



Peer Review in Social Protection and Social Inclusion and Assessment in Social Inclusion

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# The City Strategy for tackling unemployment and child poverty

Short Report



On behalf of the  
**European Commission**  
DG Employment, Social Affairs and Equal Opportunities



Held in London (United Kingdom) on 6<sup>th</sup>-7<sup>th</sup> July 2009, the Peer Review was hosted by the UK Department for Work and Pensions (DWP). In addition to the host country, nine peer countries participated as follows: Austria, Bulgaria, Czech Republic, Greece, Latvia, Lithuania, Norway, Portugal and Serbia. Participating as European stakeholders were the European Social Network and Eurocities. Representatives of the City Strategies Partnership for East London facilitated a number of site visits for participants of the Peer Review. A representative of the European Commission's DG Employment, Social Affairs and Equal Opportunities took part in the meeting.

## **1. The policy under review**

The City Strategies (CS) initiative first emerged from the objectives of the 2006 Green Paper on welfare reform and forms part of the UK government's wider objective of reforming the welfare system. The initiative is about the pooling of resources and creating more flexibility for local partners to enable them to work together to help regenerate areas through activities focused on skills, employment and health. Towns and cities across England, Scotland and Wales were invited to send in expressions of interest in becoming one of the initial 'pathfinder' or pilot CS locations and by mid 2007 15 had been selected to take part, as follows:

- England - Birmingham, Coventry & the Black Country; Blackburn & Darwen; East London; Greater Manchester; Leicester; Merseyside; Nottingham; South Yorkshire; Tyne & Wear; West London;
- Scotland - Dundee, Edinburgh; Glasgow;
- Wales – Heads of the Valleys; Rhyl.

These areas vary greatly in size with many of them encompassing a number of local authority areas, but they all share the common problem of high levels of worklessness – a term used to indicate that the problem is more than just one of straightforward unemployment.

The 15 CS Pathfinders (CSPs) were initially given support for two years (to the end of March 2009) but in 2008 it was decided to extend the period for a further (and final) two years until March 2011 after which the expectation is that they will have merged into local and Multi Area Agreements (MAAs) or similar collaborative frameworks. In this formative phase of the CSPs, the amount of funding from DWP was modest and really aimed at development funding. The real financial strength of the CSPs would come from harnessing existing sources of support or attracting new funding through, for example, the Structural Funds.

The CSPs were required to develop their own business plans and any local targets reflecting their own area structures (such as the proportion of ethnic minorities or young people not in employment, education or training – the so-called NEETs) were set in the context of a national aim to boost the employment rate (and this was initially set at an increase over the locally agreed rates) and reduce dependency on the main types of social benefit – Jobseekers' Allowance, Incapacity Benefit and Income Support for Lone Parents. Here targets were set again based on estimates reflecting local conditions.

However, the CS initiative was conceived of at a time of steady economic growth and so the current economic climate provides a challenging environment for the achievement of targets. The

independent national evaluation of the initiative that was set up from the start shows the difference in approach taken by the individual CSPs. Some have tended to adopt a high profile while others have merged into the background. Common problems have included engaging employers (SMEs in particular in the private sector, and the large public sector employers) and a lack of data sharing arrangements (from the main partner databases). Also the slow progress with enabling measures that would provide more local freedom to adjust national programmes to local needs has been frustrating for the CSPs.

In terms of the activities of the CSPs, these will tend to reflect the needs of the different areas – though there are common problems to tackle. So, for example, they are targeting the hard to help groups amongst the unemployed and inactive such as those with low or no qualifications, no previous employment experience, health problems, basic skills needs, etc, offering appropriate advice and guidance, training and working with employers to enable them to find a job. This close contact with client and employer is a key feature of the CSP activities that goes beyond the normal job brokerage services available.

## 2. Key lessons and aspects of transferability

The key issues emerging from the Peer Review and how they might affect transferability of the policy are summarised as follows:

- The CS initiative was generally seen as a way of substituting the traditional welfare state with the ‘welfare city’, providing a local focus for policy. However, to be successful requires a **strong civil society** with a well-developed NGO network such as in the UK. The NGOs are much closer to the users of the services and so can assess needs more closely and respond accordingly. However, for this type of approach to work requires a certain degree of local autonomy and yet the UK is a comparatively centralised country so achieving the necessary level of what was termed ‘centralised localism’ is essential – even if effectively it is not true decentralisation.
- It was felt that the goals of the CS initiative were not particularly clear. Certainly the overall wish to increase employment was fundamental, but **more should be stated about the quality of the jobs and their sustainability**.
- Also, it was felt that while the initiative has a **child poverty** agenda, this is not made explicit enough - yet is a vital objective that should not be lost. The same goes for the **gender issues** that need to be more explicit under the equal opportunities aspect. The targets for reducing the numbers on the various types of benefit have had to be revised in the light of the worsening economic climate.
- The CS initiative does go some way towards responding to the European strategy of ‘Active Inclusion’ and the 15 partnerships appear to be operating in a collaborative and effective way. However, even though the UK has already met the Lisbon targets on employment, there was felt to be no room for complacency – in terms of full-time equivalent jobs for example the UK position looks less favourable. Therefore the issue of the **‘intensity’ of jobs** needs to be addressed – particularly for those disadvantaged groups within scope of the City Strategies, along with those other factors such as accessibility to affordable housing that is a significant issue in the UK.

- In terms of the wider transferability of the UK CS policy, the **high degree of heterogeneity** between areas with each country and across different countries will be influential in how it might work. Added to this are the current institutional structures and local labour market conditions in different countries that will affect the form of implementation that might be appropriate.
- The ways in which the City Strategies initiative harnesses existing provision and resources in the public, private and voluntary sectors to provide a coherent **one-stop-shop** approach to supporting hard to help clients is an approach that can be followed in most Member States.

Overall the CS initiative was seen as an interesting approach to harnessing existing resources and making best use of them, but it is more likely that certain aspects of the approach would have greater transferability potential than the whole policy itself.