

**Reducing Worklessness: The Role of Local
Action and Local Economic Development**

For NCRA Panel

Stephen Syrett

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Reducing Worklessness: The Role of Local Action and Local Economic Development

Stephen Syrett, Centre for Enterprise and Economic Development Research, Middlesex University (mailto:s.syrett@mdx.ac.uk)

1. Introduction

This note provides a brief overview of the available policy evidence relating to how local factors contribute to reducing worklessness. Rather than producing a comprehensive literature, the approach adopted is to draw upon the findings of a series of policy evaluations and associated research to identify key factors that relate to the role of local action in tackling worklessness.

The starting point for this review is that despite a period of sustained employment growth within the UK labour market there remain high levels of worklessness concentrated within particular groups and places. The concentration of large numbers of workless people in particular neighbourhoods, acts to reinforce labour market exclusion. Along with the operation of processes such as the allocation of social housing, poor transport links, and poorer schools, residents of deprived neighbourhoods commonly have weaker social networks to provide information about jobs, a lack of positive peer group effects and role models, and a more limited commuting range. Together such factors create cumulative labour market disadvantage.

2. Evidence base

There have been a number of recent labour market interventions aimed at reducing levels of worklessness within the UK, that have had a 'local' dimension. First is a set of active labour market policies that have formed part of New Labour's welfare to work programme. These have sought to target more effectively those groups most disadvantaged in the labour market and those areas that have the highest levels of worklessness (e.g. Employment Zones, Action Teams for Jobs, Working Neighbourhoods Pilots). These initiatives are informed by a supply-side rationale, which identifies that the main obstacles to further improvements in employment participation rates are to be found principally in the individual and household characteristics of those who are out of work. Second, is a more diverse range of local level labour market initiatives, less constrained in their informing rationale although again with a strong focus on supply-side issues. These have been funded predominantly through major regeneration programmes (e.g. Single Regeneration Budget (SRB) and New Deal for the Communities) and by European Social Fund (ESF) monies.

The evaluations from these policies provide a number of insights into what does and doesn't work in tackling worklessness and the role of local action within this (Employment Zones (Bruttel, 2005; Hasluck et al, 2003); Action Teams for Jobs (Cox et al, 2002; Casebourne et al., 2006); Working Neighbourhood Pilot (Dewson et al., 2007); Single Regeneration Budget (Sanderson et al, 1999; Rhodes et al. 2002; North et al, 2002; Tyler et al, 2007); New Deal for Communities (NDC); CRESR, 2005); and intermediate labour markets (MacGregor et al 1997; Finn and Simmonds, 2003). In addition other work has focused on the issues of integration and co-

ordination between programmes and policies and their relationship with the wider local economic development process (North et al, 2007).

The points that follow draw out key findings from across these evaluations as well as other related research work to identify key factors evident in delivering higher levels of employment and reduced levels of worklessness among the most disadvantaged groups and communities.

What is evident from across these studies is that what works best in practice depends on particular local contexts (i.e. population characteristics, the nature of existing employment and training provision, the demands of local employers, local histories of economic development etc.) and the needs of different groups. Services and policies therefore work best where they are planned locally in response to local circumstances and informed by the following factors:

Sensitivity to diverse needs

The diversity in the nature of the 'harder to reach' economically inactive population and their circumstances, combined with the fact that they often face multiple barriers to entering employment, requires a client-centred or personalised approach. This contrasts with existing provision, which tends to be standardised and lacks flexibility to respond to individual needs over varying time scales.

Successful interventions are characterised by:

holistic interventions rather than focusing on only one aspect of employability;
Individualised approaches providing continuity of support and the right support at the right time;
high quality personal advisors able to operate flexibly in relation to individual's needs;
assessment and improvement of basic skills embarked upon at the earliest moment;
continuity of training both in and out of employment;
support for job search activity.

Engagement with people out of work

Many of those economically inactive are largely detached from the formal labour market and require active engagement measures to start a process that moves them towards employment. Approaches based upon coercion and compulsion leads to poor motivation, resentment and ultimately disengagement. Measures that are voluntary and permit localised discretion help to engender trust and builds relationships with advisors and other intermediaries.

Successful interventions are characterised by:

a multifaceted programme of outreach activity to engage workless people;
committed and enthusiastic staff who treat their clients as individuals and want to make a difference;
staff based at accessible points within deprived neighbourhoods;
voluntary involvement promoting engagement, motivation and trust.

Employer engagement

An active engagement of private and public sector employers is fundamental to ensure a clear understanding of what employers needs are. This is essential to schemes that seek to make workless people work ready and able to compete successfully for jobs, and then to sustain them in employment.

Successful interventions are characterised by:

active engagement of employers ensuring activity is demand led and appropriate skills and competencies are developed;
involvement of employers in ongoing training once workless people are in employment to ensure they remain in employment and to create new spaces at the entry level;
dialogue with employers and awareness raising with regard to employment practices and prejudices that may limit the recruitment of particular workless groups;
dialogue with employers and awareness raising to promote the provision of jobs with decent pay and working conditions to provide attractive employment opportunities for the workless.

Voluntary and community sector engagement

Voluntary and community sector bodies often play a fundamental role in providing support systems for residents in deprived neighbourhoods. Crucially these bodies often have the necessary access as trusted locally based organisations to populations that often distrust mainstream state agencies.

Successful interventions are characterised by:

active engagement of voluntary and community agencies working with other local partners to access 'difficult to reach' groups and enhance trust in state services;
capacity building of VCS bodies so that they are 'fit for purpose' and able to compete for, and deliver, contracts effectively.

Co-ordinated and integrated provision

There is currently a range of initiatives to tackle worklessness emanating from different government departments and operating with differing objectives. Some seek to regenerate deprived areas, some to improve skills and productivity, and others to reduce the claimant count or initiatives. Commonly a lack of integration and co-ordination of these initiatives at the local level leads to situations of complexity, fragmentation and competition between providers (North et al, 2007).

Successful interventions are characterised by:

an integrated approach to delivery with national programmes complemented by local actions;
clear roles and responsibilities of different agencies and their interrelationships both horizontally at the local level, and vertically, working across spatial levels (neighbourhood, local, sub-regional, city);
continuity of support: across job preparation, job search, work experience and training;
linkage between employment and training service providers and other service providers in areas such as housing, health and social services.
tracking of clients through a shared system in order to monitor progress and provide information on the effectiveness of provision.

Strategic approach

Initiatives to tackle worklessness have largely developed in an ad-hoc and unplanned manner. Such initiatives are commonly characterised by a strong focus on supply side issues with little attention given to the nature of local labour demand and only limited understanding of the precise relationship between local needs and opportunities. To date, strategic approaches to tackling worklessness have been rare

under current governance and delivery arrangements (North et al, 2007) although there is some evidence of recent change in this respect (e.g. the development of Regional Employability Frameworks; City Strategy Pathfinders).

More successful interventions are characterised by:

a strong evidence base and local intelligence which enables an understanding of the workings of the local labour market, barriers faced by different groups, and the differing aspirations and motivations of those not economically active;
a plan of what needs to be done locally with the role of different agencies in achieving this clearly set out;
mechanisms for actively linking workless people to job opportunities: i.e. through developing appropriate sector specific programmes (e.g. construction, hospitality, retailing etc.) or spatially linking residents of deprived neighbourhoods with nearby sites of employment growth.

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