

## Local action on unemployment

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Policies to address long-term unemployment, at European, national and, increasingly, regional levels, are giving greater weight to local action tailored to conditions in specific labour markets. This study, by Ian Sanderson, Fiona Walton and Mike Campbell, presents the results of detailed case study research to investigate what forms of local action are effective in getting people into work and how local schemes should be organised to address the needs of individuals, groups and localities. It finds in particular:

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- f** The local schemes studied played a key role in obtaining work for between a fifth and a quarter of their clients but did not appear to change fundamentally the overall employment prospects of their client groups.
- f** The schemes appeared to be least successful in finding secure and lasting work for those who are most vulnerable to unemployment especially poorly qualified men, single parents with young children and those with a history of previous unemployment.
- f** Those most likely to obtain work, and 'higher quality' jobs, through the schemes were women, those with good qualifications, married people with working partners and those with relatively little previous experience of unemployment.
- f** Certain groups appear to receive less attention than their circumstances merit, especially younger and older groups with no formal qualifications and backgrounds in semi-skilled and unskilled work.
- f** The effectiveness of local action, especially for those experiencing the greatest disadvantage in the labour market, is enhanced by the capacity of schemes to develop integrated packages of 'active' measures tailored to the circumstances and needs of individuals, including advice, guidance and help with job search in a 'action planning' framework.
- f** There is some danger that the pressures of accountability for job outcomes may tempt local schemes to 'cream' off those easiest to help at the expense of disadvantaged groups.
- f** The study highlights the importance of: effective partnership working at both strategic and operational levels; securing fuller involvement of employers; marketing and 'outreach' work to reach target groups; good information systems to underpin monitoring and evaluation; and skilled and committed staff backed by adequate resources.

## Unemployment and local action

High levels of long-term unemployment are a key concern for public policy throughout Europe and policy responses have become increasingly focused on 'supply-side' approaches to making the labour market function more efficiently. There has been a shift towards 'active labour market policies' which seek to improve the employability of the long-term unemployed by increasing their skills, their ability to get jobs, their motivation to look for work or their willingness to take jobs. With increased scepticism about the effectiveness of training, the focus has shifted towards job search support, counselling and advice in 'individualised', 'client-focused' approaches.

In addition, there has been a growth of local initiatives to address unemployment. Localisation permits adaptation of policy to specific circumstances on the basis of local knowledge; it permits collaborative working between all relevant agencies and co-ordination of policy and funding; and it promotes involvement of the local community. Many local initiatives have been developed in the UK in partnership schemes funded by the Single Regeneration Budget (SRB) Challenge Fund, supplemented in eligible areas by funding from EU Structural Funds.

A notable feature of many local schemes is the attempt to develop an integrated approach comprising both supply-side and demand-side measures addressing three key 'pillars': raising employability through education and training; enhancing access to employment through guidance, job search and placement; and creating jobs through employment measures. Recent government policy initiatives such as New Deal and Employment Zones involve a strengthening of targeted local action to address unemployment in the context of the national strategy for neighbourhood renewal which is being developed by the Social Exclusion Unit. In this policy context there is clearly a need for well-founded evidence of good practice at the local level in addressing long-term unemployment.

## What works?

Based upon its survey research, the study concludes that the schemes play a key role in obtaining work for between a fifth and a quarter of their clients.

However, the pattern of work and unemployment for those who have participated in the schemes is broadly comparable to the general national picture; therefore, at this level of analysis there is no evidence that the schemes have radically changed the aggregate employment prospects of those groups who are generally more susceptible to unemployment.

Certain groups are more likely to be both in work and in 'higher quality' jobs following their participation in a scheme: women (especially in part-time work); those qualified to the equivalent of NVQ level 2 and above; those who have had few spells of unemployment during the past five years; married people, especially with a working partner. Moreover, many of these sub-groups displaying greater likelihood of being both in work and in higher quality jobs are also most likely to feel that the scheme was helpful in getting their job.

On the other hand, schemes appear to be less successful in obtaining secure and lasting employment for certain groups who are relatively more vulnerable to unemployment, notably: men in lower skill occupations and with lower level qualifications; people with young children, especially single parents; and those with a history of several periods of unemployment.

The research finds that schemes tend to focus more active and resource-intensive forms of help in accordance with need but there are certain groups who appear to be receiving relatively less attention than their circumstances merit. Thus, men, those aged 16-19 and 50+, those with no qualifications and those with semi- and unskilled manual occupational backgrounds report below average receipt across most forms of help yet these groups are also over-represented amongst those remaining unemployed following participation in a scheme. This suggests that schemes need to be wary of the temptation to 'cream' off the most employable groups and ensure that appropriate assistance is focused on the needs of the more disadvantaged groups.

The research 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, were most likely to have obtained work.

The rationale of local integrated schemes is to address the needs of individuals by developing 'tailored packages' of measures. Analysis of the effect of different 'packages' indicates the value of more comprehensive 'packages' of assistance including needs assessment, help with job search and applications and advice, guidance and information on education and training opportunities. This is especially the case for men and those who have greater past experience of unemployment. These empirical findings were supported by the qualitative research which also indicated the value of training linked to work experience and specific employer recruitment needs, and selective use of wage subsidies.

### Key aspects of scheme effectiveness

The detailed case-study research also highlights a number of broader characteristics as contributing to the effectiveness of schemes, largely confirming the findings of previous research and evaluation studies. The study identifies a number of areas as needing particular attention by local schemes:

- ensuring a *strategic focus* in management based upon a good knowledge of the dynamics of the local labour market, especially on the demand-side in terms of skill needs in relevant local employment markets, and with a stronger emphasis on evaluation;
- ensuring the capability to encourage participation of more *disadvantaged groups*, to address the full range of their needs and to monitor their progress closely, including follow-up after placement into employment;
- ensuring a *balanced portfolio* in terms of helping the more 'job ready' and the most disadvantaged groups in order to reconcile achievement of job outcome targets with helping those most in need;
- ensuring effective *partnership working* at strategic and operational levels, especially with the Employment Service, as the basis for drawing on a range of provision to meet the needs of disadvantaged groups;

- seeking fuller *involvement of local employers* to promote stronger focus on demand-side needs and to enhance the prospects for job placement;
- ensuring adequate *staff resources*, with the necessary skills and attributes, adequate administrative support and attention to training and development needs;
- ensuring all aspects of provision are consistent with good practice on *equal opportunities*, especially in relation to provision for minority ethnic groups;
- developing effective underpinning *information systems* to provide the capability for analysing monitoring data to inform improvement and development as well as for accountability purposes;
- promoting greater *sharing of experience* between local schemes on a regional or sub-regional basis to provide mutual support, joint training and skills development and sharing of good practice;
- ensuring *complementarity with New Deal* to play a role in customising provision to the specific needs of the target client groups.

### Conclusion

The study concludes that the value of local schemes lies in their capacity to 'get to grips' in detailed and specific terms with the 'micro-processes' which operate in local labour markets to exclude long-term unemployed people from work. To be most effective, they should:

- seek to 'add value' to mainstream provision for their targeted client groups by engaging them in a structured programme of support and assistance which can address effectively the specific problems and barriers which they face, whether these be related to personal or family circumstances or to skills and capabilities;
- engage with local employers to address the factors which operate in the recruitment of people who may have been unemployed for a long period and who need to acquire the attributes, capabilities and skills specifically required by employers.

It is clear that this presents a very demanding agenda. It implies intensive work with both unemployed people and employers in the locality. This, in turn, has implications for the resources available and the skills and commitment of scheme managers and workers.

In terms of links with existing policy developments, such as New Deal and Employment Zones, the researchers conclude that local action is likely to continue to be strengthened as policy evolves in the coming years in the context of the EU's integrated employment strategy, the national Employment Action Plan and the development of the role of the Regional Development Agencies. Thus, more strategic approaches to local labour market policies will be required involving multi-agency responses to local needs based on local partnerships. It may even be the case that, ultimately, institutional reform is required to deliver effectively such needs-based, rather than programme-based, approaches. This study has indicated some of the key principles and practices which need to be embedded in local initiatives to enhance their effectiveness in tackling unemployment.

### About the study

The research involved a detailed case-study approach, analysing seven local schemes established as part of SRB programmes in England. The findings are based upon both quantitative and qualitative elements of the research. A questionnaire survey of unemployed participants in the schemes was undertaken to examine their backgrounds, characteristics and circumstances, the kind of assistance received, and employment outcomes achieved since participation. In addition, in-depth interviews were undertaken with scheme managers and workers and representatives of key partner agencies to investigate aspects of scheme effectiveness. This research complements a study published in 1998, *Local responses to long-term unemployment*, which reviewed the relevant literature on the subject.

### How to get further information

The full report, **Back to work: Local action on unemployment** by Ian Sanderson with Fiona Walton and Mike Campbell, is published for the Foundation by YPS (ISBN 1 902633 13 X, price £13.95 plus £2 p&p) as part of the Work and Opportunity series.