

The City Strategy in the United Kingdom

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This Discussion paper wants to provide

- a balanced view of the good practice under consideration including the aspects of transferability to other Member States and its possible contribution to European policy development;
- an assessment of the first results of the Initiative from an independent point of view

The 'good practice under consideration' is the 'City Strategy' in the UK. The main aims of the City Strategy 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; to ensure that individuals within these client groups are better able to both find and remain in work; and to improve the skills of individuals within these client groups to enable them to progress once they are in work."*

Very few 'hard facts' on the City Strategy were available at the time of writing up this paper. Our main source of information was the first evaluation report and the host country report (both from the same authors)¹. The absence of reliable data could be explained by the relatively recent launch of the initiative (just over two years ago, April 2007) and because it is a collection of very heterogeneous initiatives². As a result, our discussion will often be about the City Strategy's original and later intentions, rather than on its (tangible) results³.

Part A: The policy debate at European level

A.1 The policy framework at European level

The City Strategy initiative combines different approaches and themes: important social problems (poverty, especially child poverty, and worklessness), their spatial dimension, and specific forms of policymaking (devolution of responsibilities to the local level and creation of partnerships at that level), which means that several European policy debates and frameworks are at stake. At the most general level, it is the *Lisbon Strategy for Growth and Jobs*; *active inclusion* is the most

¹ Our main source of information for this discussion paper was the second of three planned Update Reports: Chris Hasluck, et al. (2009), *Evaluation of City Strategy: Second Evaluation Update*. University of Warwick - Institute for Employment Research. The first report presented evidence from April 2007 to April 2008; the second from April 2008 to December 2008. The final update report is due in September 2009. The reports are meant to assess the extent to which the City Strategy Pathfinders are suitable models for future devolved employment programmes in deprived areas and for groups most disadvantaged in the labour market.

² The difficult accessibility of statistical data (by the evaluation team) will be discussed later.

³ Information obtained during the Peer Review Meeting will be integrated into the Synthesis Report.

appropriate EU framework when discussing (un)employment or 'worklessness', the *European structural and cohesion funds* also focus on employment but approach it from an urban and regional viewpoint, and the National Action Plans are 'good practices' when it comes to integrating the different dimensions. Recently, the EU is paying special attention to child poverty (one of its priorities for the 2010 European Year on Poverty) and to the implementation of children's rights.

The Lisbon Strategy

Because of its initially moderate results, the Lisbon Strategy - set out on a European summit in March 2000 - was simplified and re-launched in 2005 as the *Lisbon Strategy for Growth and Jobs* with a stronger emphasis on job creation and economic growth. The 2006 Spring European Council identified four priority areas, one of which was increasing employment opportunities for priority categories. Another top priority is that more emphasis should go to the implementation of Lisbon through National Action Plans.

In line with this new Lisbon strategy, the UK National Reform Programme identified two challenges that need to be tackled with the highest priority: improving skills levels to increase productivity and reducing disadvantage in the labour market. The Council recommends the UK to 'implement recent plans to substantially improve skill-levels and establish an integrated approach to employment and skills in order to improve productivity and increase opportunities for the disadvantaged'⁴. The intentions of the City Strategy clearly are in accordance with this recommendation.

In an annex to the 'Employment Guidelines (2008-2010)⁵ it is written that Member States, in cooperation with the social partners, shall conduct their policies with a view to implement the objectives and priorities for action so that more and better jobs support an inclusive labour market. Member States' policies shall foster in a balanced manner full employment through an integrated flexicurity approach. They shall improve quality of and productivity at work. Strengthening social and territorial cohesion is another objective, as is equal opportunities and combating discrimination – both considered to be essential for progress. The realisation of those objectives will be fostered through good governance of employment and social policies that is through establishing a broad partnership for change by fully involving parliamentary bodies and stakeholders, including those at regional and local levels and civil society organisations; European and national social partners should play a central role. Finally, a window is opened on social realities outside the labour market: "Member States should aim towards active social integration of all through promotion of labour force participation and fight poverty and exclusion of those and groups who are most marginalized in society".⁶ Which brings us to the dimension in the European framework that constitutes a complement to flexicurity: active inclusion.

⁴ Recommendation for a Council Recommendation on the 2008 update of the broad guidelines for the economic policies of the Member States and the Community and on the implementation of Member States' employment policies' - COM(2007) 803 final, PART IV.

⁵ 'Guidelines for the employment policies of the Member States: promoting the European Social Model'; annex to the 'Employment Guidelines (2008-2010). Proposal for a Council Decision on guidelines for the employment policies of the Member States (under Article 128 of the EC Treaty)'.

⁶ "Member States, in cooperation with the social partners, shall conduct their policies with a view to implementing the objectives and priorities for action specified below so that more and better jobs support an inclusive labour market. Reflecting the Lisbon strategy and taking into account the common social objectives, the Member States' policies shall foster in a balanced manner:

Active Inclusion

The Commission Recommendation [2008/867/EC](#) of 3 October 2008 on the active inclusion of people excluded from the labour market [Official Journal L 307 of 18.11.2008] expects every Member State to draw up and implement an integrated comprehensive strategy, composed of the following three strands: sufficient income support (right to adequate resources), inclusive labour markets (sustainable jobs), and access to quality services (proper social support). Actions should support employment of those who can work, provide resources required for a dignified life, and promote social participation of those who cannot work. Given the domains and the population groups that are referred to, it should be clear that this 'active inclusion' policy has a much wider scope than just labour market activation. It is also concerned with those permanently outside the labour market and it is multifaceted, in the sense that its focus is as well on income support and service provision as on employment.

Moreover, inclusion policies should take account of fundamental rights; of the promotion of equal opportunities for all; of the specific needs of disadvantaged and vulnerable groups, and of regional contexts. Finally, inclusion policies should contribute to preventing the intergenerational transmission of poverty – which could be seen as a fairly direct appeal to putting child poverty at the centre of picture.

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- Full employment: Achieving full employment, and reducing unemployment and inactivity, by increasing the demand for and supply of labour through an integrated flexicurity approach is vital to sustain economic growth and reinforce social cohesion. This requires policies that address simultaneously the flexibility of labour markets, work organisation and labour relations, and employment security and social security.
 - Improving quality and productivity at work: Efforts to raise employment rates go hand in hand with improving the attractiveness of jobs, quality at work, labour productivity growth, reducing segmentation and the proportion of working poor. Synergies between quality at work, productivity and employment should be fully exploited.
 - Strengthening social and territorial cohesion: Determined action is needed to strengthen and reinforce social inclusion, fight poverty - especially child poverty -, prevent exclusion from the labour market, support integration in employment of people at a disadvantage, and to reduce regional disparities in terms of employment, unemployment and labour productivity, especially in regions lagging behind. Strengthened interaction is needed with the Open Method of Coordination in Social Protection and Social Inclusion.

Equal opportunities and combating discrimination are essential for progress. Gender mainstreaming and the promotion of gender equality should be ensured in all action taken. Particular attention must also be paid to significantly reducing all gender related gaps in the labour market in line with the European Pact for Gender Equality. This will assist Member States in addressing the demographic challenge. As part of a new intergenerational approach, particular attention should be paid to the situation of young people, implementing the European Youth Pact, and to promoting access to employment throughout working life. Particular attention must also be paid to significantly reducing employment gaps for people at a disadvantage, including disabled people, as well as between third-country nationals and EU citizens, in line with any national targets.

Member States should aim towards active social integration of all through promotion of labour force participation and fight poverty and exclusion of those and groups who are most marginalized in society.

In taking action, Member States should ensure good governance of employment and social policies and ensure that the positive developments in the fields of economics, labour and social affairs are mutually reinforcing. They should establish a broad partnership for change by fully involving parliamentary bodies and stakeholders, including those at regional and local levels and civil society organisations. European and national social partners should play a central role."

Member States further should ensure that inclusion policies are effective. This should be done by: combining the three strands of the strategy in an appropriate manner; implementing the strategy in an integrated manner across the three strands; coordinating the policies among authorities at local, regional, national and EU-level and including all relevant actors in the development, implementation and evaluation of the strategy.

Not unimportant are following elements: Member States should provide necessary resources and benefits under the social protection instruments; information about rights and support measures must be publicized widely; Member States should simplify administrative procedures and should facilitate access for the public to the appeals systems. They should also take steps to enhance indicators and statistical data on active inclusion policies (OMC). Last but not least, active inclusion measures should be aligned with the social cohesion objectives of the Lisbon Strategy (see above).

In their 'Key lessons', evidenced by the 2008-2010 National Reform Programmes and based on the national reports prepared by the EU Network of national independent experts on social inclusion, Frazer, H. & Marlier, E. (2009), identify four leads for further improvements: enhance employment security; ensure that income support and activation rules complement each other; find a proper balance between activation, alleviating poverty and budgetary costs; take the common principles for active inclusion into account. We quote from their report:

'Tackling the risk of poverty and (future) social exclusion of the underprivileged requires a balanced mix of labour integration policies and paying special attention to those who do not work or are involved in precarious work. (...) It is important that this type of measure is backed up by modern social security schemes, which offer effective support to bring those who are excluded from the labour market back to work. In encouraging disadvantaged groups to take up work, modern social security schemes should seek to combine active and personalised job searching support and skills training, with adequate incentives that make work pay, satisfactory levels of income support and high quality social services. (...) (To break out of the spiral between activation, alleviating poverty and budgetary costs), it is vital to improve the interaction between economic and employment policies for growth and jobs and the Union's strategies for social protection and social inclusion. Member States should be more aware of the fact that social protection policies should not only effectively contribute to mobilise people who are capable of working, but also contribute to achieving the wider objective of providing a decent living standard to those who are excluded from the labour market. Social protection reforms should therefore focus in particular on finding a proper balance between enhancing employment activity without creating trap effects, whilst at the same time improving the adequacy of social benefits and ensuring better access to social services. (...) The open method of coordination can be a powerful instrument to promote a more holistic approach in which the three main strands of active inclusion are interlinked. The success of the envisaged approach will eventually depend on the capacity of individual Member States to produce a well-balanced policy package in which activation measures, adequate levels of income support and adequate social services are interlinked. This is a major challenge for the Member States in the coming years.'

The spatial dimension is absent from this active inclusion recommendation, for obvious reasons; otherwise it would provide a very comprehensive framework for the City Strategy. However, the EU policies on cohesion could complement the 'active inclusion' strategy in this respect.

European regional and cohesion policies: three Structural and Cohesion Funds

Part of the disappeared cohesion dimension of the original Lisbon strategy survives in *European regional and cohesion policies*. For the EU, cities symbolize the double challenge of how to maintain them as centres of economic activity, innovation and employment, yet to assist them to handle a number of challenges. The trend towards suburbanisation, the concentration of deprivation and worklessness in urban neighbourhoods are complex problems and they require integrated answers in transport, housing, and training and employment schemes, which must be tailored to local needs. With such an integrated approach, cohesion policy wants to maximize the synergies between different policy domains, and to encourage dialogue between administrations, social and economic partners and civil society organisations.

How does the City Strategy relate to the three EU Structural and Cohesion Funds - the ERDF (European Regional Development Fund), the ESF (European Social Fund), and the CF (Cohesion Fund)⁷ - that are the instruments to meet the three objectives of the Cohesion and Regional Policy: convergence (formerly objective 1), competitiveness and employment (formerly objectives 2 and 3), and European territorial co-operation (formerly objective 3) in the 2007-2013 period?

They were not really prominent in the initial Business Plans, but they are not quite as absent in practice as the existing documentation would suggest⁸. The ESF is most relevant. Individual City Strategy Pathfinders do make use of this funding stream and attempt to take account of it when aligning policy interventions. ERDF is less prominent for City Strategy, although in a few areas it is on the agenda (notably Merseyside - which has a history of Objective 1 funding). Convergence is reasonably prominent for the two City Strategy Pathfinders in Wales (i.e. Heads of the Valleys and Rhyl)⁹. Let us have a closer look at this important element of the European context.

The Structural Funds' General Regulation includes provisions to establish a 'strategic approach to cohesion'¹⁰. It requires Member States to agree a set of "Community Strategic Guidelines for

⁷ The ESF will be implemented in line with the European Employment Strategy and focus on four key areas: increasing adaptability of workers and enterprises, enhancing access to employment and participation in the labour market, reinforcing social inclusion by combating discrimination and facilitating access to the labour market for disadvantaged people, and promoting partnership for reform in the fields of employment and inclusion.

The ERDF's aim is to support programmes addressing regional development, economic change, enhanced competitiveness and territorial co-operation throughout the EU. Funding priorities include research, innovation, environmental protection and risk prevention, while infrastructure investment is important, especially in the least-developed regions.

⁸ Information provided by Anne Green, University of Warwick, one of the authors of the host country report.

⁹ All of England, Wales and Scotland are (Regional) Competitiveness and Employment Regions with South Yorkshire and Merseyside phasing in; West Wales & The Valleys is an eligible area under the Convergence Objective; the Highlands & Islands is a phasing-out region under the Convergence Objective.

¹⁰ Common Actions for Growth and Employment: The Community Lisbon Programme, 20 July 2005.

Cohesion”¹¹, which establishes that future Structural Funds Programmes should target resources on three main priorities:

- To enhance the attractiveness of Member States, regions and cities by improving accessibility, ensuring adequate quality and level of services, and preserving their environmental potential
- To encourage innovation, entrepreneurship and the growth of the knowledge economy by research and innovation capacities, including new information and communication technologies;
- To create more and better jobs by attracting more people into employment, improving adaptability of workers and enterprises and increasing investment in human capital.

Although the purpose of the Guidelines is to provide a single framework for Member States and regions to use when developing national and regional programmes, each Member State and its nations and regions will also need to develop strategies that respond to specific local conditions.

The General Regulation also requires each Member State to produce a *National Strategic Reference Framework*, outlining its strategy for delivering the Funds in its Operational Programmes, and the contribution this will make to the Community’s Objectives. According to the *UK Strategic Vision for Structural Funds Spending*, the UK’s nations and regions will need to develop detailed priorities that reflect their specific circumstances and levels of EU funding. However, as a whole, programmes will need to give particular attention to three overarching themes – we selected the specifications most relevant for our subject.

- Enterprise and Innovation: should drive productivity growth and generate new prosperity in disadvantaged areas and stimulate a culture of entrepreneurship amongst new business start-ups, those running or owning existing businesses, the employed and social enterprises;
- Skills and Employment: building a skilled and adaptable workforce, tackling disadvantage in the workplace and supporting employment opportunities for all. Therefore programmes should contribute – amongst others - to creating a flexible, adaptable and inclusive work force, helping individuals to adapt to change, sustain employment and exploit innovation and to extending employment opportunities and maximising participation in the labour market. Programmes should help to overcome barriers to the labour market, in particular for disadvantaged groups.
- Environmental and Community Sustainability: encouraging innovation to support sustainability, ensuring sustainable development, production and consumption, and promoting social and economic cohesion in local economies, including in urban and rural areas. At the same time, spending of Structural Funds should contribute to build sustainable communities by helping to improve the growth and productivity of local economies. Programmes should give particular attention to the needs of deprived areas, increasing their attractiveness and access to employment and public services in those areas.
- In addition to this strategic vision, the Government and Devolved Administrations have agreed a number of high-level principles for future Structural Funds Programmes across the UK. These are: focusing on market failures; the treatment of environmental sustainability and equal opportunities as crosscutting themes; and partnership working with regional and local

¹¹ Community Strategic Guidelines on Economic, Social and Territorial Cohesion 2007-2013, Council of the European Union, 18 August 2006 (http://ec.europa.eu/regional_policy/sources/docoffic/2007/osc/1180706_en.pdf)

stakeholders. They are also committed to using future Structural Funds to support the Lisbon agenda for growth and jobs.

Child poverty¹²

“Member states should take necessary measures to rapidly and significantly reduce child poverty, giving all children equal opportunities regardless of their social background”¹³. Although responsibility for addressing child poverty rests with the Member States, the EU has increased its commitment in recent years. Combating child poverty is considered crucial to the achievement of more social cohesion and sustainable social and economic development. Since it is recognised as a multi-dimensional problem that requires urgent integrated actions, the EU intends to increase its efforts on mainstreaming child poverty in national and European Union policy-making. This will be done through the strengthening of specific indicators to measure and evaluate the progress, taking into account the voices of children living in poverty and other forms of social exclusion, and increasing awareness.

In March 2006, the European Council stressed the need to put the reduction of child poverty higher on the political agenda. In the 2006-2008 National Reports on Strategies for Social Protection and Social Inclusion, Member States promised to develop a strategic, integrated and long-term approach to prevent and address poverty and other forms of social exclusion among children. In January 2008, the Social Protection Committee approved, on request of the European Council, a report which identifies the predominant factors affecting child poverty in each country and it underpins the key policy messages on social inclusion of the 2008 Joint Report on Social Protection and Social Inclusion adopted jointly by the Commission and the Council.

Implementation, however, is very variable and results are very disparate. Explicit reference is made to the ‘Sure Start’ programme of the U.K. which combines early education with childcare, health and family support services, parental outreach and employment advice for disadvantaged families. Increasing the availability of childcare for all children, improving young children’s health and emotional development and supporting the parents, both as parents and in their aspirations towards employment are realized by assisting the development of services in disadvantaged areas, while providing financial help so that parents can afford childcare¹⁴.

¹² The subject of children’s rights is not discussed here, because it refers to children in general. It should, however, be clear that children living in poverty and other forms of social exclusion are more prone to the neglect of their rights. In July 2006, the EC adopted a Communication asking Member States to establish a comprehensive EU strategy to effectively promote and safeguard children’s rights in EU policies. It points out that children’s rights as defined through the Convention on the Rights of the Child (UNCRC) are still far from being respected, and that EU policy and action, both internal and external, has a critical role to play.

¹³ Presidency Conclusions of the Brussels European of the Brussels European Council on 23-24 March 2006 (paragraph 72).

¹⁴ Several European projects have addressed various aspects of the issue. The EU also supports European networks such as Eurochild and EAPN.

A.2 European and international comparative aspects: a focus on LEDS (Local Employment Development Strategies)

It is difficult to compare the City Strategy to other European initiatives, because it occupies a position in-between a poverty programme, an employment programme and an urban development programme. At face value – the name of the programme – the spatial dimension is dominant, but after having taken a closer look it is about devolving welfare provisions (which are, in fact, workfare provisions – very much focused on 'labour market activation') to the local level. It is about substituting the welfare state by a kind of welfare city or 'local welfare regime'.

Urban development programmes have developed throughout the 1980s and 1990s into a series of more targeted and selective programmes. Some examples are: the Dutch *Grotestedenbeleid* (1994-2009); the French *Politique de la Ville* (running since the 1970s), *Politique de la Ville et Contrat de Ville* and *Politique Territorialisée de Développement Solidaire et de Renouveau Urbain* (1998); the German *Benachteiligte Stadtgebiete* (1993) and *Soziale Stadt* (since 1999); the Danish *Urban Committee Initiative* (1994), the *Urban Area Improvement Programme* (1996) and *Kvarterløft* (1997-2007); in Belgium, the Flemish *Vlaams Fonds voor de Integratie van Kansarmen* (VFIK) (1992) and *Sociaal Impulsfonds* (SIF, 1996-2002) and the Belgian federal *Grootstedenbeleid* (2000-): *Contratti di quartiere* (Neighbourhood Contracts, 1997), *Programmi di recupero urbano e di sviluppo sostenibile* (Urban Regeneration and Sustainable Development Programmes, 1998) and the *Contratti di quartiere II* (2002); and at the European Union level, the URBAN Community Initiative Programme that started in 1994. For England, we mention the "New Deal for Communities" (NDC), which took off in 1998 for an intended ten years.

They constitute a set of interrelated projects at the local level to be implemented within a certain period of time within a certain area. The projects may focus on physical measures, such as demolishing and rebuilding parts of the housing stock, or on social and economic targets, such as decreasing unemployment. They may also be a combination of physical, social, economic and cultural initiatives, and they usually use this "integrated approach". Partnership between diverse actors is a basic feature of these programmes.

Though their practical organisation may be highly variable in different European countries and cities, in spite of that and by their very nature, urban development programmes raise the same kind of questions and call for the same kind of decisions everywhere (see annex).

Recently, involvement of local actors in designing and implementing employment policies in the European Union has grown¹⁵. Partnerships are promoted between governments, employers' and employees' organisations, civil society (e.g. NGOs, Non-Profit Organisations, the church, social enterprises), and private businesses. The City Strategy clearly fits into the Local Employment Development (LED) strategies of the EC. These are (a set of) actions aiming at improving the local economy and the local labour market. They may aim to decrease unemployment by increasing the attractiveness of the local area as a business location; to improve the quality of jobs and working

¹⁵ Based on Mandl, I. (2009), *The Interaction Between Local Employment Development and Corporate Social Responsibility*, Vienna, KMU Forschung Austria

conditions; to reduce inequality due to gender, age, ethnicity or culture; to foster labour market integration of the elderly, single mothers or ethnic minorities. LED is designed and implemented involving different local actors and it takes into account the needs and potential of the local society and of target groups. The definition of 'local' depends on the national context. Initiatives are not necessarily restricted to specific administrative units (e.g. communities), some are rather coherent labour market regions (e.g. in terms of commuting distance) and others may also be 'cross-border'.

Individual Member States also have paid more attention to the local level and related LED policies, in line with the European Union's objectives and initiatives. This has resulted in a transfer of competences and more autonomy to local authorities. Nonetheless, local initiatives are strongly embedded in national policies, which are oriented on the EU guidelines (mainly the Lisbon Strategy for Growth and Jobs and European Employment Strategy) and often financial with European money. Only in few countries (such as Hungary and Luxembourg) LED does not yet constitute an established policy field.

The major motivation for this decentralized approach is the recognition of the fact that considerable differences exist among regions leading to specific and varying problems. The best level to tackle them is that of the actors that are closest to these problems and so most familiar with them. Consequently, combinations of top-down and bottom-up initiatives have been spreading across Europe, as is a multi-stakeholder approach. Governance mechanisms are envisaging a 'sharing of power' and 'division of labour' in the policy-making process, through stronger interaction among regional and local governments and the civil society as well as the participation of other relevant stakeholders (including companies).

The objectives and instruments in LED initiatives are manifold and they address a wide spectrum of target groups (such as the unemployed, the elderly, youth, low-qualified, women, migrants and ethnic minorities, previous drug addicts or prisoners, homeless or disabled persons, but also companies). LED initiatives are focused on labour market integration of disadvantaged or detached local population groups; the development of local economic activity, attracting businesses and counteracting delocalisation of entrepreneurial activity, e.g. joint efforts; revitalisation of the local area; empowerment of local actors for (strategic) local employment development; environmental protection, through the introduction of environmentally friendly production processes within the local area.

A.3 A reference to related previous Peer Reviews

Again, given the broad range of problems and policies present in this City Strategy, several Peer Reviews could be an inspiration for the City Strategy. We limit our listing to those that took place since 2005.

- Initiatives by the social partners for improving the labour market access of disadvantaged groups (Austria, 24-25.04.2008)
'Access to employment is a key requirement for people to be able to avoid the risk of poverty and social exclusion. In 2007, the Commission published a Communication stating that a more strategic approach was needed to ensure that those disadvantaged are integrated into the job market in the longer-term and not just the short-term. The aim, therefore, should be to

ensure access not only to employment as such but to jobs which are stable and provide a reasonable level of income over a number of years. Social partners are of central importance in this respect (...) to help improve the access of disadvantaged groups to employment. The groups concerned include a number of different sections of the population, (...) centred on three main themes: work and age, work and disability and work and health.'

- The social economy from the perspective of active inclusion (Belgium, 12-13.06.2008)
'The Peer Review is concerned with the social economy from the perspective of active inclusion or, in other words, as a means of providing employment opportunities for disadvantaged groups.'
- Getting women back into the labour market (Germany, 17-18.11.2008)
' (...) with the aim of developing and implementing measures that make it easier for women to return to work, to make employers more aware of the potential benefits to them of women returning to work and to persuade men to do more to support their partners when they do so.' Although not focused on single mothers or other women in poverty, interesting lessons to learn on the importance of the gender aspect.
- The NAPInclusion Social Inclusion Forum (Ireland, 15-16.11.2007)
'In particular, stakeholders have an opportunity to hear at first hand what is being done to combat poverty and social exclusion, both at the national and EU levels; to put forward their views and experiences on key policies and implementation issues; to identify barriers and constraints to progress; and to provide suggestions and proposals for new developments and more effective policies.'
- Sure Start (United Kingdom, 04-05.05.2006)
Sure Start 'combines early education with childcare, health and family support services, parental outreach and employment advice for disadvantaged families. Better outcomes for children, parents and communities are secured by increasing the availability of childcare for all children, improving young children's health and emotional development and supporting the parents, both as parents and in their aspirations towards employment. This is done by assisting the development of services in disadvantaged areas, while providing financial help so that parents can afford childcare.'
- Social Inclusion cross cutting policy tools - "Document de politique transversale" (France, 29-30.06.06)
'At local level (region, county, metropolitan area) in accordance with a process of increasing decentralisation the coordination and consistency of the policies of inclusion is progressively ensured through the means of charters of social cohesion. Thus "the new ' Social Inclusion ' Cross Cutting Policy Document" ("Document de Politique Transversale" = "DPT") Policy reform is a concrete answer to better coordination and mainstreaming, monitoring and evaluating process in the field of the social inclusion policies expected by the European Union.'

- Integrated Services in Rehabilitation - On Coordination of Organisation and Financing (Sweden, 04-05.12.2006).
'Many people who have been out of work for a long time due to illness or unemployment need support from various different authorities. Launched in 1997, Sweden's DELTA project aims to help them by promoting cooperation among the various services concerned. Social insurance offices, the primary health care system and social services are cooperating on 26 related (local) projects (...) with the county labour board, psychiatric clinics and the adult education system. (...) Many have returned to work or have embarked on studies that they have financed themselves.'
- Preventing the risks of exclusion of families with difficulties (Italy, 24-25.02.05).
'This project (...) aims to help families at risk of social exclusion who for a variety of reasons find it difficult to maintain a peaceful family environment and properly manage relations between parents and children. It works by building up around them a solidarity network, and implementing social action in order to make foster care and institutionalisation ever less necessary. The project specifically targets children and young people at risk of marginalisation and their social environment, minors with a criminal or judicial proceeding pending, and families with disabled children. (...) These aims are addressed through the co-operation of various social partners to build up a solidarity network around the family.'
- Socio-Community Development - Mobilising all relevant bodies and promoting the participation of people suffering exclusion (Portugal, 12-13.09.2005).
'The measure includes three model actions: 1° Promotion of participation and community action. These actions are aimed at communities in run-down urban and suburban areas and impoverished rural areas, especially those where factors of social exclusion prevail; 2° Enhancing personal and social skills. This action is targeted at young people aged 15 and over and adults of working age with particular weaknesses in access to the job market; and 3° Training and qualification of community development workers.'

A.4 Assessment of the contribution of the good practice to the European policy debate

Given the number of related initiatives in other Member States, their diversity and their collected experiences, it is very difficult to identify features from the City Strategy that could provide new inputs to the European policy debate on the central issues of this programme. Activation of 'workless' persons, inclusion of the actions into a larger framework, partnerships between a multitude of actors, devolution from the central to the local level, interaction between the social and the spatial dimension: all have been the subject of longstanding initiatives. The City Strategy could learn from the collected knowledge of other European projects and programmes and – this could be its main contribution to the European policy debate in terms of a good practice – be considered and treated as a kind of field experiment, testing already developed methods and approaches once again.

In terms of contributing to the European policy debate, the outlines of which have been sketched in the preceding pages, its relevance lies mainly in identifying the obstacles that are met when transferring responsibilities from the central to the local level. In many Member States, municipalities and other local units have gained relative independence throughout their history (e.g.

Belgium). In recent times and partly as a result of the 'fiscal crisis of the state' (and of globalisation which is supposed to have weakened the position of nation-states) more responsibilities have been delegated to the local level, however without transferring the financial means to carry them out.

Some other contributions are touched upon in the next section.

A.5 Assessment of its transferability to and learning value for other Member States

Transferability of City Strategy is to be judged on its different dimensions: the position of local and intermediate actors and their relation to central authorities (government), the type of labour market and the role of employment schemes, the relevance of the spatial context, and the state of social exclusion and poverty in the Member State. We formulate a number of questions to be discussed during the Peer Review meeting.

As to the first dimension: Which degree & kind of autonomy did local government possess before the introduction of the programme/strategy? Decentralised or de-concentrated – is the 'centralised localism' mentioned in the host country report something in-between both or just another label for what really is de-concentration? How strong is civil society (NGOs) and more in particular, which role plays 'welfare society' – meaning NGOs as providers of welfare services?

Regarding labour market and (un)employment policies: Which are the unemployment benefits and provisions for the unemployed in the Member State? What is the structure of its labour market? How strong are sectors outside the regular labour market and, more in particular, is there a well-developed social economy? What with the informal labour market, which sometimes acts as a 'training ground' for the formal labour market (see the system of 'service cheques' in Belgium)? What kind of activation strategy dominates: Is it 'disciplining activation' for the regular labour market or 'social activation' with a concern to contribute to the personal empowerment and social emancipation of the target groups? Does 'active inclusion' include and integrate both dimensions?

As for its spatial transferability: How important is the role of cities in the production of poverty & social exclusion? Does the Member State have any experience with programmes linking the spatial to the social dimension, such as developed urban development programmes (UDPs)?

Since worklessness is a form of social exclusion and will ultimately lead to poverty or other forms of exclusion, it is important to identify the main types of social exclusion in the Member State. If it is poverty, which type of poverty dominates? Or is it ethnic discrimination, or another form of social stigmatisation? Which are the main production lines of poverty in the Member State? How directly does unemployment (worklessness) lead to poverty and how do existing policy measures slow down or increase the speed with which this happens? Does the Member State have a developed and coherent anti-poverty strategy? What with child poverty?

Finally, in terms of transferability a disadvantage could be turned into an advantage. The significant heterogeneity between Pathfinders (see the host country paper) could be lifted to a higher level of relevancy if developed into a typology. Member States could then select among the different local cases the one that would be best transferable to their country.

A.6 Assessment of possible ways to measure the results or the impact of the good practice under review.

Following conditions have to be fulfilled to measure the impact of the City Strategy: a stable, relevant and differentiated set of indicators, an accessible database with panel data at the individual level, and an *ex ante* state of affairs. This implies following-up at least a sample from the target groups through a panel survey, so as to be able to assess the sustainability of their jobs and also to understand the interactions between the (success of certain) trajectories, the organisational context, and the socio-spatial characteristics of the area. As for measuring the impact of the City Strategy, there are a number of qualitative methods that might give more reliability to the very fragmented and pragmatic information gained. Adapted forms of the Delphi-method could be used or panel groups.

The importance of qualitative methods to assess the impact of the City Strategy is recognized by the authors of the Host Country Report (Green, Hasluck & Adam, 2009: 7):

'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 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.'

It would be most useful and of particular interest to construct a typology of City Strategy Pathfinders. Hasluck et al. (2009: 18) have tried their hand at such a typology, but it is based on simple criteria such as size of the pathfinder; number of partners; whether the partnership is private sector or public sector led; differences between England, Scotland and Wales. In order to analyse the whys and hows of the (lack of) success of specific City Strategy Pathfinders, the typology should be enriched by other, even more relevant variables; such as type and participation of target groups, type of partners and the relations between them, level and origin of resources, methods used, and contextual variables.

Part B: Main elements of the City Strategy Initiative¹⁶

B.1 Background

The City Strategy initiative was formally launched in April 2007, although many CSP partnerships were working on the strategy well before that date. It is based on four principles - innovation, alignment/pooling of funds, partnership, freedoms and flexibilities - and the tailoring of local provision to local needs. It is part of the Government's drive to reform the welfare system, as announced in the Green Paper 'A new deal for welfare: Empowering people to work'. Published in January 2006, this paper set out proposals for testing a new approach to help local partners cooperate to tackle low employment rates in places where "the rising tide has still left some stranded beyond the water". While not referring to City Strategy by name, 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."*¹⁷

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. The first two consortia, announced in April 2006, were East and West London. Following, early 2006 a number of towns and cities were invited to submit 'expressions of interest' to the 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.¹⁸

In July 2006, in addition to East and West London 13 areas - from areas furthest from the national 80 per cent employment rate aspiration - were selected to be initial 'Pathfinders' on the basis of their expressions of interest, bringing the total of *City Strategy Pathfinders*¹⁹ to fifteen areas: Birmingham, Coventry and Black Country (BCBC), Blackburn with Darwen, Dundee, London East, London West, Edinburgh, Glasgow, Greater Manchester, Heads of the Valleys (HoV), Leicester, Merseyside (Liverpool), Nottingham, Rhyl, South Yorkshire, and Tyne and Wear²⁰.

¹⁶ A more detailed description is to be found in: A.E. Green, C. Hasluck, D. Adam, (Institute for Employment Research, University of Warwick), *The City Strategy Initiative. Host Country Report*. See also: http://www.dwp.gov.uk/welfarereform/cities_strategy.asp

¹⁷ Welfare Reform Green Paper, January 2006 (Ch. 5, § 14-16)

¹⁸ http://www.dwp.gov.uk/welfarereform/cities_interest.asp

¹⁹ It would be interesting to know when the term 'pathfinder (authorities)' was first used and why. Was it in the context of Local Housing Allowances (see DWP, *A new deal for welfare: Empowering people to work*, 2006).

²⁰ Pathfinders have submitted their Business Plans, outlining the challenge facing their area and their intentions, in December 2006. Copies of these Business Plans are available at http://www.dwp.gov.uk/welfarereform/pathfinder_business_plans.asp

Originally intended for a two-year period - from April 2007 to March 2009 - the Secretary of State for Work and Pensions announced in July 2008 that the initiative would be extended to March 2011, another two years. However, in announcing this extension the DWP wants to be clear that dedicated City Strategy support will not continue beyond April 2011. It expects Pathfinders to have merged by that stage into Local and Multi Area Agreements in England, and into any separate arrangements that are agreed for Scotland and Wales.

The reasons for developing the Initiative are:

- to share responsibility for tackling worklessness²¹ and poverty in Britain between State and (local) communities;
- to tackle localized pockets of worklessness through action appropriate to the needs of local areas and their inhabitants;
- to empower local institutions to develop local solutions by giving them the freedom to innovate, and the flexibility to work together to combine and align their efforts behind shared priorities;
- to provide a real focus for local efforts to help people move back into work, so that the current patchwork of programmes and support, provided by a number of organisations, to be delivered in a more integrated, individually-focused and locally responsive way.

In simple terms: local people know more about the particular situation in their localities than centrally based officials; they are more committed; duplication of efforts at the local level can be reduced and a more efficient use of resources becomes possible. As usual, these formal reasons will hide more informal ones, such as the necessity to reduce the financial burden of the central state or the inability of central government to break the cycle of worklessness and poverty in deprived areas.

The baseline situation against which the policy will be measured and the problems it intends to solve

The baseline situation consists of a very limited of number quantifiable indicators and a longer list

²¹ Worklessness refers to a person that is not employed with little or no prospects for employment. It is becoming more widely used when referring to the problem of long-term unemployment and dependency on Government benefits. Quite often the term is used to differentiate between 'unemployment'; which could be used to describe a person whose jobless position would be considered temporary. Worklessness refers to a phenomenon of total dependency on Government benefits and a self-belief of being unemployable. Further, it quite frequently refers to people that have been disadvantaged or subject to generation(s) of family unemployment, and so adopt the attitude of low expectation. It often refers to the economically inactive members of a community that have spiralled down to low levels of self-confidence and ultimately alienation from society; often believing that they are excluded from society at large. In addition to being one of the biggest drains on a Government purse worklessness is perceived as a viral condition that promotes negativity and despondency, eroding the very fabric of a local community (from: <http://www.worklessness.co.uk/>)

of fairly general statements. Quantifiable is the consistently high degree of worklessness in certain areas. Other elements that could be seen as describing the baseline situation are the current patchwork of programmes, the lack of collaboration at the local level, the need to devolve (some) responsibilities from the central to the local level (including insufficient information on the needs of local areas and local people (in risk) and the need for local solutions). These also sum up the problems that the City Strategy intends to solve.

B.2 The goals, objectives and target groups

Goals

Very similar themes and topics are subsumed under the headings of 'goals, objectives, problems or strategies'. The most official formulation of the City Strategy's goals has already been cited: *"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; to ensure that individuals within these client groups are better able to both find and remain in work; and to improve the skills of individuals within these client groups to enable them to progress once they are in work."*

The City Strategy's goals may be divided in procedural and substantial ones.

Among the 'substantial' goals are:

- to increase employment figures, particularly of persons of working age furthest from the labour market;
- to provide jobless people with the support and skills they need to find a job and to progress in work;
- to tailor services in response to local needs.

Rather 'procedural' goals are:

- to raise worklessness up the priority list with all authorities;
- to evaluate whether local stakeholders - government agencies, local government and the private and voluntary sectors - can deliver more by combining and aligning their efforts in concerted local partnership behind shared priorities, alongside more freedom to innovate;
- to test a new bottom-up approach to joining up delivery of employment and skills provision, including devolving some decisions and funding to local levels.

Objectives/targets for Pathfinders

Each City Strategy Pathfinder has targets for reducing worklessness and increasing employment; those are nationally and locally fixed.

Nationally determined targets were calculated by DWP for each of the City Strategy Pathfinders; they relate to benefit reduction and the employment rate. Benefit reduction targets were set for each of three key benefits: Job Seekers' Allowance (JSA)²², Incapacity Benefit (IB)²³, and Income Support for Lone Parents (ISLP).²⁴ For each of these benefits, DWP produced an estimate of the 'counterfactual'; that is the level of benefit claims that would have occurred without the City Strategy initiative. A target for each City Strategy Pathfinder 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. To reduce the number of people on benefits in their area by an additional 3 per cent by May 2009, and achieve at least an additional improvement in the local employment rate would mean, across the pathfinders, an additional 30,000 people off benefit. A new target for 2009-2011 has been agreed, to improve the claimant rate in the Pathfinder area relative to the GB average, which reflects the changing economic climate.

City Strategy Pathfinders were also invited by DWP to devise *local* targets, which include increasing the percentage of ethnic minorities into employment where appropriate, increasing skills locally and reducing child poverty. Many City Strategy Pathfinders have disaggregated their overall benefit targets into targets by key benefit groups.

Target groups are of two kinds: direct and indirect

Direct targets groups are the so-called *hard to help*, although not all of the most disadvantaged live in areas with high levels of worklessness and thus are eligible. Indeed, the City Strategy is focusing on areas that are furthest from the Government's aim of 80 per cent employment, most of which are currently in major cities and urban areas.

Three workless sub-groups have been identified across all City Strategy Pathfinders: those claiming JSA (Job Seeker Allowance) for 12 months or longer, IB (Incapacity Benefit) claimants and IS (Income Support) claimants. At local level other sub-groups include lone parents, workless parents, low-income households, BME groups (including refugees), persons over 50, ex-offenders, those with drug and alcohol problems, care leavers, people with mental health issues, young people – especially NEETs (not in Education, Employment or Training) or MCMC (More Choices,

²² 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.

²³ IB was intended for those below State Pension age who cannot work because of illness or disability and had made [National Insurance](#) contributions. For new claimants, it was replaced by the [Employment and Support Allowance](#) (ESA) in October 2008.

²⁴ 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.

More Chances) in Scotland -, care leavers, and adults with no or low qualifications. In a few instances low wage earners and those in insecure employment or adults with no or low qualifications are targeted.

Although child poverty is a key concept in the City Strategy's title, it remains an underdocumented subject at the programme level. This is difficult to understand, for several reasons. First, Great Britain has a long tradition of concern about child poverty; the CPAG (Child Poverty Action Group) always has been very active in this field even at times child poverty had disappeared from view in the rest of Europe. Second, with Hungary, Malta, and Slovakia, the UK belongs to group C (the one but last in four groups), which are countries with high levels of joblessness and in-work poverty among parents. In those countries, child poverty is partly alleviated through relatively efficient transfers or because of strong family structures. According to Luca Pirozzi (E.C., Unit E2 of the Directorate-General for Employment, Social Affairs and Equal Opportunities), policy mixes are needed to enhance labour market access for parents in jobless households' and second earners and to provide adequate in-work income support.²⁵

Although the idea is that policies are to be carried out by engaging actors as participants in this venture, very little is done to systematically organise participation of the direct target groups (see later, Part D: Key issues).

Indirect target groups are the public, private and voluntary sectors that have to be brought together as partners into a concerted local programme. Employer engagement plays an important part in this game, for the evident reason that linking workless people to jobs represents the demand side of the welfare to work equation.

A shared concern is the relative absence of the *voluntary and community sector (VCS)* organisations. In part this is a reflection of the disparate nature of the VCS, and also of a debate at the local level concerning which organisations are entitled to represent the VCS sector as a whole. In any case, the absence of this part of civil society (and particularly of 'welfare society') could seriously handicap the successful management of the strategy.

Which aspects of the EU strategy and of the national, regional, local policy to combat social exclusion or social protection policy it addresses

City Strategy addresses a broad range of EU-strategies, such as regional and cohesion policies, employment policies, social exclusion and poverty in general and specific target groups in particular (child poverty), promoting partnerships between public and private actors (for-profit and NGO's) and devolving responsibilities to the local level (which has immediate links with the principle of subsidiarity). These subjects are discussed throughout this paper.

In view of the economic crisis and the related steep increase in unemployment (and worklessness), it is important to develop a clear view on how cyclical and structural components of

²⁵ EFSC workshop – National analyses, reports and strategic concepts to prepare the new National Strategies 2008 – 2011 (Brussels, 5th May 2008).

poverty and other forms of social exclusion (such as worklessness) relate to one another. The very existence of forms of deprivation is not so much linked to the ups-and-downs of the economic cycle; deprived groups are not regularly replaced by newcomers. Wealth does not 'trickle down' and so benefit everyone in the way imagined by neo-liberal economic theory. The poverty experienced by certain groups can be persistent. Even if during periods of economic 'ups', people in worklessness have a greater chance to re-enter the regular labour market, they will be among the first to lose their job in times of economic 'downs'. The main question then is: Will they have the strength to travel the whole way a second (or third) time or are they lost for good?

At the same time, public policy-makers and researchers alike have increasingly become aware of the fact that in the absence of concerted action, deprived neighbourhoods become cul-de-sacs and are no longer the transition zones through which poor people enter the city, acclimatize to their new setting and which they leave when their situation has improved. Without very strong interventions, poverty neighbourhoods will lock people into a metaphorical 'poorhouse' with little hope for escape.

Which means that policy-makers need to follow different tracks simultaneously – certainly in the case of an initiative like the City Strategy. Certainly, initiatives are needed to integrate people into mainstream society and into the labour market, through supply-side upgrading. At the same time, however, the demand-side should not be forgotten; appropriate jobs and working environments have to be set up. Thirdly, the area-based dimension has to be part of any programme from its very outset. This requires some form of 'worklessness governance'.

B.3 Institutional arrangements and procedures of implementation: from planning to implementation and delivery, with a particular focus on monitoring and evaluation

The 'Pathfinders' play the key role in the City Strategy. Their areas vary greatly in size: some encompass several local authority districts, while others cover a single one and one covers five wards within a single local authority area. Areas were assessed with regard to their degree of disadvantage, the anticipated evidence-based performance improvement, the breadth and effectiveness of the proposed partnerships and the scope of innovation in using resources and overcoming barriers.

Key activities of City Strategy Pathfinders are: to use funding that is committed by partners to fill gaps in existing provision; to provide more help to those who are currently furthest from the support of the welfare state; to join-up local activity more effectively, in order to have more clarity and less duplication, with clearer routes for individuals to take up the support they need to get back to work; to ensure that the provision on offer is tuned to the needs of the local labour market, so that individuals gain the skills and attributes they need to access the particular jobs that employers need to fill. To sum up: partnerships are expected to coordinate the delivery of their respective programmes and resources.

Although the formation of those local partnerships is left to the areas and can contain a variety of actors, the composition of partnerships is generally similar. Partners common to most City Strategy Pathfinders include relevant local authorities; regional or national government where relevant, Jobcentre Plus, and the regional Learning and Skills Council. Some partnerships also contain a regional development agency, local Chambers of Commerce, local 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. Especially as worklessness becomes an ever more important topic, parallel local organisations have been created with at least elements of a local employment agenda. The relationship between City Strategy Pathfinders and other regeneration agencies and initiatives differs between areas. In larger metropolitan areas with long histories of regeneration activity, City Strategy Pathfinders tend to be part of existing partnership structures, whereas in other areas they tend to sit alongside them.

City Strategy Pathfinders have used several strategies to engage the hardest to help: jobs fairs; 'fun' events; door knocking; the use of local residents to engage other local people; use of specialist providers to reach particular groups; development of specific projects to support particular groups; working in partnership with other services in non employment and skills domains to enhance engagement; work to support engagement; embedding worklessness as a top priority through partner organisations; development of single points of access in easily accessible community locations (see Hasluck, 2009: 46-47).

Larger City Strategy Pathfinders operating at a city-region level often have taken a 'programme' approach which is associated with inter-agency working, bringing together funding streams, joint commissioning, and changing the way resources are used. Others - including many of the smaller ones - have rather set up a chain of 'projects'. Some services have focused on consolidating existing provision while others introduced '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.

Resources available to City Strategy Pathfinders are direct funding associated with the initiative, funding directed to City Strategy from partners, additional funding secured from other sources for City Strategy, and support 'in kind' from partners. In part this is a reflection of the aim to use existing resources more effectively, through aligning and/or pooling the funding of partners.

Many City Strategy Pathfinders Business Plans contained intentions to produce a number of 'enabling measures', 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. Although granting enabling measures was seen as essential to devolving responsibility to local partnerships for helping workless people into work, it became clear that this would not be possible if such measures required a change of legislation, necessitated additional expenditure or were at odds with government policy.

DWP commissioned the Centre for Economic and Social Inclusion (CESI) to act as a Learning Network (LN) for Pathfinders. The aim is to support the sharing of ideas and good practice, to stimulate new thinking and to help meet communication and information needs. This will also help pathfinders learn from one another.

Part C: The results so far

Evaluation of its implementation, delivery and impact is an integral part of the City Strategy. The idea is that each City Strategy Pathfinder evaluates its own activities (whether with the help of external consultants or by themselves) and that their findings feed into an evaluation of City Strategy as a whole (in this case done by the Warwick Institute for Employment Research; Hasluck et al., 2009).

To date evaluation activity has mainly been focused on monitoring performance of partnerships (process evaluation) rather than on assessing additionality (outcome evaluation), which would anyhow be difficult there is no ex ante evaluation and no comparison area so as to isolate the so-called deadweight effect. In the mean time, Hasluck et al. (2009: 26) have developed a 'comparator area' for future assessment of results.

Evaluation contains both a quantitative and a qualitative dimension. The *quantitative* one examines the changes in the employment rate and benefit off-loads in the areas and some findings are presented under C1. The *qualitative* one explores how the partnerships have worked and tells us what works, where and why; it is the subject of C2.

C.1 The *quantitative* results of the Initiative so far, in relation to the baseline situation and to the goals and targets

Issues of data access have curtailed a quantitative analysis of the City Strategy's *output*. However, it could anyhow be too early to assess the impact of City Strategy Pathfinders because of its relatively brief existence. Key findings regarding performance against baseline situation and targets were as follows:

- City Strategy Pathfinders were not performing very differently from comparison areas. This suggests that as yet there is no evidence of City Strategy Pathfinders adding value to existing provisions; at least not in terms of reducing the number of jobless persons.
- The increase in Jobseekers Allowance claimants will make it very challenging to meet targets anyhow, certainly so if the economic crisis turns into an economic depression.
- There seems to be a move away from target setting in absolute benefit reduction targets to 'narrowing the gap', that is a reduction in relative terms.

As for the *input* side, the resources invested in the City Strategy have been identified.

C.2 An evaluation of the delivery system of the Initiative

The following statements are based on the City Strategy Pathfinders' evaluation of their activities.

- Strong working relationships between partners have developed within most City Strategy Pathfinders, 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.
- Leadership appears to be important in gaining and maintaining commitment from partners and fostering effective partnership, as are the active engagement and endorsement of the strategy by local elected representatives and by a dedicated staff.
- Feedback from Pathfinders shows added value in moving worklessness up the priority list with all authorities. This results in additional financial resources and staff capacity and also in an increased sense of accountability for targets, funding and activity at a local level.
- The City Strategy has empowered areas and provided the focus to reach their most disadvantaged pockets of worklessness.
- There has been an increased sense of accountability for targets, funding and activity and a significant amount of capacity building activity. This includes improving partners' understanding of national policy and how local activity can be complementary, as well as improving the processes by which agencies determine needs, devise strategies, and commission, manage and evaluate programmes.

C.3 Other results and achievements of the Initiative

According to their self-evaluation, City Strategy Pathfinders:

- have shown their ability to adapt to changing circumstances, which involved streamlining for more effective strategic decision-making and expansion to create new links.
- clearly support the strategic aims of City Strategy amongst partnerships but translating this support into a co-ordinated approach to delivery has been more difficult.
- have some evidence of new funding (i.e. budget enlargement), joint commissioning and alignment of different partners' provision to help workless individuals, and even of the co-ordinating of mainstream funding under the auspices of the City Strategy Pathfinders.
- increased awareness of different organisational activities and perspectives on worklessness and enabling of partners to work more effectively together.
- helped in operationalising the linking of employment and skills agendas.

C.4 An assessment of the obstacles and constraints encountered and an indication of the factors determining success

There is evidently some overlap between both 'obstacles and constraints' and 'factors determining success', because they often mirror one another.

Obstacles and constraints encountered

Data access

- Monitoring and certainly evaluation of City Strategy Pathfinders activity and performance has been seriously hindered by the difficulties of data sharing and data access. Individual data required to analyse their impact are not available because of restrictions on access to data.

Partnerships

- While there appears strong commitment to partnership working at a strategic level, this is not always translated into joined up working in delivery.
- Composition of partnerships (too many, too few, absence, levels of commitment) can hinder implementation and make it difficult to persuade other partners to get involved.
- Overlapping policy initiatives - addressing different agendas and at different spatial scales - have diverted resources, created conflicts of interest between partners and contributed to a lack of clarity about the role of City Strategy. This goes straight against what local governance is about.

Strategy

- Although one of the central goals of the City Strategy is to develop a truly local strategy, central control and a continuing lack of enabling measures have severely limited local action.
- Evidence is emerging of a 'twin track' City Strategy, opposing larger and smaller City Strategy Pathfinders. Whereas the former are often operating at regional or city-region level to promote a broader regeneration process, smaller City Strategy Pathfinders tend to focus on the delivery of specific activities and support for their local areas.

Relation central-local level

- Local innovation requires a change of legislation and additional expenditure, and it often is at odds with government policy. The reduced scope is likely to have limited some activities and undermined the credibility of some City Strategy Pathfinders, making it more difficult to actively involve some key partners at the local level.

Target groups: hard to help groups

'Key findings' on *problems in reaching hard to help groups* are mentioned in the 2nd Update Report (Hasluck et al., 2009). It is, of course, instructive that the City Strategy Pathfinders have identified the problems that arise when trying to identify target groups and to work with them. At the same time, we do have the impression that a better use of existing knowledge would have avoided these problems and facilitated the process.

- City Strategy Pathfinders used a variety of evidence, 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 to *identify* hard to help groups. Identifying candidates for the City Strategy might have been facilitated by their spatial concentration in many City Strategy areas.
- To *reach* hard to help groups, a variety of *strategies* have been used 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. It is difficult to assess the success rate of different engagement activities because a lack of robust evidence. Anecdotal evidence suggests that City Strategy Pathfinders are learning from each other and that enhanced outreach and a non-statutory base in the heart of the community is beneficial.
- To *describe* the complexity of the problems facing the long-term unemployed, a series of stereotypes is used in the 2nd Update Report: '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'. Because of the heterogeneity of the target population, certain groups will be easier to reach than others (it seems that JSA claimants are easier to reach, especially in comparison with IB claimants). Evidently, persons who score on several criteria of disadvantage need a different approach than those who are likely to be 'creamed-off' after a relatively brief period of training.

Target groups: the employers

Employers play a crucial role in programmes such as City Strategy; they are providing the jobs that workless people need. Their willingness to enter this kind of partnerships will, however, depend on different factors.

The first and most important one is the state of the labour market. In a tight labour market, we may expect more interest from employers because they need to access the 'labour reserve'. Once times are getting worse, enthusiasm will drop. A desire to engage employers may lead to targeting those closest to the labour market rather than people in worklessness. In other words, although employer engagement is central, most important factors are beyond the Pathfinders' control.

To date, attention has gone to large private sector employers with a local presence, such as large retailers. In the few cases that City Strategy Pathfinders are not public sector led, there is some evidence of greater employer engagement. Also, in some instances there has been a debate about how employers should be engaged: at a strategic level (that is, as a representative figure) or as representing an individual firm (which is a more particularistic basis). The territoriality of agencies currently engaged in employer engagement is a key barrier to coordinate and streamline City Strategy activity.

Moreover, different partners are approaching employers through different channels and for different reasons and this is not only confusing for employers; this practice also goes against the City Strategy idea of collaboration and its objective of streamlining and enhancing the effectiveness of employer engagement. Hence a key *challenge* is whether, and how, City Strategy Pathfinders might try to collaborate and streamline their activities in a crowded arena.

Indication of the factors determining success

Relating to City Strategy Pathfinders activities and developments, findings include the following²⁶.

- 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; there are advantages and disadvantages associated with each.
- It is important that City Strategy Pathfinders take account of the local situation when defining the nature and direction of their activities. In some places, with less tradition of joint activity, City Strategy Pathfinders will have to concentrate on establishing effective partnerships and engaging with appropriate stakeholders, whereas other City Strategy Pathfinders could already embark on the delivery of support to key priority groups.

²⁶ This evaluation is based on Hasluck et al., 2009; the only substantial source available. We only retained the most substantial conclusions.

- External changes such as local government re-organisation and shifts in policy do not always align well with the original City strategy concept and could threaten their future. Governance-like arrangements could increase the autonomy of City Strategy and provide opportunities for developing a long-term strategy.

Part D: Key issues for debate at the Peer Review meeting:

These are but some of the issues for debate at the Peer Review meeting. Other, more specific, challenges are identified in the Host Country Report²⁷:

'... the difficulty and time required to achieve cultural change, the difficulty of translating strategic decisions into actions, 'territorialism' amongst partners, the difficulties of data sharing, and tensions between centralising and localising forces and between competition and co-operation.'

Overall, what is missing in the City Strategy is

- a sufficiently strong *spatial* dimension – it is, after all a *city* strategy;
- a *strategy* – which supposes a developed set of methods and a coherent framework. What kind of collaboration is needed and wanted: 'just' partnerships or a form of local governance?
- a clear vision of the relation between the *central* and the *local* level. Devolving is incomplete if it is restricted to responsibilities, without including the means needed to implement it. The '*welfare city*' (or local welfare regime) cannot replace the '*welfare state*', a strong '*civil society*' (or '*welfare society*') will help;
- a clear view on the relation between worklessness, unemployment and (different forms of) employment (informal and formal; social economy and regular labour market);
- a stronger engagement of *employers* (from the for-profit sector as well as from the public sector and from social economy) in a strategy that wants to foster employment; it's them who provide jobs;
- a clearer view on how participation of the target groups is (to be) organised. This is not only a matter of local circumstances, but implies the application of approaches that have been tested elsewhere and thus are to be considered 'good practices';
- an explicit and developed view on *child poverty* and how to combat it - in a strategy that promises to do so in its title;
- good *data* and the use of existing *research* results.

²⁷ Green, A.E., et al. (2009), *The City Strategy Initiative. Host Country Report*. Institute for Employment Research, University of Warwick.

Pragmatism certainly has its pro's, if applied within a well-developed framework.

Let us have a closer look at a selection from those issues.

Partnership or governance?

The concepts of partnership and governance are used indifferently, whereas in the international usage both have their specific meaning. Partnerships are usually concluded for a shorter period and for specific topics and their subject does not need to be multifaceted (such as implying several domains or departments) or multilevel. Governance, on the other hand, is a structural and long-term venture. (Urban) governance is needed when local authorities are confronted with complex problems, which need an integral approach – such as worklessness. Typical for forms of (urban) governance is that they are based on partnership of different actors (public, non-profit, and private-for-profit) at different levels (local, regional, national, and European; tackle different domains simultaneously and coherently (cooperation between different departments); promote participation of stakeholders: the local population and other actors. Is partnership then seen as a first step towards forms of local/urban governance?

What steps have to be taken? To start with, measures to raise awareness and the provision of know-how and information about local co-operation are needed. Next, local actors need to be empowered; they must receive adequate administrative authority for independent decision-making as well as financial autonomy. Thirdly, public incentives for multi-stakeholder collaboration will help to overcome the stakeholders' reluctance to participate; such as the development of a local strategic approach that is shared by the public, private and third sector and an objective 'market analysis' of the local area identifying the main characteristics of the local area, the specific needs and requirements of the local labour market and of the local population. Such an investigation may contribute to uncover local social networks that could form the basis of the organisational framework for the administration and implementation of the initiative. Within this organisational framework it is essential to come to a clear, transparent and agreed understanding of each partner's role and tasks, including the appointment of a co-ordinator. How to motivate local companies to participate in the programme is another important challenge, which may be achieved by linking the initiative to a public support programme covering part of the upcoming costs while at the same time avoiding unnecessary administrative obligations.

Child poverty?

Whereas the topic of child poverty figures prominently in the title of the Peer Review (<http://www.peer-review-social-inclusion.eu/peer-reviews/2009/city-strategy-for-tackling-unemployment-and-child-poverty>), it almost never appears in the documents that we had at our disposal when trying to understand the City Strategy and to assess its impact. When and why did it enter the strategy? My first impression is that its inclusion in the City Strategy results from a bottom-up process and that child poverty has been experienced as a major problem at the local level – especially with single parents (mothers).

EU considers combating child poverty a crucial contribution to the achievement of more social cohesion and sustainable social and economic development. Responsibility for addressing child poverty, though, rests with the Member States where the situation is so diverse that it has led to a typology of four subgroups. With Hungary, Malta, and Slovakia, the UK belongs to group C (the

one but last in four groups), which are countries with high levels of joblessness and in-work poverty among parents. In those countries, child poverty is partly alleviated through relatively efficient transfers or because of strong family structures. According to Luca Pirozzi (EC, Unit E2 of the Directorate-General for Employment, Social Affairs and Equal Opportunities), policy mixes are needed to enhance labour market access for parents in jobless households' and second earners and to provide adequate in-work income support.²⁸

The late taking into account of child poverty is even more astonishing since the UK has a long tradition of concern about child poverty; e.g. the CPAG (Child Poverty Action Group). Moreover, the subject of a former Peer Review was the British 'Sure Start' programme, which combines early education with childcare, health and family support services, parental outreach and employment advice for disadvantaged families.

The EU intends to increase its efforts on mainstreaming child poverty in national and European Union policy-making. This will be done through the strengthening of specific indicators to measure and evaluate the progress, taking into account the voices of children living in poverty and other forms of social exclusion, and increasing awareness. Are these concerns part of the City Strategy and how is the situation in the peer countries?

The gender dimension

The gender aspects of the strategy are virtually absent, particularly concerning its results and effects. No special initiatives regarding equal opportunities for women and men are mentioned. Background data provided are not broken down by gender. The reason for this lack is absence of data due to their inaccessibility (discussed in extenso by Hasluck et al., 2009: 55-58).

The same remark goes for ethnic minorities. Moreover, what is needed for those topics is more than just a better position on the agenda and better data provision and accessibility, but also analyses of how child poverty, gender and ethnicity are related to the worklessness and city dimensions of the City Strategy.

Participation of the target groups

City Strategy Pathfinders use several different 'strategies' to engage the hardest to help. On the ladder of participation, however, these are on its lowest rungs. Maximal participation results from methods such as 'concerted decision', 'partnership', 'delegated powers', 'and citizenship control'. Here, people can really steer the final outcome. Only in this case is participation a form of empowerment.

There are three reasons for organising elaborated forms of participation in the City Strategy. The first, and in actual practice the most important, is making the strategy more efficient. In this case, local authorities adopt a 'customer-client approach' and, through participation, expect to be better informed about residents' needs. This form of participation makes itself superfluous after a certain period of time. Participation can be terminated the moment local authorities think they have enough

²⁸ EFSC workshop – National analyses, reports and strategic concepts to prepare the new National Strategies 2008 – 2011 (Brussels, 5th May 2008)

relevant information about the needs of residents. From then on, continuing participation of residents becomes useless or even counterproductive.

A second and more ambitious reason for organising participation is to educate participants to become capable citizens. Here, participation is seen as a process of learning about constraints in labour market matters, and also about the fabric of the labour market as a whole. In many cases, this learning process tends to be biased because local authorities tend to 'teach' their conception of what has to be done.

A third and major reason for participation is the promotion of active citizenship. Participants act as citizens when they try to reach an agreement on a project that shapes their 'common good'. Although this form of participation remains pure tokenism in most cases, it shows how things could or should be.

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Annex 1

Although the City Strategy is not an Urban Development Programme in the strict sense, the following checklist might be helpful for stimulating the debate during the Peer Review. It is one of the results of UGIS, an international research project – ‘Urban Governance, Social Inclusion And Sustainability’ (2000-2003) – financed by the 5th Framework Programme of The European Community For Research, Technological Development And Demonstration Activities (1999 - 2002) that covered 32 neighbourhoods in 19 cities in 9 countries (Belgium, the Netherlands, Germany, Denmark, Sweden, France, Spain, Italy, and Hungary).

Source: Burgers, J. & Vranken, J. (2004), *How to make a successful urban development programme. Experiences from nine European countries*, (UGIS Collection 3), Antwerpen/Apeldoorn: Garant. Translated into French, German and Dutch.

A Checklist for Urban Development Programmes – 30 Relevant Questions

In the first eleven chapters, we explained the purpose of this Handbook and we tried to make clear how to make a successful UDP. The issues that we have raised have the character of things to do or to avoid, of things to decide about or to take into consideration. At the end of each chapter, we have summarised the main points addressed. In this last chapter, we present a final roundup in the form of a checklist, which can be used to evaluate UDP's in the stage of conception. A draft-UDP can be put to the test by answering the questions that follow. The more positive answers, the better the odds are that the UDP will be successful. If several answers are negative, there are good reasons to reconsider the UDP as it is.

1. If the creation of employment in the district or neighbourhood is one of the targets of the UDP, has an analysis been made of what kind of employment that could be, and from where it might originate? Has a distinction been made between new and relocated employment? And, in the last case, between employment from within or from without the city or urban agglomeration?
2. Is the UDP, in curing unemployment in the targeted district or neighbourhood, also using opportunities and vacancies outside that district or neighbourhood?
3. Is the UDP based on the awareness that employment is not the only dimension of social inclusion? Is attention paid, in the form of concrete projects, to the use, establishment and strengthening of informal or communal informal networks? Is attention paid to making residents aware of their entitlements to public facilities and support?
4. If the social composition of the district or neighbourhood should be changed by the provision of new, more upscale forms of housing, are the consequences analysed for the original population in terms of changing real estate values and of the resulting mix of different groups in terms of both location and numbers?
5. Has an analysis been made of the assets and positive functions of deprived areas and run down physical structures in order to prevent viable ‘breeding places’ from being demolished?
6. Has an analysis been made of the social and cultural potential of the area of the UDP, including the possibility of strong and charismatic leadership, and of ways of tapping these potentialities?

7. Is attention paid to issues which can counter- and even outbalance the results of large scale physical restructuring and ambitious work-fare projects, such as petty crime, dirty streets, and annoying behaviour of youngsters?
8. Are statistical data available for the area of the UDP in order to monitor and evaluate its results?
9. Is the area a meaningful one in the cognitive maps of residents, both in- and outside the area?
10. Is the evaluation organised in such a way, that it is possible to monitor the results of the UDP outside the area, that is, in adjacent areas and the city at large?
11. Is the UDP so organised that fast and visible successes are guaranteed, in order to create commitment of the residents?
12. Are targets prioritized chronologically, so that evaluation of the UDP is possible in a relatively short time-span, and yet the UDP can still work towards middle and long-range aims?
13. Are targets so defined that they are feasible, relevant, and likely to mobilise commitment?
14. Is the calendar of the UDP adjusted to relevant political dates such as elections, and the changes in the local administration? Does it take account of the time perspectives of different groups of residents, including those who are deprived of cultural and social capital?
15. Does the evaluation of the UDP focus on relevant and substantial targets, and not so much on bureaucratic procedures such as spending budgets before deadlines?
16. Are measures taken which increase the sustainability of the UDP's results, for instance by developing new ways and styles of co-operation among relevant actors such as the central and local state, inhabitants, employers, real estate developers, and housing associations?
17. If the UDP aims at promoting or even developing new forms of urban governance, has it been organised in such a way that this is not just a formal issue? Is this aim rooted in concrete practices of implementing specific projects, mobilising new actors and using special budgets?
18. Is the integrated character of the UDP embodied in concrete projects tackling concrete problems, instead of in large and general meetings of every professional and each department related to the themes addressed in the UDP?
19. Are the problems and issues to be tackled in an integrated way compelling and undisputed enough to make it difficult for professionals and departments to flee their responsibility?
20. Are the budgets allocated to horizontal co-ordination attractive enough to commit the departments and professionals needed?
21. Are both project-leaders and co-ordinators powerful, convincing, and communicative enough to create bonds among different sectors and departments and their respective cultures?
22. Is participation so organised that it constitutes an integral part of the UDP? Do the form and contents of the participation correspond to the different population groups in the area?
23. Does the way in which participation is organised facilitate accommodating and dealing with existing conflicts in the area? Or does it rather invite the voicing of the 'not-in my-backyard' syndrome'?

24. Is participation geared to issues that can be decided upon at the district level? In other words: are the expectations raised by participation in balance with what can and cannot be decided upon at district level?
25. Is participation organised actively, in the sense that residents not only are invited to offices, but are also visited by the professionals 'on the spot'?
26. How is the communication of the results of the UDP within the area and to a wider audience organised? Haphazardly or according to a well-thought communication plan?
27. Are different budgets sufficiently synchronised? Or do projects have to spend their money before the conditions to be successful have been created (e.g. by other projects)? In other words, have trajectories been developed?
28. How are potential private investors in the area committed to the UDP? Is there a balanced exchange of input and output, or do only private partners profit from the programme?
29. Is the covenant or contract character of the UDP sufficiently articulated and agreed upon (see detailed checklist in Chapter 9)?
30. Is an explicit evaluation procedure part of the UDP? Is the evaluator an independent, external, and expert institution? Are possible consequences of the evaluation specified? Has any mechanism been included to sanction – positively or negatively – the results of the different projects and partners?