

The City Strategy Initiative Host Country Report

Anne E. Green,
Chris Hasluck,
Duncan Adam

Institute for Employment Research, University of Warwick

Introduction

The City Strategy initiative is part of the UK Government's drive to reform the welfare system. At the heart of proposals for reform is a vision of a modern, **devolved welfare state** in which there is a sharing between State and communities of the responsibility for tackling worklessness and poverty. A key element of this new approach is **localisation**: tackling localised pockets of worklessness requires action appropriate to the needs of local areas and the individuals within them, which local partners are best placed to deliver because of their understanding of local circumstances. The City Strategy initiative seeks to empower local institutions to develop local solutions by giving them the freedom to try out new ideas, and the flexibility to work together to combine and align their efforts behind shared priorities. Such an approach is intended to mobilise the resources of the public, private and voluntary sectors.

Background to City Strategy

Islands of worklessness: 'The rising tide has still left some stranded beyond the water'¹

Despite a prolonged period of sustained economic growth from the mid 1990s and a decline in the level of national unemployment in Britain, the early 21st century saw a growth in concern about the persistence of pockets of substantial worklessness in specific localities – sometimes alongside available jobs.² The majority of such pockets of worklessness are in major cities (with the notable exceptions being some seaside towns and coalfield areas). Within these localities cycles of deprivation and other barriers trap people in worklessness and poverty.

The City Strategy is intended to address this issue of localised worklessness and poverty.

¹ Quote taken from speech by Secretary of State for Work and Pensions, James Purnell, announcing the extension of the City Strategy initiative for a further two years, 25th June 2008.

² Social Exclusion Unit (2004) *Jobs and enterprise in deprived areas*, Social Exclusion Unit, Cabinet Office, London.

The genesis and aims of City Strategy

The City Strategy initiative first emerged as part of the Government's drive to reform the welfare system as set out in the Welfare Reform Green Paper – *A new deal for welfare: Empowering people to work* – of January 2006.³ While not referring to City Strategy by name, Chapter 5 (paragraphs 14-16) of the Green Paper stated:

"We will pilot a new initiative for cities to help local partners work together to improve economic regeneration through skills, employment and health."

"The key aims are to:

- *deliver a significant improvement in employment rates among those of working age, with a particular focus on the most disadvantaged, especially benefits claimants, lone parents, older people and people from minority ethnic groups;*
- *ensure that individuals within these client groups are better able to both find and remain in work; and*
- *improve the skills of individuals within these client groups to enable them to progress once they are in work."*

and

"Each local area will be asked to develop a consortium comprising local partners with a shared interest in working together to raise local employment rates and improve the local economy. This may include local authorities, employers, learning and skills councils, regional development agencies, primary care trusts and Jobcentre Plus. Partners in England will use the local strategic partnership, including the existing Local Area Agreement infrastructure, to draw the consortium together. Consortia in pilots covered by the devolved administrations⁴ will need to take account of local partnership structures and patterns of deprivation when developing their proposals."

City Strategy Pathfinders

The initiative set out in the 2006 Green Paper was about pooling resources and creating new flexibilities for local partners to work together to improve economic regeneration through skills, employment and health. As a first step, the initiative (now referred to as the City Strategy) encouraged consortia to be formed in areas (mainly cities) with high levels of non-employment that would use 'seed-corn' funding to develop a local strategy indicating how a local partnership could deliver real improvements in the proportion of local people in work. Following on from this, a number of towns and cities were invited in early 2006 to submit 'expressions of interest' to the

³ http://www.dwp.gov.uk/welfarereform/docs/A_new_deal_for_welfare-Empowering_people_to_work-Full_Document.pdf

⁴ The UK is made up of Great Britain (comprising England, Scotland and Wales) and Northern Ireland. Here the focus is on Great Britain only. In this context the 'devolved administrations' are Scotland and Wales. The Department for Work and Pensions (DWP) has responsibility for employment and welfare throughout Great Britain, but responsibility for skills and for many other policy domains of relevance for tackling worklessness is devolved in Scotland and Wales. Devolved government in Scotland and Wales means that there are differences in the institutional and policy context in which CSPs operate in England, Scotland and Wales. There is no equivalent devolved government at regional level across the whole of England (although in London there is greater devolution than elsewhere).

Department for Work and Pensions (DWP) that set out the membership of potential City Strategy partnerships, key groups to be targeted for help, the ways the partnership would make better use of existing resources, the barriers faced and flexibilities needed to overcome these barriers, and how the partnership would measure progress towards its objectives.⁵

The 15 areas selected in July 2006 to be initial 'Pathfinders' on the basis of their expressions of interest were as follows:

- *England:* (1) Birmingham, Coventry and Black Country (BCBC); (2) Blackburn with Darwen; (3) East London; (4) Greater Manchester; (5) Leicester; (6) Merseyside; (7) Nottingham; (8) South Yorkshire; (9) Tyne & Wear; (10) West London;
- *Scotland:* (11) Dundee; (12) Edinburgh; (13) Glasgow;
- *Wales:* (14) Heads of the Valleys; (15) Rhyl.

These Pathfinders vary greatly in size: some encompass several local authority districts (e.g. Birmingham, Coventry and Black Country; Greater Manchester; Tyne & Wear), while others cover a single local authority district (e.g. Blackburn with Darwen, Dundee, Leicester) and one covers five wards within a single local authority area (Rhyl).

The Pathfinders were required to develop detailed Business Plans for their activities, including:

- using funding committed by partners to fill gaps in existing provision and provide additional help to those who are currently furthest from the labour market;
- joining-up local activity more effectively, so that there is more clarity and less duplication, with clearer routes for individuals to take up the support they need to get back to work; and
- ensuring the provision on offer is tuned to the needs of the local/ sub-regional labour market, so individuals gain the skills and other attributes they need to access the particular jobs that employers need to fill.

Copies of the Business Plans for each Pathfinder were available at the start of February 2007.⁶

City Strategy contracts started in April 2007 (although many CSP partnerships were working on the strategy well before that date), initially for a two-year period to March 2009. In June 2008 an extension for a further two years (i.e. until the end of March 2011) was announced. After this date it is expected that CSPs will have merged into Local and Multi Area Agreements (MAAs)⁷ in England and any separate arrangements that are agreed for Scotland and Wales.

The 15 areas selected as City Strategy Pathfinders (CSPs) are 'pathfinders' in the true sense of the term. While they represent an important initiative they are, nonetheless, test beds for the new approach to tackling local concentrations of worklessness through devolved policy.

⁵ http://www.dwp.gov.uk/welfarereform/cities_interest.asp

⁶ http://www.dwp.gov.uk/welfarereform/pathfinder_business_plans.asp

⁷ A MAA is a framework in which adjoining local authorities work in partnership in a strategic and coordinated way.

City Strategy Implementation

Partnership and governance arrangements

The principle on which the City Strategy initiative is based is that local delivery of welfare to work is best determined through partnerships that bring together the major stakeholders in that policy area resulting in a more co-ordinated and integrated approach. The reality is somewhat more complex. While all CSPs are partnerships, the form and organisation of such partnerships differ greatly, as does the relationship between City Strategy and other regeneration agencies and initiatives in the CSP areas. In larger metropolitan areas with long histories of regeneration activity there is a tendency for CSPs to be subsumed by larger partnership structures. In other areas the tendency is for CSPs to sit alongside existing partnership arrangements.

The composition of partnerships is generally similar, but not identical. Partners common to most CSPs include relevant local authorities; regional/national government where relevant (Scottish Government, Welsh Assembly Government, Greater London Authority), Jobcentre Plus,⁸ and the regional Learning and Skills Council (LSC)⁹ (in England). Some partnerships also contain a regional development agency, local Chambers of Commerce, local employers or employer coalitions, local further education colleges and representatives of the community and voluntary sector; however, the extent of employer and voluntary sector representation is variable.

In general, partnerships have worked well when there has been a clear will for stakeholders to collaborate. Location of the *leadership* of partnerships appears to have had an influence on working arrangements. Leadership is located in a range of organisations including community planning partnerships; local authorities; the LSC; Chambers of Commerce; Enterprise / Development agencies; and a community interest company.¹⁰ There are advantages and disadvantages associated with each.

⁸ Jobcentre Plus is the government-funded employment agency facility and the social security office for working-age people. It was formed when the Employment Service, which operated Jobcentres and existed alongside separate social security benefits offices, merged with the Benefits Agency in 2002. It is an executive agency of the DWP.

⁹ The LSC is a non-departmental public body with responsibility for planning and funding post-compulsory education and training for everyone in England other than those in universities.

¹⁰ A Community Interest Company is a relatively new type of company, designed for social enterprises that want to use their profits and assets for the public good.

The differences between CSPs in terms of governance and leadership have both strategic and operational consequences, in terms of:

- the scope for, and the extent of, integration and alignment of activities within the CSP area;
- the amount and nature of internal resources from partners (both financial and in terms of expertise and experience) that facilitate the planning, procurement and evaluation processes; and
- bureaucracy and procedures involved in decision-making, tendering and recruitment.

Resources

The resources available to CSPs are:

- direct funding associated with the initiative;
- funding directed to City Strategy from partners;
- additional funding secured from other sources for City Strategy;
- support 'in kind' from partners.

Unlike many other, more conventional initiatives, the amount of funding *directly* associated with City Strategy is relatively modest. In part this is a reflection of the aim of the initiative to **make more effective use of existing resources**. Part of the City Strategy concept is that the effectiveness of local policy will be enhanced by aligning and/or pooling the funding of partners. At the start of the City Strategy initiative direct funding to CSPs was from DWP's Deprived Areas Fund (DAF) and City Strategy 'seedcorn' funding (to help CSPs establish themselves). The critical funding issue facing CSPs has been whether they could secure or have access to additional funding to support their activities. Examples of additional funding accessed by CSPs include the Working Neighbourhoods Fund (WNF),¹¹ funding from the Scottish and Welsh Governments, the European Social Fund (ESF) and other European funding sources.

Targets

Each CSP has nationally- and locally-determined targets for reducing worklessness and increasing employment: **Nationally determined targets** were calculated by DWP for each of the CSPs and these related to benefit reduction and the employment rate.¹² Benefit reduction targets were set for each of three key benefits:

- Job Seekers' Allowance (JSA);¹³
- Incapacity Benefit (IB);¹⁴

¹¹ The WNF is a dedicated fund for local councils and communities to develop more concentrated, concerted, community-led approaches to getting people in the most deprived areas of England back to work.

¹² Nationally determined employment rate targets were set for the whole of the area covered by the CSP. Nationally determined benefit reduction rates were set for either the whole of the CSP area, or for those CSPs which had identified target wards or target lower super output areas for purposes of spatial targeting, the benefit reduction targets applied to these selected areas of the CSP.

¹³ JSA is the main benefit for people of working age who are out of work. To qualify for JSA an individual must be capable of working, available for work and actively seeking work.

- Income Support for Lone Parents (ISLP).¹⁵

First, for each of these benefits, DWP produced an estimate of the 'counterfactual' (i.e. the level of benefit claims that would have occurred in the absence of the City Strategy initiative). These estimates were made by extrapolating recent historical trends in each of the three benefit types to May 2009 and then summing the forecast levels of benefit claimants into a total benefit number. Having created an estimate of the expected level of benefit in May 2009 in the absence of City Strategy, a target for each CSP was then calculated that would, if achieved, produce a three per cent reduction in benefit levels below the counterfactual level that would have occurred in the absence of City Strategy (see Table 1).

Table 1
Nationally-determined benefit reduction targets for CSP areas

CSP area	Aug 2006	Forecast (May 2009)	Target (May 2009)	Target benefit reduction
BCBC	126,490	121,625	117,977	3,648
Blackburn	14,960	14,253	13,825	428
Dundee	17,080	16,236	15,749	487
East London	131,570	127,211	123,395	3,816
Edinburgh	34,300	32,521	31,545	976
Glasgow	87,760	78,692	76,331	2,361
Greater Manchester	125,780	120,096	116,493	3,603
Heads of the Valleys	38,360	34,235	33,208	1,027
Leicester	30,920	30,619	29,701	918
Merseyside	107,450	95,757	92,884	2,873
Nottingham	32,305	30,593	29,675	918
Rhyl	3,590	3,336	3,236	100
South Yorkshire	117,130	109,402	106,120	3,282
Tyne and Wear	88,305	78,873	76,507	2,366
West London	114,430	112,873	109,487	3,386
All CSP	1,070,430	1,006,322	976,133	30,189

Source: DWP Administrative Benefit Records, obtained via Nomis. Information obtained via a DWP Statistician; (except for final data column calculated here).

In addition to the nationally-determined benefit reduction and employment rate targets, CSPs were asked by DWP to devise **local targets**¹⁶ to reflect what they were trying to achieve. DWP suggested that each CSP with a substantial Black and Minority Ethnic (BME) population should include a BME target (or explain why such a target was inappropriate). Additionally, many CSPs chose to include targets relating to child poverty and targets relating to skills. Some CSPs have disaggregated their overall benefit targets into targets by key benefit groups.

¹⁴ IB was intended for those below State Pension age who cannot work because of illness or disability and had made National Insurance contributions. It was replaced for new claimants in October 2008 by the Employment and Support Allowance (ESA).

¹⁵ Payment of ISLP relates to the age of the youngest child. This age was reduced to 12 years in November 2008 and will be reduced to 7 years in October 2010.

¹⁶ These targets were signed-off by DWP.

Enabling measures

Many CSP Business Plans contained statements that the CSP intended to seek a number of 'enabling measures'. Such enabling measures were intended to allow the City Strategy to 'bend', modify or even suspend national regulations relating to payment of benefits, eligibility for programmes and other mainstream support for workless people in order to be consistent with, and support, the aims of the local strategy. Enabling measures were seen as a key aspect of the process of devolving responsibility for helping workless people off benefit and into work to local partnerships. Examples of the types of enabling measures requested included:

- changes to the eligibility rules for New Deal in order to allow benefit claimants to gain earlier access to the support offered;
- suspension of the 16-hour rule that precluded a person from claiming benefits if they undertook a training course of more than 16 hours per week;
- the right to retain some of the money saved by benefit reductions for recycling into local provision for workless people.

In practice, early in the life of the City Strategy initiative it became clear that granting of enabling measures would not be possible if such measures required a change of legislation, necessitated additional expenditure or were at odds with government policy. While individual CSPs sought different enabling measures to match their local strategies, because of the complexities involved in securing such measures CSPs worked together to identify a small number of enabling measures that could be applied uniformly across all CSPs. These were:

- extension of Work Trials from three weeks to six weeks;
- suspension of the 16-hour rule; and
- development of a data-sharing protocol.

Despite considerable efforts, a lack of progress on granting of many enabling measures has been a cause of frustration for many CSPs given initial expectations. However, as noted by a national stakeholder, the reality is that *"you cannot move the machinery of Government quickly"*. In any case, some national stakeholders questioned the need for some of the enabling measures asked for by CSPs. While it is important not to overplay the significance of enabling measures, the reduced scope for local innovation stemming from a lack of enabling measures is likely to have limited some activities and undermined the credibility of some CSPs, perhaps making it more difficult to secure active involvement of some key partners at local level.

Delivery

A very wide range of activities have been carried out by CSPs to implement City Strategy in their areas, although inevitably these vary from one CSP to another reflecting differences in the local strategy, in the structural and institutional context and the speed with which the strategy was launched. In general, much of the first year of the operation of CSPs was concerned with operational matters such as appointing staff, acquiring and managing funding, and appointing contractors to undertake. At the outset many CSPs spent time up-dating (or undertaking, if not previously having conducted) a mapping of existing provision in their area. Not all CSPs have placed the same priority on delivering projects but, instead, some have considered it more important to focus on creating structural change, improving inter-agency working and creating

new delivery structures capable of delivering a new, joined up service in the future – on the basis that what City Strategy is trying to achieve amounts to “*system change*” and is “*a marathon, not a sprint*”. However, during 2008 all CSPs moved firmly from an initial implementation stage into the delivery phase where activities have been contracted and are being delivered.¹⁷ In broad strategic terms most CSPs have organised their delivery around the twin themes of **customer engagement** and employer engagement, with the former often being given greater prominence.

Some CSPs have taken a ‘**programme**’ approach, where partners have jointly commissioned projects or brought together of funding streams to create more joined-up services and use resources in new ways. This approach rests on a mapping of what services/interventions are available and an associated gap analysis. In general, it is most evident in larger CSPs operating at a city-region level. Other CSPs, including many of the smaller ones, have adopted an approach based on a suite of ‘**projects**’. Reflecting these different approaches, some services delivered under the auspices of City Strategy have been focused on consolidating existing provision - for instance, by extending existing provision to groups of people or to areas where provision had not previously been available or by adding elements (such as training) to existing provision where there was a gap. Some CSPs introduced a number of ‘pilot’ projects to test new ways of promoting client engagement; including new ways to engage with people in specific customer target groups or in particular target areas. Likewise, some projects have focused on particular groups.

Selected examples of delivery¹⁸ include:

- client engagement and bespoke provision in BCBC, focused initially on those on working age benefits for 12 months or more, designed to enhance qualification and skills levels and move clients towards employment;
- pre-employment office skills and retail sector courses in Blackburn with Darwen;
- the establishment of the ‘Discover Opportunities Centre in Dundee as a ‘one stop shop’ for skills and employability;
- establishment of the Single Points of Access (SPAs) in East London, based on the idea that by removing institutional barriers and working across organisational boundaries it becomes easier to deliver a joined up or expanded service which is person-centred and highly responsive to individual needs;
- a client engagement pilot in Muirhouse, north Edinburgh, involving a team of community animators engaging and supporting residents with the overall objective of helping workless people find and sustain employment;
- in Leicester, development of a ‘retail routeway’ and pre-employment training for employers based at the Highcross Development (a new shopping centre);
- an Enterprise Rehearsal scheme in Rhyl which allows individuals to remain in receipt of benefits for a period of up to six months while they develop and test their business idea;

¹⁷ Nevertheless, there have been concerns from DWP about under-spending on DAF relative to profile.

¹⁸ This list is by no means exhaustive, but rather it is illustrative of some of the types of delivery and activity that CSPs are engaged in.

- a 'whole person' delivery model implemented by a lead contractor and four other providers in South Yorkshire involving community-based engagement and advisory services, pre- and post-employment support, skills development, work experience and jobs matching; and
- piloting of innovative approaches to work-focused ESOL (English for speakers of other languages) for parents in West London.

Evaluation Approach

Devolving responsibility for evaluation

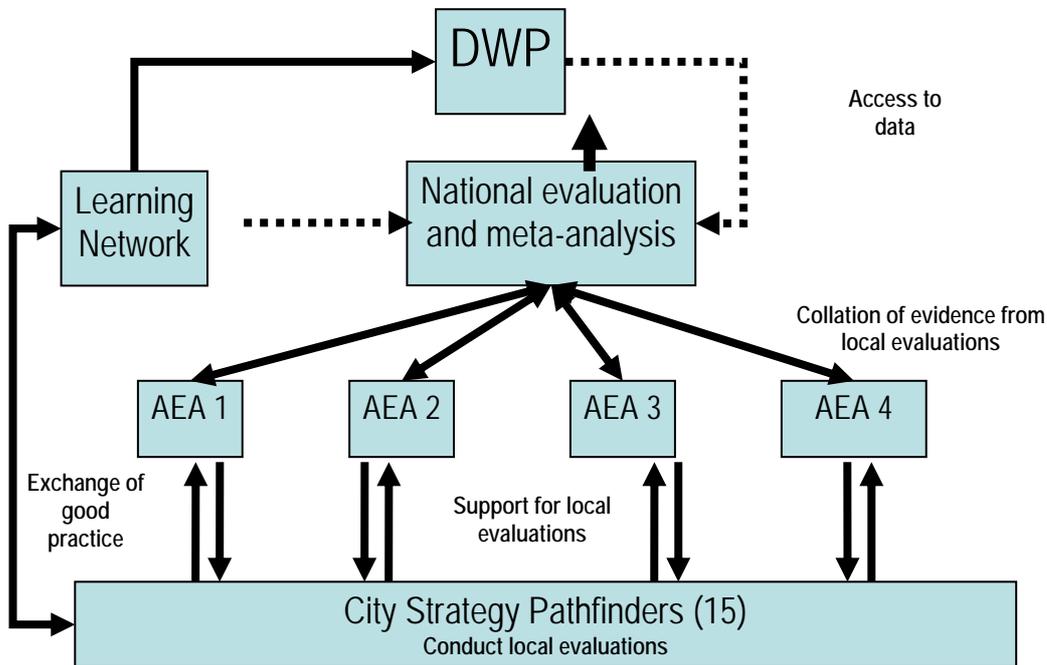
At the outset DWP adopted an approach to evaluation that reflected the nature of the City Strategy initiative – i.e. that it is:

- an experiment in devolved, partnership working;
- about changing the way partners work together; and
- about sustainable outcomes.

Just as responsibility for strategy has been devolved to the CSPs, in a corresponding manner so too has the responsibility for evaluation at the individual CSP level, as shown in Figure 1. Primary responsibility for evaluation lies at local level with individual CSPs. Area Evaluation Adviser (AEA) teams provide support to local evaluations and alert the national evaluation to emerging evidence, and the national evaluation team from the Institute for Employment Research (IER) at the University of Warwick collate and analyse evidence from local CSPs, the Learning Network,¹⁹ DWP, national data and some primary data. The national evaluation aims to understand and assess the different models of partnership working in the CSPs, measure employment rates and benefit flows in the CSPs, consider how devolving power to innovate helps the most disadvantaged groups, and determine the most appropriate geographical level for employment service provision.

¹⁹ The Learning Network is designed to promote capacity building, the sharing of ideas and best practice; provide a challenge role to local and national partners; and help meet communication and information needs between DWP, other government departments, local consortia and local and national government.

Figure 1
The City Strategy initiative evaluation strategy



To some considerable extent this is a different approach to that commonly followed in evaluations of other government initiatives where evaluation has taken the form of the relevant Department, or consultants on their behalf, determining what form evaluation should take and often imposing a national standard in terms of the evidence required (even if the initiative is neighbourhood or community based). Evidence to date suggests that local appreciation of the benefits of evaluation has been uneven, although local evaluation activity increased in late 2008 and in 2009.

The challenge of evaluating a complex initiative

Key questions arising with regard to the evaluation of City Strategy are:

- What actually constitutes a City Strategy ‘activity’? and
- What does implementation and delivery look like?

With more conventional worklessness interventions the process is normally one that involves the targeting of some eligible group, the procurement of an intervention (such as training) which then has consequences for that target group. In the case of City Strategy the initiative is much more ambitious and more complex. It aims to bring about cultural and organisational change at the local level in the way that worklessness is tackled. Fundamentally City Strategy is about creating a local partnership in which existing agencies share a vision of what is needed to reduce worklessness in their area and work together in more effective ways to reduce worklessness and raise employment.

City Strategy is not primarily about 'new' activity. Rather it is about removing unnecessary competition and avoid duplication of effort, aligning funding streams and adding value to existing provision and delivery. Hence, City Strategy builds on pre-existing structures and organisations, while embracing different activities and interventions under one umbrella, in the context of a multiplicity of other initiatives. Thus it is difficult to be clear where CS activity 'begins' and 'ends'.

What does 'success' look like?

'Success' can be measured in various ways and individuals involved in the management and delivery of City Strategy differ in the relative weight they place on different measures. Quantitatively, 'success' could be measured in terms of reductions in benefits and increases in the employment rate – on the basis of the targets outlined above. However, a sole focus on 'numbers' would be to interpret 'success' in narrow terms, even though there is an appetite for statistical evidence on tangible outcomes. Given that the primary emphasis of City Strategy is not on "*mass flows*" and "*quick wins*", but rather on long-term unemployed people and inactive benefit claimants who have not been helped into employment by mainstream interventions, it might be appropriate to place greater emphasis on individual (and family) biographies - i.e. the "*human stories*" of how disadvantaged people in disadvantaged places have been linked into the labour market. From this perspective, "*distance travelled*" is important, as well as moves off benefits into employment.

More broadly, 'success' is also about eliminating duplication and setting in place better and more coherent joined-up services. Enhanced local and sub-regional partnership working might be a step along the way to this, although it is not an end in itself.

Selected Findings

This section of the report draws on selected findings emerging from the ongoing National Evaluation of City Strategy. It considers progress towards benefit reduction targets and draws on elements of process evaluation, including effective partnership working, changes in working practices and evidence relating to reaching hard-to-help groups and engaging employers.

Progress towards targets

The targets and performance against them need to be considered with caution. It is difficult to ascribe any or all observed changes in benefit claimant numbers and employment rates to City Strategy when other policy interventions are taking place concurrently. No change, or an increase, in the numbers claiming does not necessarily imply CS has been ineffective – the alternative may well have been worse.

Table 2 shows changes in key benefit levels across CSPs over the first year of operation of the CSP initiative, so indicating progress towards the May 2009 target.²⁰ For Leicester CSP and for West London CSP the first data quarter where targets were passed was May 2007 – i.e. right at

²⁰ Benefit trends in a comparison area were similar over the same period.

the start of the City Strategy initiative.²¹ BCBC CSP and East London CSP passed their benefit reductions targets in the November 2007 quarter, and in May 2008 three BCBC, Leicester and West London had passed their benefit reduction targets. In ten CSP areas there was a reduction in benefit levels. The pattern of reduction in benefit claimant levels for two-thirds of CSP areas masks a general pattern of increase in JSA claimants over this period. From late 2008 and into 2009 JSA levels have increased markedly with the onset of economic downturn and recession.²² Figure 2, showing U/V (unemployment/unfilled vacancy) ratios for the BCBC CSP area, highlights the magnitude of the change in labour market conditions.²³

Table 2
Changes in key benefit levels between May 2007 and May 2008, and target (May 2009)

CSP area	May 2007 (forecast)	May 2007 (actual)	Nov 2007 (actual)	May 2008 (actual)	Target (May 2009)
BCBC	125,544	121,770	117,860	117,010	117,977
Blackburn	14,765	14,510	14,210	14,330	13,825
Dundee	16,918	16,310	15,790	15,920	15,749
East London	130,761	125,800	121,430	119,560	123,395
Edinburgh	33,956	32,860	32,040	31,760	31,545
Glasgow	85,275	83,200	79,530	79,520	76,331
Greater Manchester	124,471	119,790	119,535	118,815	116,493
Heads of the Valleys	37,321	36,970	36,605	35,865	33,208
Leicester	30,937	29,980	28,970	29,600	29,701
Merseyside	104,352	103,185	101,410	100,500	92,884
Nottingham	31,949	31,460	30,735	31,225	29,675
Rhyl	3,536	3,655	3,615	3,440	3,236
South Yorkshire	115,132	112,790	108,130	109,290	106,120
Tyne and Wear	85,848	86,225	83,535	82,680	76,507
West London	114,373	109,470	104,870	103,380	109,487

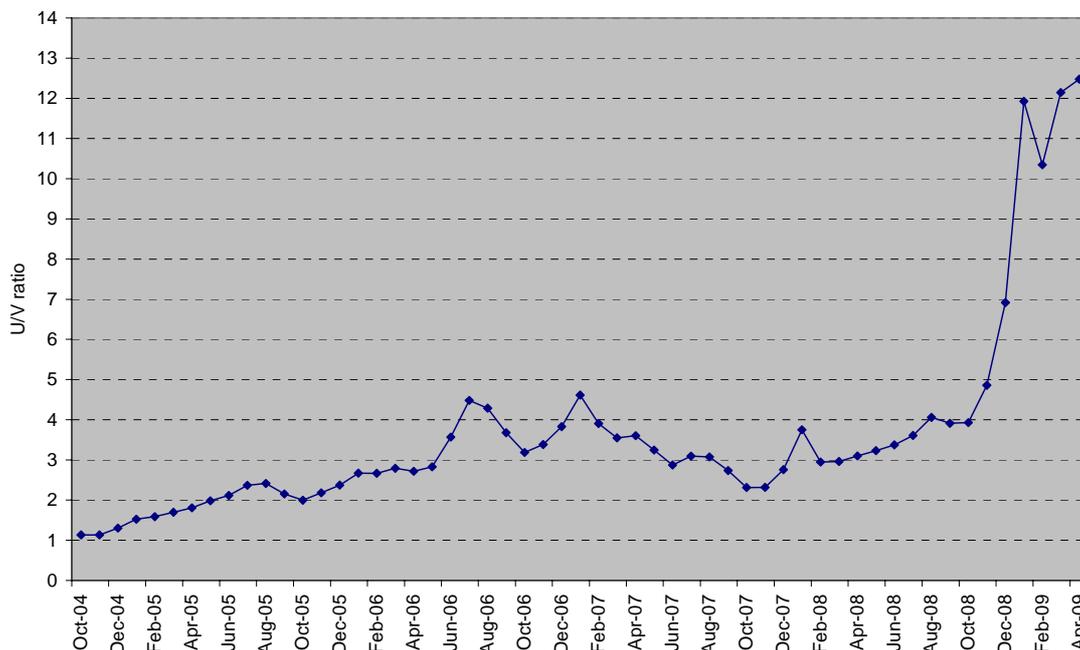
Source: DWP Administrative Benefit Records, obtained via Nomis.

²¹ In all CSP areas except Rhyl and Tyne & Wear the May 2007 actual benefit count was lower than the forecast count used in setting targets.

²² Information on JSA claims is available on a monthly basis, with an elapsed time of one month. Data on inactive benefit claims is available on a quarterly basis and is published several months in arrears. This means that it is difficult to measure progress in achieving targets on a timely basis.

²³ The BCBC CSP area is selected as an example here. Other CSP areas also display marked increases in the U/V ratio with the onset of recession.

Figure 2
U/V ratios for BCBC CSP area, October 2004-April 2009



Source: JSA claimant count and unfilled vacancy statistics, via Nomis.

The most obvious implication for City Strategy evaluation of changing economic circumstances is that the targets which were drawn up at the beginning of the initiative are more challenging than was originally envisaged. Indeed, for the two-year extension of City Strategy there is a move away from absolute benefit reduction targets towards setting benefit targets for CSPs in *relative* terms vis-à-vis a comparator area (i.e. focusing on ‘narrowing the gap’).

Effective partnership and working practices

CSPs were at different stages of partnership development in April 2007, reflecting historical experience and current arrangements for inter-agency working. Inevitably much of the effort of many CSPs over their first 12 months was focused on the process of establishing new or better working relationships with partners. There are differences in the progress made towards effective partnership working. Nonetheless, strong working relationships between partners appear to exist within most CSPs. Initially, these working relationships often took the immediate form of increased communication through regular meetings but beyond that had led to real changes in the way that partners worked together, including:

- improved flexibilities;
- increased speed of development;
- greater clarity to the planning process;
- increased integration and reduced fragmentation of policy; and
- greater collaboration and shared language, priorities and targets around employability.

Not all CSPs can claim to have such good partnership working or to have achieved the kind of positive changes mentioned above, but there is evidence of changes being made in the light of experience, in order to improve the effectiveness of partnership working. For example, in the case of the Heads of the Valleys CSP, early evidence suggested that the partnership was too large (with over 40 partner organisations involved) to be effective. The CSP has since reviewed the membership of the partnership and the governance structures more generally.

Whatever the precise arrangements in each CSP, the aim of City Strategy is to promote more effective strategic planning and delivery through partnership working. For this to happen requires partnerships that work together in a joined up manner, rather than partnerships in name only where partners continue to operate independently.

The evidence to date indicates that effective partnerships are operating in CSPs, although there are variations. There are several instances of CSPs engaging successfully with other elements of a larger local or sub-regional regeneration structure. For instance, Dundee CSP is part of a wider Dundee Partnership's Employability Programme, while in Glasgow the CSP programme is delivered by the wider Glasgow Works organisation. Where this is the case the City Strategy agenda and that of the wider organisation or partnership have been successfully aligned. Many other CSPs have reported positively in terms of partnership working, suggesting that the members of the CSP have found new and better ways of working together and are beginning to see the integration of employability, health, assessment, community and employer engagement as part of a single and continuing local development process.

Leadership also appears to be an important factor here in gaining and maintaining commitment from partners and fostering effective partnership working. The active engagement and endorsement of City Strategy by local elected representatives²⁴ is also helpful in raising the profile of City Strategy locally and nationally. Dedicated City Strategy staff²⁵ are important in driving forward CSP activity.

Despite the many examples of positive and improving partnership working, some issues still remain.²⁶ These issues often relate to delivery rather than strategic policy or decision making. While partners appear willing to 'sign up' to the strategic aim of creating an integrated approach to worklessness, translating that commitment into an integrated approach to delivery has been more challenging. There have been difficulties related to data sharing, setting common priorities and targets and agreeing a unified approach to delivering for initiatives. One explanation for this might be that each partner in the CSP feels constrained by their existing remit and therefore expects integration to take place through changes in the procedures and practices of other partners. Another factor is the level at which partners are represented in City Strategy. There have been instances of high level representation at the outset giving way to lower level representation at the implementation stage. The consequence of such a change is that representatives may lack the authority to commit their organisation to change and to drive forward the process of integration.

²⁴ Including MPs at Westminster and members of the devolved administrations.

²⁵ As opposed to staff working on CSP activity alongside a range of other commitments.

²⁶ This is to be expected, since partnership working is a dynamic process.

One aspect of partnership working that has proved especially problematic is that of *data sharing*. Data sharing is important for a variety of reasons including:

- the identification of the scale and location of potential clients;
- to track customer/clients; and
- to monitor and assess outcomes and performance.

Variable and limited progress has been made on data sharing by CSPs, despite often considerable efforts. Generally, but not exclusively, more progress has been made by larger CSPs. Larger CSPs tend to have more ambitious plans for data sharing. While some CSPs have developed joint databases and tracking systems, generally these have been the exception. Particularly significant is the very limited access of CSP teams to data on individuals from Jobcentre Plus; as such data is central to the mission of the City Strategy. The climate of “*fear*” regarding data protection and confidentiality issues has stymied progress on data sharing and the national “freeze” on access to government administrative data on individual benefit claimants²⁷ has had negative implications for CSP planning, operations, monitoring and evaluation.

Reaching hard-to-help groups

Reaching hard-to-help groups is of fundamental importance to CSPs if they are to be successful in tackling spatial concentrations of long-term worklessness.²⁸ There is a general recognition that individuals falling into more than one hard-to-help group suffer additional disadvantage and so need tailored provision to individual circumstances.

CSPs have used a variety of evidence to identify hard-to-help groups and assess their needs, including commissioning external research, detailed analysis of benefit data at the micro area level, liaison with partners to gain intelligence, the delivery experience of stakeholders, pilot projects and direct consultation in the local community. Challenges associated with reaching hard-to-help groups include chaotic lifestyles of some workless people, a lack of confidence and associated shortfalls in motivation and aspiration, a belief that work is not a viable option and resignation to a life of worklessness (in some instances), caring responsibilities (for some people) and mistrust of mainstream agencies.

A variety of strategies have been used in an attempt to reach hard-to-help groups, including community based events, fun days, taster days, use of local people to engage other local residents from hard-to-help groups, use of specialist providers to reach specific groups, working with partners working in the employment and skills domains and developing single points of access. There is a lack of robust evidence to date on the success of different engagement activities although CSPs are learning from their experiences of different approaches. Anecdotal evidence suggests that enhanced outreach and a non-statutory base in the heart of the community is beneficial.

²⁷ This followed a number of well publicised losses of data from government departments, agencies and consultants working on behalf of government.

²⁸ Spatial concentrations of hard-to-help groups in many City Strategy areas may be explained by residential sorting processes in the housing market or the uneven spatial impact of employment restructuring.

Engaging employers

Engaging employers is an important element of activity for most CSPs since linking workless people to jobs represents the demand side of the welfare to work equation. A variety of agencies were already active in employer engagement activity at regional and local level prior to the establishment of CSPs. In general, the model has been for each agency to have its own network of connections to employers. The associated practice of multiple approaches made to employers by different partners is generally considered²⁹ to be confusing for employers and counter to the City Strategy ethos of collaborative working and the objective of streamlining and enhancing the effectiveness of employer engagement. Hence a key challenge facing CSPs is whether, and how, they might seek to 'join up' and streamline activity in a crowded arena.

For most (but not all) CSPs employer engagement is seen as a central activity which is complementary to that of helping long-term benefit claimants. There is a concern from some CSPs that a desire/need to engage employers leads to targeting of those closest to the labour market (and especially so in the context of recession) rather than to long-term benefit claimants.

In some instances there has been debate about the appropriate balance between employer engagement at a strategic, as opposed to an individual firm, level. The territoriality of agencies currently engaged in employer engagement (for a variety of purposes) is a key barrier to overcome in seeking to co-ordinate and streamline City Strategy activity on this front.

Some CSPs are working through Local Employment Partnerships (LEPs),³⁰ whereas in other CSPs there is a feeling that LEPs are a Jobcentre Plus 'product' that does not necessarily have anything to do with City Strategy. To date engagement has tended to focus on large national private sector employers with a local presence (e.g. major retailers). Going forward, some CSPs feel that there is a need for more emphasis on the public sector (as a major employer in all areas).

There are few CSPs that are not public sector led, but where they exist there is some evidence of greater employer engagement.

Challenges facing City Strategy moving forward

While most CSPs report benefits from enhanced partnership working, several challenges relating to achieving effective partnership working remain to be overcome. These include the difficulty and time required to achieve cultural change, the difficulty of translating strategic decisions into actions, 'territorialism' amongst partners and the difficulties of data sharing. Achieving an effective devolution of the employment and skills agenda will need to overcome tensions between

²⁹ There is a counter view that multiple contacts with the same employer are not a problem because an employer "can always put down the phone" (i.e. does not have to engage).

³⁰ LEPs have been described as: "a deal between Government and business to tackle the increasing recruitment and skills challenges of our labour market and economy" (<http://www.jobcentreplus.gov.uk/JCP/Employers/lep/>). They are agreements between employers (initially large retailers, but subsequently other employers also) to work in partnership with Jobcentre Plus to help the long-term unemployed and economically inactive back to work, through one or more of: work trials; helping in the design of pre-employment training programmes that meet employers' needs, and in turn guaranteeing interviews to long-term benefit claimants who complete this training; encouraging their employees to mentor long-term benefit claimants; and reviewing application processes to ensure that local benefit claimants are not inadvertently excluded.

centralising and localising forces (discussed in more detail in the 'Conclusions') and between competition and co-operation.

The recession and the associated rise in unemployment and reduction in job opportunities mean that the economic context within which City Strategy is operating has changed markedly. This may pose a challenge for CSPs in terms of their strategic aims and their operational objectives. Crucially, will the emphasis of CSP activities turn from supporting the longer-term unemployed and inactive benefit claimants move closer to employment (and ultimately into work) to the short-term goal of providing support to the newly redundant, short-term unemployed? Some partners may feel that the focus should move to *"day one JSA claimants"* in order that they do not become unemployed, while others may feel it is all the more important in a more difficult economic context not to overlook those at the *"back of the queue for employment"* in order that they are equipped with the skills to move into jobs when the upturn comes. Following the first two years of the City Strategy initiative, CSPs are revisiting their Business Plans to take account of these questions and of progress and lessons learned from experience to date.

Conclusions

CSPs have helped in prioritising worklessness on the policy agenda. In particular, they have helped in operationalising the linking of employment and skills policies. More broadly, they have helped raise awareness of different organisational activities and perspectives on worklessness and have enabled partners to work more effectively together. CSPs have shown their ability to change in the light of experience and circumstances. Such change has involved both streamlining for more effective strategic decision-making and expansion to create new links under the aegis of City Strategy, where appropriate. Importantly, City Strategy appears to have stimulated thinking about how to improve synergies between interventions and reduce the amount of 'recycling' of clients between individual projects. Nevertheless, a plethora of overlapping policy initiatives (addressing related agendas, sometimes for non-congruent areas and at different spatial scales) seems, in some instances, to have impacted on CSPs in a negative manner, diverting resources to respond to such initiatives, creating conflicts of interest between partners and a lack of clarity about the role of City Strategy. However, in other instances, CSPs have demonstrated their ability to take advantage of new opportunities and initiatives to experiment and expand their portfolios of activities.

There is clear support for the strategic aims of City Strategy amongst partnerships, with a widely shared desire for a 'synergy model' of partnership - as partner organisations share a common concern to address worklessness with the rationale that they can achieve more together than separately, and some emerging evidence that this is being achieved in terms of working practices and delivery. However, translating this support into a co-ordinated approach to delivery has been more difficult. There is some evidence of new funding (i.e. budget enlargement), joint commissioning and alignment of different partners' provision to help workless individuals. In some CSPs work is underway to align and/or co-ordinate mainstream funding under the auspices of the CSP. This is particularly, but not exclusively, the case in the larger CSP areas.

A general lack of progress on data sharing and availability of individual level data has hindered CSPs in their design, alignment and delivery functions, as well as in regard to evaluation. The lack of enabling measures initially envisaged has limited local freedom of action as CSPs are obliged to act within national rules; as a local partner in one CSP reflected: *"The freedom to*

dream up an idea is devolved, but it has to fit within the existing rules". Together with the central control of much government policy, this limits the ability of CSPs to create a truly local strategy. A local partner from another CSP admitted to feeling that: *"We are paying lip service about devolving the welfare to work agenda down to the local level."* Clearly, ongoing tensions between 'localisation' and 'centralisation' are evident.³¹ Nevertheless, the localisation inherent in City Strategy as it currently exists represents progress towards devolution.³²

³¹ Arguably, the situation is one of *centralised localism*, which seeks to access the benefits of engaging different organisations in the delivery of local services, but imposes a centrally managed, rigid contractual regime that constrains the ability of organisations to do so.

³² In April 2009 one of the CSP areas – Greater Manchester – was announced as one of two 'forerunner' city-regions to pilot devolved city region status, allowing new powers over employment and other issues.