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Response to Employment Zones Consultation

The Joseph Rowntree Foundation broadly welcomes the idea of being able to 'bundle-up' all available resources to be used to tackle the problems faced by the unemployed in a more concerted and efficient manner. Recent work for the Foundation by Stephen Hall and John Mawson '[*Challenge funding, contracts and areas regeneration: A decade of innovation in policy management and co-ordination*](#)' identifies that it is only at the local level that the different facets of regeneration can be brought together in 'joined-up' solutions. However, there are a number of issues arising from our research programme that we would like to raise for your consideration.

First it is important to get a clear picture of the range of people living in the communities within the Employment Zone areas. Research consistently reports that deprived communities feel that too many well-meaning initiatives are being directed to them, for them or at them rather than with them. They have not been neglected in the past. In many cases they have seen successive projects dreamed up by professionals come and go. More often than not, they are neither consulted about what they want, nor are they actively involved in the design, delivery or management of projects. Yet evaluation studies consistently show that a sense of ownership and influence by the local community is one of the key factors which separates successful projects from unsuccessful ones. [[328](#), [408](#), [628](#), [0128](#), [N28](#), [HR204](#), [HR227](#)]

There is a significant overlap between area regeneration, economic development, training and employment. In every area there are a number of agencies which have responsibilities which touch on part of the picture. Thus in a typical area the local authority, Business Links, the TEC or LEC, further education colleges, other training providers and the Employment Service will have an interest in the activities of any particular project or programme. Each of these has different responsibilities and lines of accountability. The evaluation evidence is clear. Unless these agencies come together in a genuine partnership with shared ownership of initiatives and a willingness to share responsibility and resources, the projects concerned will not be able to effectively meet the needs of local people. [[328](#), [408](#), [628](#), [728](#), [N28](#), [HR204](#), [HR227](#)]

Poor neighbourhoods tend to contain concentrations of people with few or no qualifications. This is true whether they are white or members of ethnic minority groups. Member of the ethnic minority population who are better qualified tend to live in areas of lower concentration and are less likely to be deprived. Areas of high concentration of ethnic minorities tend therefore both to have high concentrations of those with few or no qualifications and to have concentrations of deprived households. The main exception is the concentration in parts of London of relatively prosperous Indians/African Asians. [[988](#)]

The research tends to support the idea of a vicious circle at work. Low levels of basic skills

combined with low self-esteem make it difficult for people in poor neighbourhoods to access standard education and training provision. This was found to be true in many City Challenge projects [[HR227](#)] as well as those supporting ex-offenders [[628](#)]. In the case of the latter group these disadvantages are often combined with health or behavioural problems as well. In City Challenge areas members of ethnic minority groups and middle aged men were the least willing to engage in any training activity.

One of the further complications is that the latter group has become increasingly disengaged from the labour market. Inactivity is also concentrated in areas of high unemployment and like unemployment is concentrated among those with few or no qualifications. Nearly a third of men of working age with no qualifications are inactive, while only one in ten of those with at least GCSE or equivalent qualifications are. Among men inactivity is particularly concentrated among those over 50. As a result, this group are not touched by mainstream training or employment programmes. [[688](#)]

The picture among lone mothers is similar. Over half of lone mothers have no qualifications at all, and those who have any qualifications are much more likely to be working than those who have none. Lack of qualifications was found to be one of the key factors keeping lone mothers from working. It means that they have limited earnings capacity, and therefore find it difficult to be better off in work. Those with post-school qualifications had earnings of a half to two-thirds above those with no qualifications. One of the most effective ways of encouraging lone mothers who are dependent on income support to get and keep jobs is to help them to improve their qualification levels. [[SP129](#)]

However, improving job prospects is not simply a matter of improving skill levels of the people in the Employment Zone area, it is also about Jobs.

A report by Ivan Turok and Nicola Edge from the University of Glasgow '[The Jobs Gap in Britain's Cities: Employment loss and labour market consequences](#)' highlights the fact that national programmes to tackle unemployment tend to have ignored major geographical disparities in economic conditions. There appears to be a concentration on 'correcting' the supply side of the labour market, as policy makers seem to have decided that they cannot influence where jobs get created. Indeed there seems to be the assumption that it does not really matter where new jobs are created as the labour market will correct any imbalances in demand and supply via commuting, migration, wage moderation or retraining.

The report shows how the rate and composition of urban job loss has continued relatively evenly from the late 1960's right through to the 1990's. The major cities in Britain have suffered continued de-industrialisation and consequent fall in demand for manual labour on a higher scale than other areas. They have also failed to benefit from the expansion of growing

industries - business and financial services, distribution, hotels and catering - to the same degree as have other areas. What growth there has been has proved to be relatively inaccessible to those previously employed in manual labour positions. Also the out-migration that has occurred has also been selective, favouring those in work and with better paid non-manual jobs. Many of those displaced from manual jobs appear to have become hidden unemployed. Levels of economic inactivity have risen sharply as people have removed themselves from the labour market.

This then implies that there needs to be a greater importance placed on labour demand issues. Pressure needs to be exerted to create new jobs in those areas with greatest need, and for the jobs being created to be suitable for the indigenous population. The report identifies a number of ways in which this might be achieved. For example, reclamation of vacant and derelict land, provision of modern infrastructure, development of sites within reach of the poorer neighbourhoods have all had success in some areas of the country. Broad tax incentives for private developers, pro-active joint ventures between the public and private sectors, or a more directive role for public bodies could all be promoted by central government.

This leads into the next point that should be addressed: the need to fit Employment Zones into the national regeneration strategy. Whilst supporting the more 'bottom-up' approach that EZs will facilitate there is a need for all parts of the country to be working towards a common end. Issues that immediately come to mind are those of how these Employment Zones are going to sit within the new Regions, and what influence are the new RDAs going to have. Similarly, how is this new direction in policy going to be reflected in rural policy? Obviously whilst the Employment Zones identified are in urban areas the whole mode of thinking is to move towards this model across the country. Will the lessons learnt be applicable to rural areas? Will the Zones have an adverse effect on neighbouring areas - attracting investment away from some areas due to the possible advantages of accessing funds to train or employ local people?

Need to draw on good practice about what initiatives are successful, why they are successful and can they be replicated in similar or differing circumstances. Work done by Mike Campbell, Ian Sanderson and Fiona Walton from Leeds Metropolitan University '[*Local responses to long-term unemployment*](#)' highlights the more successful approaches for tackling this very issue which is at the heart of the Employment Zones remit. In a report due out at the end of May '[*Back to Work: Local Action on Unemployment*](#)' the authors highlight a number of attributes that are exhibited in the more successful schemes aiming to return unemployed people back into employment.

Their analysis provides support for findings of previous studies of the value of more 'practical', 'active' forms of assistance focused on increasing individuals' 'job readiness' and capacity to access jobs which are available. Thus, those who received help with job applications and

interview preparation, careers advice and guidance, and some work experience, are most likely to have obtained work.

The key aspects of provision are below:

Key Lessons for Scheme Design - Support Measures

- Thorough needs assessment and careful action planning as the basis for individually-tailored packages of assistance to address all relevant problems and needs and to build trust and motivation
- Capacity to address broader social problems which constitute obstacles to re-engagement with the labour market e.g. literacy and numeracy, drug/alcohol dependency, homelessness, childcare and transport needs
- Comprehensive intelligence on local job vacancies and the use of computerised client and vacancy databases to promote effective matching
- Development of tailored packages of comprehensive assistance including personalised advice and guidance, confidence building and skills development, help in job placement and review of progress
- Training focused on the needs of individuals and employers, especially 'tailored' pre-recruitment packages and training linked to work experience placements
- Selective, targeted use of wage subsidies to help the most disadvantaged as a supplement to pre-recruitment training.

There are a number of broader characteristics, which can be identified as needing particular attention:

Key Lessons for Scheme Design - Broader Aspects of Management and Provision

- Good understanding of the local labour market, of target client groups and of local employers and their needs
- Capacity to target assistance on the needs of specific groups/individuals, especially the more disadvantaged (avoiding 'creaming')
- Publicity and marketing which will get the message across to disadvantaged groups
- Outreach work to encourage participation of 'hard-to-reach' groups
- Ensuring a perception of open access, relevance and 'empathy' of the scheme amongst disadvantaged groups
- Employment of staff who can provide role models for clients from disadvantaged groups (e.g. ethnic minorities)
- Client-focused, holistic approach to address the full range of circumstances, problems and barriers faced by individuals, including personal, financial and social as well as vocational factors

- Flexible provision tailored to individuals' specific needs designed to promote progression along 'pathways' to employment, building capacity to re-engage with the labour market
- Personalised 'casework' approach with action planning and ongoing support and review of progress
- Ongoing monitoring of progress and support after achieving employment to ensure any problems with the transition to work are addressed
- Effective joint working and partnership at both strategic and operational levels between all relevant agencies, especially the Employment Service, local authorities, TECs and training providers
- Development of close and professional working relations with local employers to ensure relevance of provision to their needs
- Committed, motivated and skilled scheme workers with adequate administrative support
- A strategic approach to management with clear objectives and effective management practices and systems including monitoring and evaluation, underpinned by appropriate information systems.

Similarly if Intermediate Labour Markets are going to be supported it is essential that lessons be learnt from the most successful projects of this kind. An evaluation of the Wise Group in 1997* indicated that such an organisation has many strengths and the model it originated could be replicated in other areas. It showed the Wise project to be both good value for money and effective at delivering participants into sustained employment or self-employment. It also related how the model developed in Glasgow was successfully transferred to Newham in London. However, caution should be taken in assuming that this model is necessarily 'the answer' in all circumstances: another franchised version of this Wise model - Routes to Work in Derby - recently closed down after failing to deliver the same success.

*McGregor, Ferguson, Fitzpatrick, McConnachie and Richmond (1997) [Bridging the Jobs Gap: An evaluation of the Wise group and the intermediate labour market](#), York Publishing Services.