

HOW CITIES CAN CONNECT PEOPLE IN POVERTY WITH JOBS

Poverty is a major issue for people out of work and, increasingly, those in work. This research assessed UK and international evidence on local approaches linking people to jobs to enable them to escape poverty.

Key points

- Local policy-makers could do more if they had more resources, were able to use more discretion in local strategies and had additional local powers.
- Local action can be taken at each of the four key stages of a person's 'employment pathway': (1) pre-employment (2) employment entry (3) staying in work and (4) in-work progression.
- There is more evidence on pre-employment and employment entry than on staying in work and in-work progression. The evidence on 'what works' is more limited at local than at national level.
- At the pre-employment stage, comprehensive packages of support for individuals are valuable. These encompass information, advice and guidance, mentoring, and pre-employment training, including job-specific skills designed and delivered with employers' input.
- At the employment entry stage, work experience, workplace-based training and help with transport and childcare can be helpful. Employers' recruitment and selection practices are crucial in helping disadvantaged people into jobs.
- The quality of the initial job entry – the suitability of the job to the person's circumstances – is important for staying in work. People may need to move between employers to stay in work.
- There is increasing policy interest in in-work progression. Evidence shows that employers (particularly those in growth sectors of the economy or with recruitment and retention problems) and trades unions can help to increase people's opportunities.
- Local leadership is important. Local stakeholders can 'lead by example', championing local economic strategies and playing a co-ordination and facilitation role with local agencies and employers to support activity across different policy areas.

The research

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BACKGROUND

Poverty is a major issue in the UK. Rates of poverty among unemployed people are high and poverty among those in work is a growing problem. Much of the research so far on links between employment and poverty has looked at the situation nationally. Less attention has been given to anti-poverty approaches in local areas – an important gap given the increasing focus on devising and implementing policy at city level. This study explored and assessed evidence in the UK and internationally on local approaches linking people to jobs to help them escape poverty.

A framework for structuring the evidence

To organise and present the evidence, a four-stage framework was developed with a stylised 'employment pathway':

- 1 pre-employment – when people move towards being work-ready;
- 2 employment entry – when people are work-ready and move into jobs;
- 3 staying in work – when people stay in a job, either with the same or another employer;
- 4 in-work progression – when people progress in their work, either with the same or another employer.

Particular attention was given to key factors in linking people in poverty to jobs:

- information, advice and guidance (IAG);
- training and gaining skills;
- employers' engagement with any strategies;
- financial incentives;
- services that help and support people.

Local economic context

Some local economies offer more favourable conditions than others for connecting people in poverty to employment and better jobs. In pursuing equal opportunities for people during a time of economic growth, it is critical to consider the demand side of the labour market – the opportunities available to residents – alongside more traditional measures that look at the supply side – e.g. people's skill levels and employability.

Pre-employment

There is a relatively large amount of evidence on pre-employment initiatives (although national programmes have been better evaluated than those in local areas).

Good-quality IAG is important for jobseekers. This helps them to know what they need to do to develop their skills, the training they might need and the best way to look for work. At this pre-employment stage, people may face several barriers to gaining employment. Therefore, one-to-one mentoring can be particularly helpful, to look at skills needed and any barriers faced, in a comprehensive and integrated way.

For those needing basic skills training before employment, it can be particularly valuable if training covers workplace matters, such as skills that are particularly relevant for a certain job or sector of the economy (with employers involved in devising such training).

There is little evidence on the positive impact of giving 'better-off calculations' to jobseekers, which show the likely improvement in their finances if they got a job, despite this seeming intuitive.

Putting sanctions on benefit claimants increases the number of people coming off benefits and going into employment. However, evidence suggests that they are not positive in terms of how much people earn once they start work, or job quality.

Employment entry

There is a relatively large amount of evidence on employment entry. IAG is helpful in supporting people to get a job. However, increasingly people have to rely on finding support online themselves, so it is important that they have internet access and support to use it for their job search.

Work experience and workplace-based training can help people to enter employment. These increase people's self-confidence and provide them with specific job-relevant skills. Quality apprenticeships provide an important means for young people to enter employment and then progress as they 'learn and earn'.

How employers recruit and select people has an important influence on unemployed people accessing jobs, and those already in employment moving to other jobs. Initiatives to influence employer recruitment and selection behaviour to open up job opportunities for those in poverty tend to rely on financial incentives (e.g. wage subsidies to mitigate the risk of engaging long-term unemployed people) or non-financial incentives (e.g. help in the recruitment process). For such initiatives to work, they have to engage with employers and have an understanding of their needs. Local procurement policies – which govern how goods and services are acquired – can play an important role in linking people to jobs in the local labour market. So too can the negotiation of provisions under planning agreements.

Some people need support to help them with the extra costs and change of routine associated with employment, such as with transport and childcare in the first few weeks of a job. It is important that this support, which may involve different areas of policy, is co-ordinated.

Staying in work

There is much less evidence on policies to help people stay in work. Staying in work may involve either remaining with the same employer or moving between employers, so it is useful if people have ongoing access to IAG about job opportunities beyond their current employer.

The evidence suggests that comprehensive, individual packages of support that tailor support to a person's needs can be particularly effective for keeping people in work. But it is difficult to find evidence on the individual activities within such a package of support to evaluate their effectiveness.

The quality of the initial job entry is important for keeping people in work – how the person 'fits' the job in terms of skills, suitable hours and location. This shows that there is merit in helping people to get the 'right job', as opposed to 'any job'.

If people are given financial incentives while in work – through in-work benefits paid through the national benefits system – this can be an important motivation for them to gain and then stay in a job. But their impact tends to lessen if people enter a cycle of unemployment and low-paid employment.

In-work progression

There is limited evidence on in-work progression. This partly reflects the profile of public funding, which has focused on helping people to gain employment rather than intervening in the workplace. However, policy interest in this area is growing, especially with the roll-out of Universal Credit.

In-work progression can be measured in monetary terms (through progression to higher wages) and non-monetary terms (e.g. moving to a more stable job). People value both. This type of progression may involve an employee moving up with their present employer or in a different job. Evidence on initiatives for job promotion emphasises the value of connecting training to particular (often growing) sectors of the economy. Transferable skills (valued by other employers and in other sectors) also help

people to progress in work. This highlights both the important underpinning role played by IAG and the need for local skills strategies to consider labour market demand and supply.

Trades unions, with employers, can help to stimulate interest in, and opportunities for, in-work progression. It is easiest to engage employers when initiatives can address a specific business need (such as problems in keeping staff).

Conclusion

Variations in the challenges and opportunities facing cities have an impact on how anti-poverty policies are likely to succeed. Although there are differences in cities' precise powers and resources, their policies can reduce poverty in their areas by:

- 'leading by example' in encouraging good practice in staff recruitment and employment practices within public agencies;
- directing funding to particular activities;
- outlining an agenda for change and devising, developing and championing local economic strategies and business support services;
- co-ordinating and facilitating local agencies and employers – including aligning funding streams, sharing information and linking services and support across different policy areas;
- driving the development of new approaches – making the most of any local discretion allowed within national initiatives and drawing on good practice from elsewhere.

Policy-making in the UK is quite centralised by international standards. However, new opportunities are opening up for cities to link people to jobs and so help them to escape poverty. Local policy-makers' role and ability to act on poverty would be strengthened if they were given further powers and were able to use more discretion in terms of local strategies – for example through greater alignment and pooling of funding, and targeting investment to specific local needs.

However, the evidence is clear that progress can be made without greater local autonomy and with no or limited additional resources. Among other factors in the success of anti-poverty strategies are how strong the local leadership is and what priority is given to change in local areas.

About the project

This study involved a review of evidence (published and unpublished academic literature), expert interviews and a call for evidence.

FOR FURTHER INFORMATION

This summary is part of JRF's research and development programme. The views are those of the authors and not necessarily those of JRF.

The full report, **How cities can connect people in poverty with jobs** by Anne Green, Paul Sissons, Kevin Broughton and Maris de Hoyos, with Chris Warhurst and Sally-Anne Barnes, is available as a free download at www.jrf.org.uk

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