the take-up of permitted work, particularly amongst single IB claimants, by extending the permitted work period for those with the greatest barriers to full-time employment and designing additional financial incentives to encourage permitted work in jobs that pay more than the minimum wage.
Providing greater incentives to try employment and progress towards work	DWP and CS should pilot the use of Work Related Activity Premiums (WRAPs) to incentivise particularly hard to reach groups of benefit claimants, and to recognise those claimants who are making extra efforts to obtain employment beyond the normal conditionality requirements for benefit.
	The following measures could be incorporated within the Government's proposed Integrating Employment and Skills Pilots:
	(i) making WRAPs available to those local areas or customer groups within CS areas with the highest rates of worklessness as part of an area-based approach to drive up skills levels and employment rates;
	(ii) supporting participation of claimants on Work Trials available with employers signed up through LEPs;
	(iii) rewarding progress at stages along the customer journey to employment as set out in individual action plans including on completion of work-related training.

Creating personalised rewards for people returning to work	CS wish to pilot the use of personalised rewards payments for people returning to work by creating a single pot from available funds, including discretionary payments for in work emergencies and job retention payments.
	Pilots could involve:
	(i) tailoring rewards for people responding to employer-led recruitment programmes, organised through LEPs; and
	(ii) providing personalised rewards for the hardest to reach groups to help them sustain employment. This includes offenders, where rewards payments could be made at points beyond the end of their licence or community sentence if employment is sustained.

Appendix E
# Benefit and employment rate trends

Figure E.1   Aggregate key benefit trends across CSP areas, February 2005 to February 2009

Source: DWP Administrative Benefit Records, obtained via Nomis.
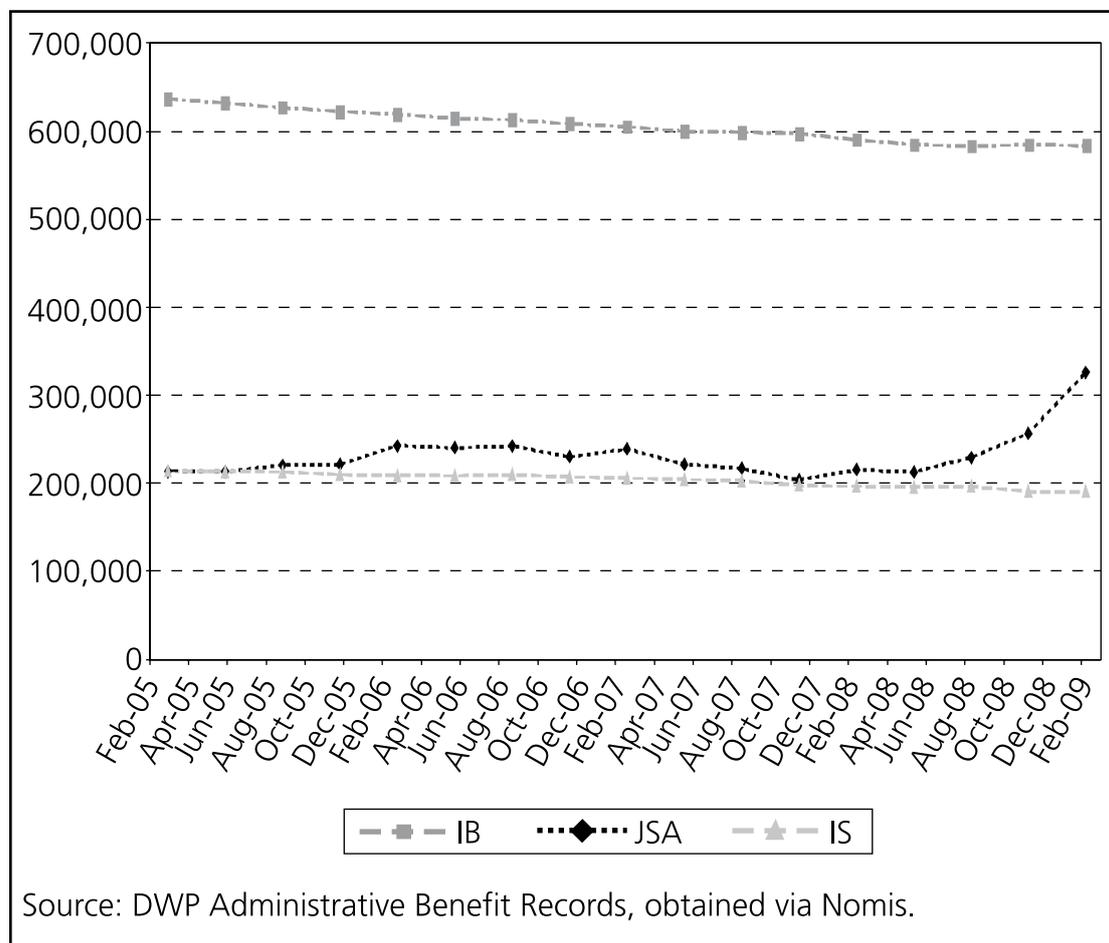
Figure E.2 Total benefit claimants in each CSP area indexed to May 2007 (i.e. May 2007 = 100), February 2005 to February 2009

Source: DWP Administrative Benefit Records, obtained via Nomis.
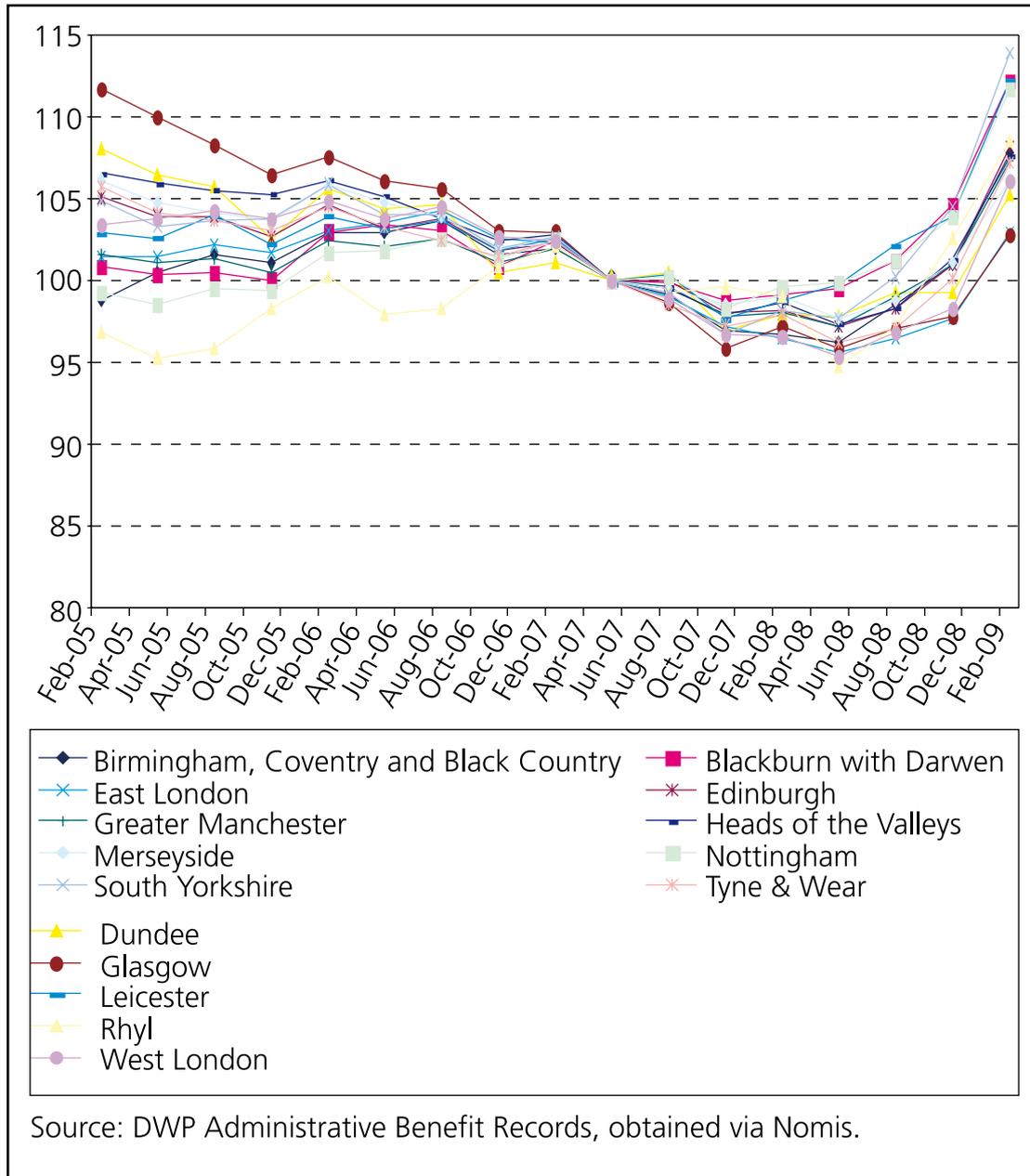
Figure E.3 CSP employment rates (for people of working age) by CSP, December 2004 to March 2009

Source: Annual Population Survey, obtained via Nomis.
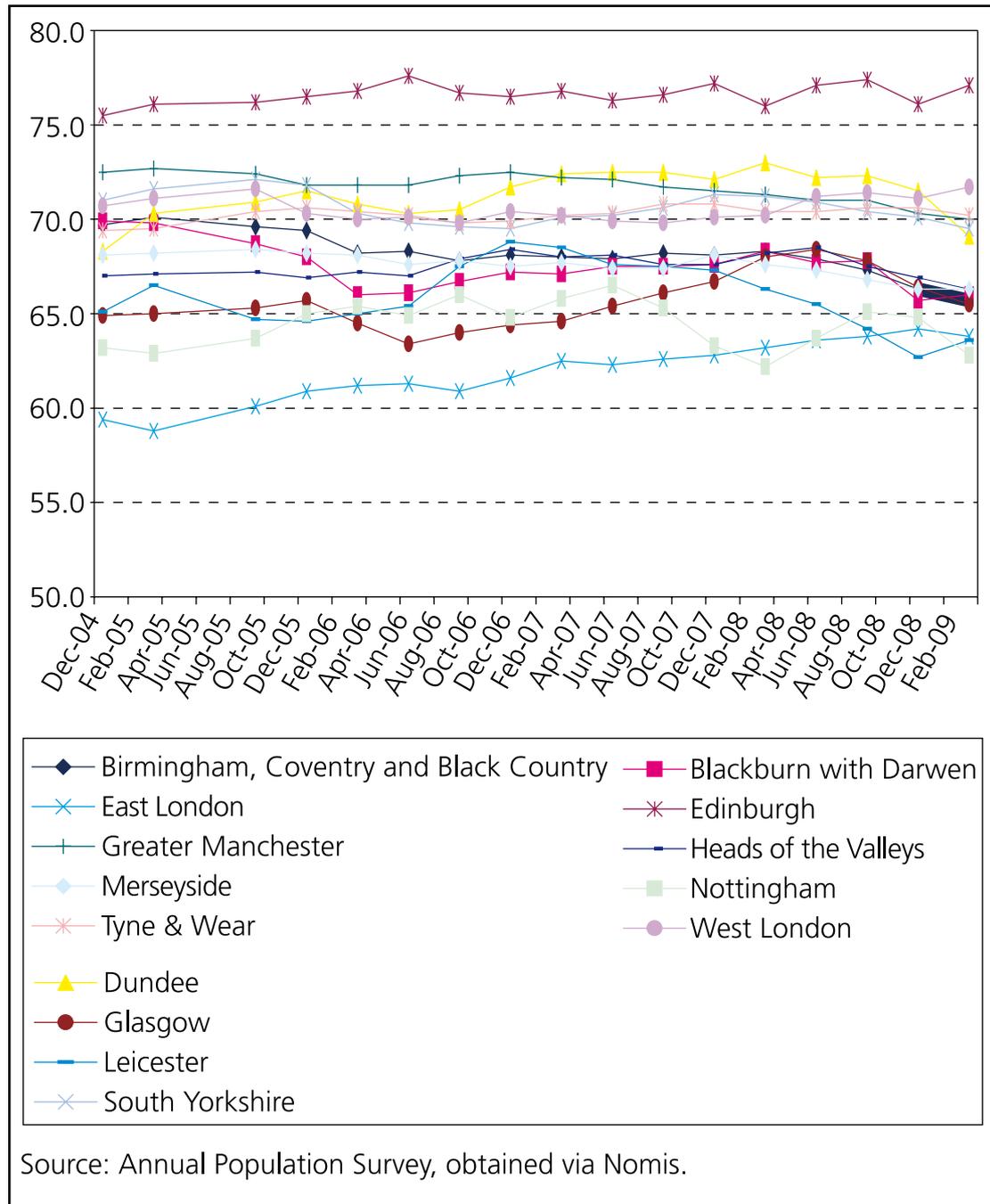
Appendix F
Local authorities included in the comparator area

Government Office Region/Nation (number of local authorities)	Local authorities
East of England(5)	Great Yarmouth, Luton, Waveney, Norwich, Tendring
East Midlands (3)	Derby City, Bolsover, Mansfield,
London (11)	Haringey, Lambeth, Islington, Southwark, Lewisham, Barking and Dagenham, Enfield, Camden, Redbridge, Croydon, Barnet
North East (6)	Middlesbrough, Hartlepool, Redcar and Cleveland, Stockton on Tees, Wear Valley, Sedgefield
North West (5)	Blackpool, Barrow-in-Furness, Preston, Copeland, West Lancashire
Scotland (5)	Inverclyde, North Ayrshire, East Ayrshire, Clackmannanshire, North Lanarkshire
South East (5)	Thanet, Brighton and Hove, Dover, Slough, Isle of Wight
South West (1)	Penwith
Wales (6)	Anglesey, Newport, Neath Port Talbot, Bridgend, Swansea, Gwynedd
West Midlands (1)	Stoke on Trent
Yorkshire and the Humber (2)	Kingston upon Hull, Bradford

Appendix G
Modelling benefit off-flows

Introduction

The City Strategy (CS) initiative was designed to accelerate exits from benefits and entry to employment by increasing the effectiveness of support for workless people within City Strategy Pathfinders (CSP) areas. This improvement in effectiveness would come about through better co-ordination of support, aligning policies, pooling resources and removing duplication of services. If successful, CSPs could be expected to have a positive impact on off-flows from benefits and entries to employment. One method of assessing the impact of CSPs is, therefore, to examine benefit off-flows for evidence of an increase following the establishment of CSPs in April 2007.

In principle an analysis of benefit off-flows would seek to answer three key questions:

• At what rate did claimants leave benefits before the introduction of CS?

• Has there been any change in the rate of exit from benefits since the launch of CS?

• Were there factors other than CS that would account for any observed change in exits from benefit?

Rationale of the approach taken

A framework for modelling benefit out-flows

The analysis presented here starts from the proposition that there is a functional relationship between the number of benefit claimants hired in a period (the benefit off-flow)[109], the number of vacancies in the jobs market and the effectiveness of

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[109]   Flows off Jobseeker's Allowance (JSA) are not necessarily flows into employment or other positive outcomes. Flows into employment can be selected using the breakdown of destinations data, however not all destinations are known.

job search by benefit claimants. With a given number of vacancies per period of time, and a particular level of job search effectiveness, there would be some 'equilibrium' rate at which people flow out of benefits in any time period. Changes in any of the factors determining the off-flow would lead to changes in the equilibrium off-flow rate, although it may take several months for a new rate to be established (because of lags in the job search and hiring process, uncertainty and imperfect information).

The CS initiative can be thought of as an intervention that improves the job matching process in the CSP area by providing support through information, guidance, training, work experience or removing barriers to job entry (the precise form of support depending on the needs of the local area as reflected in the priorities of the CSP). If successful, CSPs will improve the matching process and thus, shifting the matching function for benefit claimants. This would lead to a new (and higher) off-flow rate from benefits in CSP areas.

This report reports the results of modelling benefit off-flow rates in order to establish whether the introduction of CS has shifted the off-flow relationship. This approach estimates off-flow functions for CSPs. A benefit off-flow rate is defined as the number of people leaving benefit in a time period divided by the total number of benefit claimants (the stock) at the start of that time period. An off-flow function takes the general form of:

$$\Delta \ln(O_t/B_t)^i_j = \beta^i_j \ln X^i_{tj} + \lambda^i_j CS_t - \gamma^i_j \ln(O_{t-1}/B_{t-1})^i_j + \varepsilon^i_j \qquad (1)$$

where $\Delta \ln(O_t/B_t)^i_j$ is the change in the off-flow rate in period t (O = number leaving benefit during a period of time, B = total number of benefit claimants at start of period t), $\ln X_t$ is a set of exogenous factors in period t and CS measures the impact of CSPs on the off-flow in period t. ε is an error term with mean zero. The superscript i refers to benefit group (JSA, Incapacity Benefit (IB) etc.). The subscript j refers to the CSPs. Since the off-flow function is expected to be non-linear, the equation is specified as linear in logarithms.

Since adjustment to an equilibrium off-flow rate is not likely to be instantaneous but the result of a dynamic adjustment process, an off-flow adjustment term is included in equation 1 in the form of a lagged off-flow term where the adjustment coefficient -γ is expected to take a value between 0 and –1. Values close to 0 imply a very slow adjustment while values close to –1 imply almost complete adjustment in a single time period.

The off-flow adjustment equation (1) can be rearranged to provide an equivalent off-flow rate equation:

$$\ln(O_t/B_t)^i_j = \beta^i_j \ln X^i_{tj} + \lambda^i_j CS_t + (1 - \gamma^i_j) \ln(O_{t-1}/B_{t-1})^i_j + \varepsilon^i_j \qquad (2)$$

This equation is identical to the equation (1) except that the coefficient on the lagged off-flow rate is now $(1 - \gamma^i_j)$. Since -γ^i_j was expected to take a value between 0 and -1, this coefficient is expected to be positive and take a value between 0 and 1.

The principal exogenous factor determining the off-flow from benefit is the level of labour demand in the local economy. This can be measured by the ratio of unemployment to vacancies in the CSP area. (Seasonal variations in labour demand and changes in macroeconomic activity could also be included in the model represented by seasonal dummy variables and macro time variables, but this has not been done here.)

Methodology, data and associated caveats

In reality there are some important practical issues that need addressing.

Which off-flow rate?

An off-flow rate can be defined in several ways. These include:

(a) aggregate (i.e. all types of benefit claimants) exits from benefits;

(b) aggregate exits to employment;

(c) exits from individual benefits (i.e. different off-flow rates for JSA, IB etc);

(d) exits from individual benefits to employment.

(a) above is of interest to the Exchequer since any exit from benefit will save public money. Exits to employment (b) are also of interest to the Exchequer but will be lower than (a) but are of more relevance if the foremost interest is in increasing the local employment rate. Type (c) exits might be more appropriate if it is thought CS will affect some benefit claimants more than others (so the model would measure impact more effectively). However, not all exits will represent an Exchequer saving as some exits from (say) JSA will be entry to IB or vice versa. Type (d) exits are the 'best of both worlds' in that differential effects on claimants might be detected and movements between benefits are ignored. It is important to note, however, that exits to employment represent a small proportion of exits and may not be (in fact, certainly are not) fully recorded (there are many people who leave benefit to unknown destinations).

Identifying the CS effect

The impact of CSPs on benefit off-flows takes the form of a shift in the off-flow equation. In order to estimate this impact it is necessary to have a variable, or variables, that can capture the CS effect (if any). A simple [0,1] dummy variable taking the value 0 before April 2007 and 1 from April 2007 onwards is one possibility. Of course this assumes that CSPs were up and running from April 2007 and having an impact. In reality this is unlikely as some CSPs took time to get going and different local strategies may take differing amounts of time to show any effects. This being so it may be more appropriate to use a set of variables that reflect the timing or intensity of the CS intervention at the local level.

The scale of the CS effect

It must be acknowledged that modelling off-flow rates provides a view of the overall **effectiveness of CSPs** not the **efficacy** of CS interventions. Even if CS was very efficient and increased off-flow rates by (say) 20 per cent, if CS interventions only touch or reach 10 per cent of the population of the area then the overall effect of CS would be to raise off-flow rates by only two per cent. Such a small change may not be detectable, or be within the margins of error associated with the estimates. This does not mean the analysis is not worth undertaking, just that a zero impact in the aggregate should not lead to the conclusion that CS interventions had no effect on those they touched. It might, however, imply that CS was not a very effective way to reduce the number of benefit claimants (and other ways might give a bigger effect).

Methodology for time series analysis

Variables included in the time series were as follows:

• **Off-flow rate (logged)** – JSA off-flows in month divided by JSA stock in previous month (note, for this variable, the destinations data have not been used here to disaggregate the types of off-flow).

Flows have been standardised onto a 4 1/3 week basis.

'Geography' is defined either in terms of local authorities, for those CSPs which do not have spatial targeting, or wards or Lower Super Output Area (LSOAs), for those which do. If the area is defined in terms of wards, data are available monthly from February 2004 to the present. Data for areas defined by LSOAs are available monthly from October 2004 to the present. Data for LAs are available monthly from January 1998:

• **Off-flow rate to work (logged)** – JSA off-flows to work divided by the previous month's stock.

• **Off-flow lagged** – this is (logged) off-flow rate lagged by one month.

• **UV ratio (logged)** – where U is the claimant count in the Travel-to-Work Area (TTWA) and V is notified vacancies in the TTWA. This variable represents the labour market conditions which might be expected to influence the rate of off-flow (lnX_t). TTWAs are used to approximate the conditions in a relatively self-contained labour market area.

Vacancy data are available monthly from April 2004. Claimant counts by TTWA are available from October 2004. The TTWAs were selected as the areas which correspond most closely with the CSP areas. Note that for East London and West London, the London TTWA is the same. Merseyside and Greater Manchester's TTWAs both include the Warrington and Wigan TTWA.

It should be noted that there is a discontinuity in the way in which Jobcentre Plus records the vacancies.[110] The discontinuity in the way in which vacancy statistics are recorded is a major problem for this exercise. Models were initially specified using live unfilled vacancies, but the changes to the method of recording of these figures altered radically in May 2006. The figures for notified vacancies have also been affected by the change, but not as severely as the figures for live unfilled vacancies. Weighting the figures to account for the change in collection method is possible, but it is difficult, especially as the effect is unlikely to remain constant over time.

• **City Strategy dummy** – takes a value of 0 before April 2007 and 1 thereafter.

Prior expectations

It is expected that the rate of off-flow from JSA will be positively related to the lagged off-flow rate, and that the UV variable will have a negative co-efficient. So that when off-flows have been high the previous month, this is an indicator that they will continue to be high, and that the larger the ratio of job seekers to vacancies, the lower the off-flow rate will be.

For CS to show an impact, the CS dummy variable is predicted to be positive and significant, indicating that the variable has an impact above and beyond that of the other variables in the regression.

Some caveats

This method of estimating the impact of CS is crude. There are technical and theoretical issues why caution should be exercised when interpreting the regression outputs.

A positive significant coefficient for the CS dummy variable could indicate that CS has had an impact, but it could also be a result of other outside processes which have had an effect on the labour market, and which have not been accounted for in the model.

The model is used to estimate the relationship between the independent variables and the dependent variable, which is the rate of off-flows from JSA. At this stage, off-flows into work or training, which is arguably a better measure of success, are not being measured. All off-flows, only a proportion of which are positive outcomes such as work or training, are being modelled. Secondly, JSA clients represent only a portion of the total workless in each pathfinder area. There is variation between the pathfinders, but JSA clients account for around one-quarter to one-third of the three main benefit claimants (IB, Income Support (IS) and JSA).

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[110] Changes to Jobcentre Plus vacancy handling procedures have led to a major discontinuity in the vacancy statistic pre- and post- May 2006. See http://www.nomisweb.co.uk/articles/177aspx#may06 (accessed 16 January 2010) before comparing data over this period.

Much of the CS work has been directed at the long-term unemployed/inactive who are the furthest away from the labour market. It is questionable as to whether success can be defined for this group by looking at moves into employment.

Availability of data

Most of the data required to operationalise the modeling approach outlined above is available on Nomis but not all in the same form.

- The easiest group to deal with is JSA claimants for whom monthly series are available. These are disaggregated in various ways (not all relevant) and both stocks and flows are available. Some destinations data is available but there is a large unknown element in destinations.

- Benefit claimants are reported at a variety of different spatial scales. The frequency of data for non-JSA claimants is quarterly and in many (all?) cases is stock not flow (but flow can be estimated from stock numbers). Quarterly data may not provide enough observations (although some form of pooled data might overcome this.

- Data for other variables, such as UV ratios, can be obtained from Nomis or from the LFS. It might be sensible to use UV ratios measured at the TTWA level since this measures demand in a self-contained labour market level rather than at the (arbitrarily defined) CSP area. TTWA UV ratios also reduce the degree of co-linearity between the dependent variables and the UV ratio.

- Measures of CSP implementation pose a problem and could be dealt with by using binary dummy variables for each CSP. Identifying the 'start' of CSP activity is clearly a problem and it may be that some arbitrary decisions need to be made in this regard (or we ask Area Evaluation Advisers (AEAs) to say when they think CSPs started to deliver something.

Results of regressions

Two sets of regressions are presented here. For the first regressions, summarised in Table G.1, **off-flow rate (logged)** is the dependent variable and off-flow lagged (logged), UV (logged) and CS dummy are the independent variables. The second set of regressions, summarised in Table G.2, contains the same independent variables, but the dependent variable is the off-flow rate to work (logged).

In the following summarised results, the sign gives the direction of the coefficient and the significance level is indicated by the number of asterisks. A positive result for the CS dummy coefficient is indicative of a positive CS effect.

**Table G.1   Dependent variable: log of off-flow rate.
Independent variables: log of UV ratio, log of off-flow
rate lagged, CS dummy**

CSP area	UV	CS dummy	Off-flow lagged
BCBC	- ***	+ ***	+
Blackburn with Darwen	- ***	+ ***	+
Dundee	- ***	-	-
East London	- ***	+ **	+ **
Edinburgh	- ***	+ ***	+
Glasgow	- ***	+ ***	- *
Greater Manchester	- ***	+ ***	+ **
Heads of the Valleys	- ***	+	+
Leicester	- ***	+ ***	+
Merseyside	- ***	+ ***	-
Nottingham	- ***	-	+ **
Rhyl	- ***	+	+ **
South Yorkshire	- ***	+	-
Tyne and Wear	- ***	- **	-
West London	- ***	+ ***	-
CSP comparator area	- ***	+ *	-

*   Significant at the ten per cent level.

**   Significant at the five per cent level.

*** Significant at the one per cent level.

Table G.2   Dependent variable: log of off-flow rate to work. Independent variables: log of UV ratio, log of off-flow rate lagged, CS dummy

CSP area	UV	CS dummy	Off-flow lagged
BCBC	- ***	- **	+ *
Blackburn with Darwen	- ***	-	-
Dundee	- ***	- ***	+
East London	- ***	-	+
Edinburgh	- ***	-	+
Glasgow	- ***	-	-
Greater Manchester	- ***	+	+ *
Heads of the Valleys	- ***	- *	-
Leicester	- ***	+	-
Merseyside	- ***	-	+
Nottingham	- ***	-	+ **
Rhyl	- ***	-	-
South Yorkshire	- ***	-	+
Tyne and Wear	- ***	- ***	+
West London	- ***	-	-
CSP comparator area	- ***	- **	+

*   Significant at the 10% level.

** Significant at the 5% level.

***   Significant at the 1% level.

Interpretation of results

Some caution must be exercised with the interpretation of these results. This first series of regressions produced a series of results broadly along the lines of what might have been expected. For most of the pathfinders the CS dummy variable is found to be significant, in the anticipated direction, at the five per cent level or better. Such results could indicate that for these pathfinders, CS had proven successful in increasing the off-flow rates from JSA.

Although the primary concern here is with identifying any possible CS effect using these models, the UV ratio should not be overlooked. For all of the CSPs, this coefficient is significant at the ten per cent level or better. This suggests that even if there is a CS effect, the wider economic conditions are also important in determining the off-flow rate. Comparing the size of the coefficients suggests that the effect of the UV ratio is larger than the CS effect, so emphasising the importance of labour demand.

As one means of checking these results, an equivalent model, using the same variables, was specified for the CS comparator area.[111] In the case of this model, the CS dummy variable was included as before, despite the comparator area not being subjected to CS activities. Like the majority of the models for the 15 CSPs, this model also produced a significant positive result for the CS dummy variable.

This result suggests a number of interpretations. It does perhaps suggest that the CS areas have not performed much differently from the comparator area. It also suggests that around the time of the introduction of the CS initiative the rate of off-flow from JSA in both the CS areas and the comparator area increased. The results could suggest that a factor common to the CS areas and the comparator area occurred at around the same time as the beginning of CS and had an impact on the rate of off-flow from JSA (i.e. the CS dummy is not really measuring CS activity but is a proxy for something else). Among other things, this could indicate that around this time DWP and Jobcentre Plus began a programme of interventions in the areas of high unemployment, which had an impact on the off-flow rate. It could also indicate some change of administrative arrangements within the benefits system, such as subjecting JSA claims to a greater level of scrutiny.

The first series of regressions modelled the off-flow rate, for all off-flows, from JSA. The results of these regressions suggested that there was a positive CS effect on the rate of off-flows from JSA. However, a similar regression modelling JSA off-flow rates for the CS comparison area also suggested that there was an increase in the off-flow rate which coincided with the start of CS.

For the second series of regressions the dependent variable is replaced by rate of off-flows to employment. The results of these regressions are shown in Table A.2. Again, for most of the CSPs the UV ratio is found to be a significant predictor of the off-flow to employment rate. Reasons for the differences between the two sets of regressions are not obvious. One answer may be that a CS effect does exist, but it is too small to capture, as it is dwarfed by the effect of the wider economic conditions.

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[111]   This comparator area was selected from amongst those local authorities with the highest levels of worklessness but excluded from CSP areas (see Appendix F).