

## Achieving regeneration through combining employment training and physical improvement

The Wise Group aims to both improve the physical environment of poorer communities and reduce unemployment by providing services to lower-income households and communities. It combines these aims by moving long-term unemployed people into sustainable employment through 'real world' work experience. This evaluation of the Group's work found that it has achieved these aims, with relatively high proportions of trainees finding work, generally positive feedback from households receiving services and evidence that the scheme can be successfully applied in different areas:

*f* The Wise Group is a significant player in local economic regeneration. In 1995, it employed 234 people and recruited nearly 800 trainees. The Group's income has grown from £2.2m in 1985/86 to £13.7m in 1995.

*f* Householders were more satisfied with Wise Group services than with work carried out by their local authority landlords. Householders also felt that the Wise Group gave them a greater say in work carried out on their homes, although a significant minority felt more consultation was needed.

*f* Over a half of those in refurbished homes and around a third in homes insulated by the Wise Group stated that weekly fuel bills had fallen. The majority of households surveyed felt their houses had improved; many stated they would be more likely to stay in their neighbourhood as a consequence.

*f* Compared to the government scheme Training for Work, trainees are drawn disproportionately from the long-term unemployed: 81% of trainees in Glasgow and 65% in Newham had been unemployed for over a year prior to joining Wise.

*f* Former trainees are successful at finding work: 67% found a job at some time after leaving and 46% were in a job six months after leaving. The figures are significantly higher than those achieved by Training for Work in roughly comparable localities.

*f* Forty-four per cent of trainees who had been unemployed for two years or more before joining the Wise Group were in a job six months after leaving.

*f* The researchers conclude that - given the service provided, the savings in unemployment benefit and the severely disadvantaged client group recruited - the Wise Group provides good value for money.

## The Wise Group

The Wise Group comprises a series of not-for-profit businesses developed in Glasgow from the mid-1980s and more recently expanded into other areas, including Newham, Ross and Cromarty, and Derby. The core businesses include:

- Heatwise - concentrating on home insulation, efficient heating systems, home security and safety;
- Landwise - concentrating on environmental upgrading.

These activities improve conditions within the home and the neighbourhood. Additionally, they have a real effect on household incomes by reducing fuel bills.

Crucially, however, the Wise Group carries out this physical regeneration activity by recruiting, training and managing a workforce drawn from the long-term unemployed. Rather than concentrating on a specific area the Wise Group has operated typically across a number of housing estates. Trainees work in a number of different localities and not necessarily in their own neighbourhoods.

Through a combination of good quality training and professionally supervised work experience the Wise Group tries to meet its contractual obligations to its funders and clients, and raise the employability of its temporary workforce. The model is therefore seeking to meet simultaneously the objectives of housing and environmental rehabilitation, and economic regeneration, with a focus on social housing estates.

## Funding and staffing

The total income of the Group rose more than six-fold between 1985 and 1995 - from £2.2m to £13.7m. Glasgow City Council is the main buyer of Wise Group services and has been a consistent financial supporter, contributing over 20% of its total income in 1995 and nearly 30% of its income from public bodies. In addition, European Social Fund money matches awards from national or local governments. The European Community's contribution rose from 3% to 22% of total Group income over the same period.

The turnover associated with the Wise Group's commercial companies has grown from £276,000 in 1986/87 to over £3.6m in 1995. However, it is important to note that this is turnover and not the net profit for covenanting to the holding company to support its wider social objectives. Since 1985/86 the profits generated from earned income have totalled nearly £900,000. They have averaged around £100,000 per annum over the period 1993 to 1995.

This continued expansion has led to a significant increase in the number of permanent staff, from 10 in 1985 to 234 in December 1995. The figure of 254 trainee workers in December 1985 had risen to 567 in December 1995. Due to turnover, the number of trainees going through the programme is much larger. For example, 793 trainees started during 1995.

## How the programme works

The Wise Group provides a one-year programme for trainee workers. After an eight-week induction period, during which they are paid their benefits plus £10, trainees are paid the rate for the job - approximately £116 - for the remaining 44 weeks of their contract. This takes them out of the benefit system. Trainees receive a mixture of on- and off-site training - working towards nationally recognised qualifications - and work experience.

The Wise Group argues that this model forms not just a training programme, but an 'intermediate labour market' which prepares people to be more competitive in the wider jobs market.

## Transferring the model

In 1992, a subsidiary organisation, Newham Wise, was set up with Newham Borough Council as the main partner. Franchising was subsequently found to be the best mechanism for transferring the model, but this does not reflect problems with transferability per se. The basic model of a 12-month programme of training and work experience, with the opportunity to receive a 'rate for the job', has been maintained, although fine-tuned to fit local circumstances. Within a relatively short period, Newham Wise established credibility with a number of customers, expanded its income rapidly and has been successful in terms of its post-training impacts.

The key to the transfer has been the ability and willingness to implement the model in a flexible way. For example:

- it was possible to adapt the model to the higher demand for 'benefits plus' as the form of payment in Newham relative to Glasgow;
- forced by the need to increase its customer base, Newham Wise has been expanding its services to other parts of East London;
- Newham Wise has learned to cope with a Training for Work funding regime much more heavily based on outputs than the Scottish system;
- working with young people has been piloted.

## The impact on low-income households

### Economic impacts

The Wise Group's activities have helped to raise the purchasing power of low-income households. Over a half of residents of refurbished homes and around a third of those in insulated homes stated that their weekly fuel bills had fallen.

- Whole house refurbishment produced the greatest savings, with reductions higher in Glasgow than in London.
- The number of households benefiting is understated: a large percentage could not say whether their bills had fallen, but felt that their homes were warmer.

### Social impacts

The aim of creating greater attachment to a neighbourhood among the residents is perhaps

ambitious. With Wise Group services spread over fairly wide areas and over time, the regeneration effects are harder to observe and quantify. In general, however, the work seems to have affected the way people feel about their homes and the area as a whole.

- The whole house refurbishment projects have had the greatest impact on whether people would be more likely to stay in their home (70%), followed by security and environmental projects.
- While most respondents feel their homes have improved and many would be more likely to stay, only a small percentage (an average 22%) would be more likely to buy their home (although this is likely to be influenced by dependence on housing benefit).

### Community involvement

The Wise Group aims to work in partnership with local communities. More recently, this has involved good quality consultative procedures rather than specific institutional arrangements such as local committees. Discussions with community representatives and local residents seem to indicate that:

- overall, most households were happy with the consultation process, although a significant minority felt that improvements could be made;
- however, over half of residents who had had substantial refurbishment work carried out thought they had not been given enough say. Consultative procedures seem to have broken down in this instance.

The survey of residents underlined a number of key arguments supporting greater community involvement in neighbourhood regeneration. Most households interviewed felt that improved consultation would help prioritise more effectively and lead to a greater sense of community responsibility for safeguarding the improvements.

### Re-employing unemployed people

A follow-up survey of former trainees found that:

- Trainees are predominantly young men with a disproportionate number having been unemployed long-term.
- Around 60% gain a National Vocational Qualification (NVQ) before they leave the scheme, although for around half this is the basic NVQ Level 1.
- Two-thirds had found a job at some point after leaving. The figures still employed or self-employed at 3 and 6 months after leaving were 43% and 46% respectively. This is significantly higher than those produced in comparable areas by Training for Work, the main government scheme for the long-term unemployed. For example, in Glasgow an estimated 25% were re-employed after leaving Training for Work.

Influences on the variation in success rate across the trainees were isolated. For example:

- The highest proportions finding work are those staying with the Wise Group for longer than 12 weeks but less than the full 52 weeks.
- Most encouragingly, the Wise Group places almost as high a percentage of the formerly long-term unemployed into employment as shorter-term unemployed recruits.
- The level of qualifications achieved seems to have only a limited impact on employability.

Finally, the research identified a range of positive impacts on the quality of employment:

- the quality of jobs found rises the longer the length of time after completing the Wise Group programme;
- pay also improves for those changing jobs;
- generally, take-home pay and income gains compared to unemployment are reasonable.

### Value for money

The most difficult assessment is the extent to which this approach provides value for money. The Wise Group estimates the cost of each job created at £14,100. Once savings in unemployment benefit and increased tax revenues are taken into account this falls to £8,300. Attempting to value the impact of the services provided on low-income households produces a further reduction in the range £4,300 to £5,300. The main difficulty is in finding comparable value for money estimates for alternative approaches to area regeneration.

### The wider context

There is a wide range of alternative estate regeneration schemes. The defining characteristics of the Wise Group approach include:

- the 'core business' of facilitating the transition from long-term unemployment to conventional and sustainable employment and the 'subsidiary business' of delivering services to low-income households and communities are managed to commercial standards;
- the businesses are highly focused in terms of the services delivered by the trainees. As a result, an expertise has been built up in managing the delivery of these services;
- the scale of intervention is large as measured by the number of trainees and the ability to sustain these throughputs over long periods of time;
- the model is transferable to other locations without substantial revision to the training procedures, although funding and other arrangements need to be customised.

### Weaknesses

- The range of services delivered has remained relatively narrow;
- Wise Group trainees are mostly men - a serious deficiency in areas where women are typically a majority of the working age population;

- There is room to improve procedures for consulting with local residents, although the Wise Group outperform the local authority in the assessment of residents.

### Strengths

- The model is transferable, with householders and trainees in different areas reporting very similar experiences.
- It raises employability more effectively than Training for Work.
- It targets the very long-term unemployed and is almost as successful at placing them in work as its shorter-term unemployed clients.
- It provides valued services to low-income households and neighbourhoods at the same time as raising the employability of the long-term unemployed.
- Insulation and refurbishment work have raised the purchasing power of low-income households, and break-ins have fallen due to the security installations.
- There is evidence that assisted households have an increased commitment to their area.

What the Wise Group model has not been to date is an integrated neighbourhood regeneration approach. Nor is it simply a training and work experience programme for unemployed people. This can create problems in terms of:

- the purpose of the organisation as viewed by external agencies and potential funders;
- assessing the cost-effectiveness of the model given its complex outputs.

To become a more effective contributor to the process of area regeneration the model would need to be developed:

- to provide the much wider range of services required in the creation and maintenance of a regenerated neighbourhood;
- to meet the training and employment needs of a very varied client group.

In the physical renewal stage of a regeneration initiative the Wise Group's existing set of activities could play a major role. However, it is important to create and maintain momentum for improving a

wider range of neighbourhood services, and training and employing a greater diversity of local residents. This synergy is at the heart of a successful area regeneration process.

### About the study

The study involved in-depth interviews with Wise Group staff in Glasgow and Newham, as well as extensive survey work with householders in receipt of Wise Group services and former trainees of the Wise Group.

### Further information

The full report, Bridging the Jobs Gap: An evaluation of the Wise Group and the intermediate labour market by Alan McGregor, Zoë Ferguson, Iain Fitzpatrick, Margaret McConnachie and Kenneth Richmond, is published by YPS for the Joseph Rowntree Foundation (ISBN 1 899987 38 X, price £9.95 plus £1.50 p&p).

### Related Findings

The following *Findings* look at related issues:

- 150 Using consultancy methods with community organisations (Jul 95)
- 151 Progress and polarisation on twenty council estates (Jul 95)
- 167 Community involvement in estate regeneration partnerships (Feb 96)

The following *Housing Summaries* are also relevant:

- 7 Creating sustainable neighbourhood and estate regeneration (Apr 95)
- 10 The effect of community regeneration organisations on neighbourhood regeneration (Oct 95)
- 11 Lessons from Bell Farm Estate, York (Nov 95)
- 12 Unleashing the potential: bringing residents to the centre of regeneration (Dec 95)

For further information on these and other *Findings*, contact Sally Corrie on 01904 615905 (direct line/answerphone for publications queries only).



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