

# VIEWPOINTSERIES

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## EMPLOYMENT RECOVERY

LOCAL SOLUTIONS FOR A NATIONAL CHALLENGE



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## FOREWORD

Despite sustained growth over most of the last decade, the issues of unemployment and disengagement from the labour market have never gone away. Even when there have been substantial increases in employment and reductions in unemployment, a significant body of working age people have remained inactive and dependent on welfare benefits. Reducing persistent long-term unemployment remains an important policy objective, both at the level of individuals themselves, and for the wider economies and communities to which they belong.

However, tackling long-term unemployment now sits alongside other priorities, such as meeting the needs of the recently unemployed, enabling young people to enter the labour market for the first time and ensuring workforce skills needed for recovery. In all of this, local authorities play an increasingly important role in developing effective solutions, as Total Place thinking takes root.

This Viewpoint offers practical thoughts to policy makers at all levels involved in unemployment and disengagement. It is based on many years of experience working in this area together with an analysis of data and an assessment of lessons learned at national, regional and local levels. The discussion is presented in five sections, as follows:

- Economic context
- National policy response
- Local government's role
- Effective local solutions
- Understanding effectiveness.

We commend this Viewpoint to you, and hope you find its content stimulating and constructive as together we progress the agenda. And let us have any thoughts or feedback you have – we'd find this helpful and beneficial.

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## EXECUTIVE SUMMARY

Since the early work of the Social Exclusion Unit in 1997/8, the policy response of central government, local authorities and others, to what has been termed “worklessness”, has focused on tackling the large, and growing, number of people on ‘inactive benefits’ such as Incapacity Benefit (now replaced by the Employment and Support Allowance), and creating employment opportunities for all. Now the context has changed as unemployment in the UK is rising. As a result many current strategies and interventions need to be reviewed in terms of relevance and realism given tougher economic times.

Much of the immediate policy response to the changed circumstances has shifted to helping those losing their jobs and to providing opportunities for significant numbers of young people to enter employment. Policy makers face this new pressure while at the same time recognising that difficulties remain, and could even be exacerbated, for people who have been out of work for a long time. Alongside a series of national policy responses, local authorities have been at the forefront of tackling worklessness. This has been fully articulated through the Houghton Review, which reported that existing measures are not proving sufficient.

The ongoing discussions between national and local government around Multi-Area Agreements (MAAs) have provided an opportunity to address some of these issues – but a problem aired is not a problem solved, so there is much work still to be done. Alongside such opportunity comes a challenge: to devise better ways of doing things and to be able to demonstrate that the new approaches are better than what came before. As public spending tightens in the future so the need to demonstrate effectiveness will grow.

A range of local interventions are feasible. For workless individuals furthest from the jobs market, outreach services in familiar community-based locations are important in initial engagement. Tailored or customised support is more effective than a standardised approach and so the personal adviser (PA) is a key factor in interventions designed to get individuals back to work with intensive personal support. Countering localised ‘cultures of worklessness’ by means of actions to enhance self-esteem, raise aspirations and provide positive role models also have an important initial role to play in reducing worklessness. Local authorities with their wide remit and obvious interest in place may be well placed to support such needs. Tackling skills and job search issues is often not sufficient. Individuals furthest from employment often display multiple barriers and there is a need for accessible and seamless support addressing all barriers (such as homelessness or health problems). The effective delivery of support to workless people requires an integrated approach in which organisations work to shared priorities and are able to work collaboratively and signpost customers to one another as their needs require.

Recognising that different approaches will be required for different groups, this Viewpoint identifies a number of priorities for action. Organisations concerned with addressing worklessness at a local level will be more effective if they work together to:

- Identify the specific needs of people in their locality
- Develop a common set of priorities
- Align training and support to local employment opportunities
- Engage people in the locations that they already frequent, and through organisations they engage with for other reasons
- Provide signposting to social as well as economic support
- Ensure that progression pathways are in place, and that providers are incentivised to move people through these stages.

## ECONOMIC CONTEXT

### Long- and short-term trends

In the recent past, and until the summer of 2008, unemployment in the UK has tended to stay at around 5 per cent of the economically active population albeit being somewhat higher for specific groups among the working age population, such as 16-24 year olds, those from certain minority ethnic groups, the disabled and lone parents.

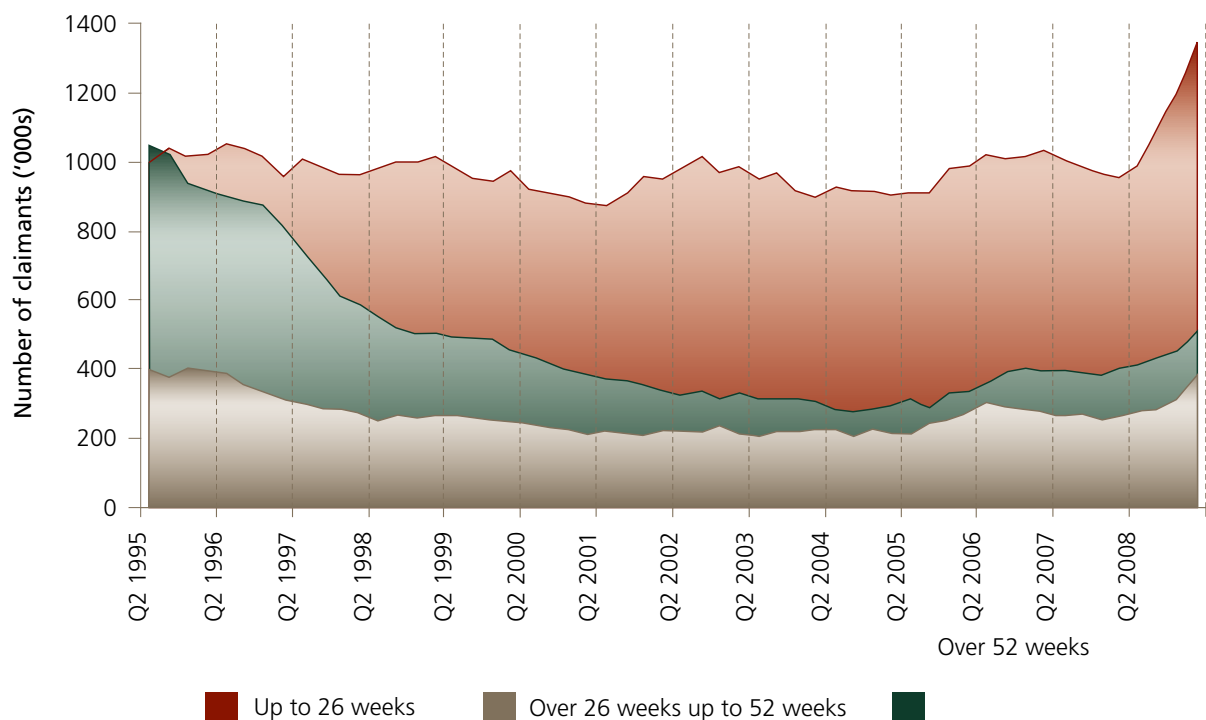
The persistence of unemployment, including longer-term unemployment, over the last decade is apparent in Figure 1. Over the same period the proportion of working age people who are economically inactive has remained above 20%.

Since 2007, unemployment has been on the rise, and is expected to keep increasing primarily due to the economic downturn and the fall in output across

all sectors in the economy. The unemployment rate reached 7.9 per cent for the three months to July 2009, with around 2.47 million people out of work. The claimant count, which measures the number of people claiming Jobseeker's Allowance, rose by 24,000 to 1.61 million in August 2009, its highest level since 1997.<sup>1</sup>

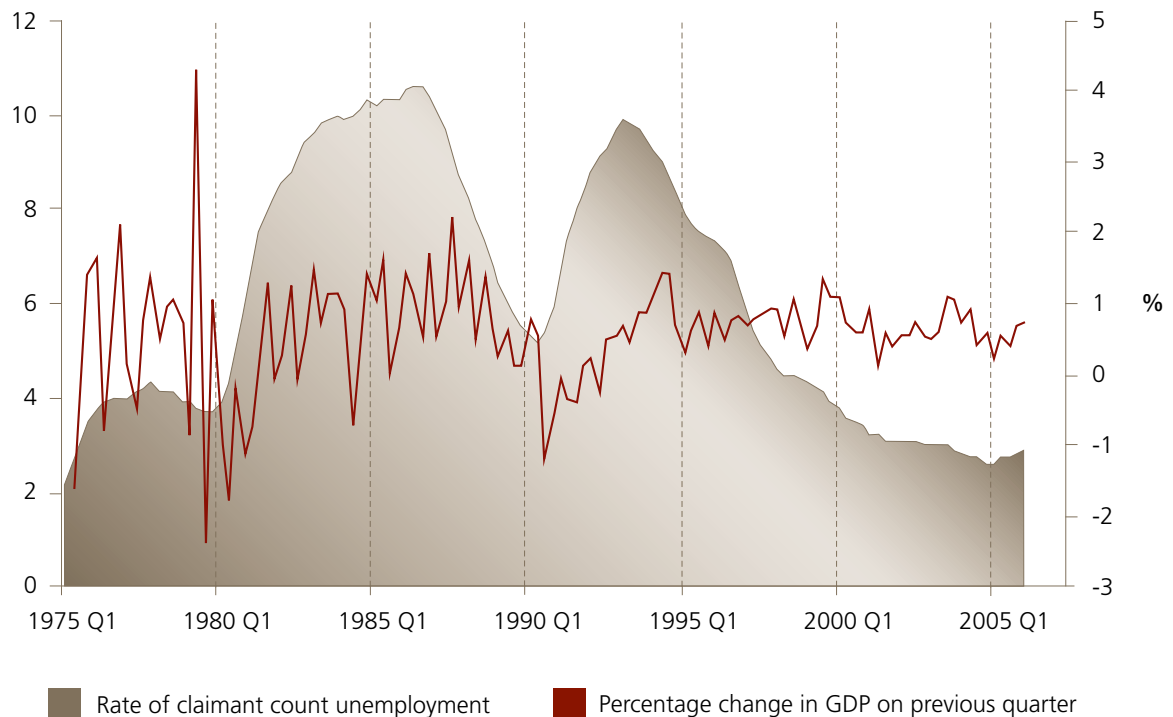
As unemployment rises so larger numbers of people are having to chase fewer available jobs. Vacancies have fallen by 174,000 in the last year with most sectors seeing a fall in vacancies during the latest quarter. Despite the fact that redundancies have risen (from 127,000 in 2007 to 165,000 in 2008), employers have been more successful than in previous recessions in retaining their workforce. They have managed to achieve this through a combination of measures to suspend production (e.g. Honda), cut working hours or reduce wages (e.g. Jaguar). However, one consequence is that companies, especially large enterprises, are very reluctant

**Figure 1 Unemployment in the United Kingdom, analysis by duration**



Source: ONS monthly digest of Statistics August 2009 from Labour Force Survey National Statistics

[1] <http://www.statistics.gov.uk/ccilnuggest.asp?id=12> (accessed September 2009).

**Figure 2 ... and unemployment will continue to rise during the recovery**

Source: DQW from ONS data

to hire new people in the current climate. This reduction in hiring activity is particularly serious for new entrants to the jobs market (such as young people leaving full-time education).

The worst is unlikely to be over yet. It can also be expected that the unemployment will continue to rise even when the economy returns to growth, as happened in the first half of the 1980s and 1990s (Figure 2).

### Lessons from past policy

The challenge for policy makers today is to devise an effective policy response which ensures that the recession does not lead to long-term, sustained worklessness at much higher levels. This applies across a range of vulnerable groups in different ways:

- The number of economically inactive people of working age rose by 125,000 over the year to

July 2009 to reach 7.99 million, the highest figure since comparable records began in 1971

- Young people are increasingly struggling to find work, and there is evidence that the wages of those who experience youth unemployment are 13%-21% lower than they otherwise would have been<sup>2</sup>.
- Skills matter; although employment rates among higher-level occupations have fallen since 2008 in proportionate terms, in terms of sheer numbers, those in lower-level occupations have been worst affected. Moreover, evidence from previous recessions is that the more skilled jobseekers will gradually displace less skilled employees who, in turn, will displace those who are most disadvantaged, leading to a growing concentration of unemployment amongst the latter groups.

[2] Gregg and Tominey (2005) 'The Wage Scar From Youth Unemployment', *Labour Economics*, vol. 12, no. 4.

### Balancing the risks

Thus policy-makers need to manage two big risks that if not managed effectively will exacerbate the problem of long-term disengagement from the labour market and lead to benefit dependency:

- The risk that those who have recently lost their jobs become detached from the labour market and young people who should be entering the job market do not find a foothold, increasing the problem of worklessness
- The risk that entrenched unemployment and economic inactivity (that national, regional and local partners have found it hard to solve even in times of economic growth) could get worse, as those who have recently lost their jobs are more attractive to employers than those who have not worked for a long time or at all.

## NATIONAL POLICY RESPONSE

### Tackling immediate needs and preventing long term problems

The government is currently focused on re-establishing macroeconomic stability by increasing overall levels of demand in the economy and thereby enabling reductions in the overall rate of unemployment. The Department for Work and Pensions (DWP) agenda suggests three key strands of policy in order to put the labour market in a stronger position when the economy moves to upturn:

- Support for active job search
- More support to prevent long term unemployment
- Avoid a shift to inactive benefits.

Figure 3 provides a summary of recent initiatives at the national level.

### Personalisation, rationalisation and experimentation

The 2008 White Paper Raising expectations and increasing support: reforming welfare for the future

(DWP, 2008) sets out proposals with particular emphasis on personalised welfare. Key components of the strategy include the new Employment and Support Allowance (ESA) and revised Lone Parent Obligations. The overarching theme of the welfare reform is the need to combine support with incentives for people to move away from benefits, the 'work for your benefit' approach.

Furthermore, there is a move towards greater integration of employment and skills services targeting worklessness, with the Integrated Employment and Skills (IES) trials forming an important part of this. The Leitch report Skills, Prosperity for all in the global economy – World class skills (HM Treasury, 2006) found that "the skills and employment systems, which should work in tandem to improve people's chances, are disjointed. Out of work support is not joined up with in work support". Consequently, individuals do not receive the support they need, at the time they need it and are unsure how and where to access it. The IES trials will progressively test aspects of an integrated service – such as initial skills screening and signposting (to advice/guidance or providers), skills health checks, skills action plans and enhanced partnership working – in order to deliver a fully integrated employment and skills service by 2010/11.

The overall thrust of this approach – personalisation, moving off benefit dependency and rationalisation to gain efficiencies – appears to be shared across political parties. It also entails an increased role for local areas.

Local authorities and their partners can pilot ways to:

- Identify those people who are unlikely to find work easily and provide early interventions before they are unemployed for six months or more, thereby ensuring money is not spent on those who don't need it and long term costs are avoided by targeting assistance on those that do need support
- Personalise support and cut out duplication and competition between agencies.

**Figure 3 More targeted support for the unemployed****THE 6 MONTH OFFER**

£500 million to support 500,000 people to work with four main components: a) £1000 recruitment subsidy and fit with Train to Gain, b) self-employment credit, c) work-related training and d) volunteering placements..

**YOUNG PERSON'S GUARANTEE**

The government has created a £1 billion Future Jobs Fund (FJF) to which local authorities and other organisations can bid to create around 150,000 new jobs, primarily aimed at 18-24 year olds who have been out of work for nearly a year. The fund was announced in the 2009 Budget, for the money to be spent between October 2009 and March 2011. As the fund is a challenge fund, not all organisations bidding can be successful. It is run by DWP in partnership with the Department for Communities and Local Government (CLG) with input from Jobcentre Plus and Regional Government Offices in England.

**FLEXIBLE NEW DEAL AND THE NEW JOBBEEKERS REGIME**

The new Jobseekers regime was implemented in half of all Jobcentre Plus districts in April 2009 and will be extended to the rest of the United Kingdom (UK) in April 2010. The new regime is a four-stage process with Jobcentre Plus delivering the first three stages. Public, private and voluntary sector organisations will be contracted to deliver the fourth stage – the Flexible New Deal (FND). Customers who move to FND will remain on Job Seekers Allowance (JSA) during stage 4.

The new Jobseeker regime and FND replaces the New Deal for 18-24 year olds and New Deal 25plus and comprises the following elements:

Stage 1: Self help (0-3 months)

Stage 2: Directed job search (3-6 months)

Stage 3: Supported job search (6-12 months)

Stage 4: FND (12 months plus).

During FND customers receive an initial in-depth assessment leading to an individually tailored Action Plan. Jobseekers will have regular contact with their FND supplier but will continue with fortnightly signing at Jobcentre Plus. The FND will offer return to work support and there will be a four-week mandatory work-related activity. Suppliers will receive payments that reflect, in part, their success in placing customers in sustained employment (jobs that last for 13 weeks or longer).

Source: DWP



## LOCAL GOVERNMENT'S ROLE

Local government has a lot of experience in responding to economic and social change and in promoting and managing change for the benefit of their residents. In its “place-shaping” role it brings together a whole range of public sector agencies, community and voluntary sector bodies and private sector representatives to set out a vision and priorities for an area.

The Houghton review looked at how worklessness was to be made a mainstream priority for local government and its partners, and how mainstream services could help to tackle it. It found that existing measures were not proving sufficiently successful.

The Government's response to the Houghton Review has been to welcome its conclusions and recommendations and to offer flexibility where it is needed. With this opportunity comes responsibility, the response says:

In addition to the existing Working Neighbourhoods Fund allocations, a new Future Jobs Fund of over £1bn was announced in the Budget. Local authorities and

*In arriving at this offer we have been careful to balance the devolution of increased powers and funding with clear requirements for partnerships to demonstrate an understanding of the nature of worklessness in their areas, to develop robust plans to tackle this and to demonstrate that further devolution will improve outcomes locally. The offer is made on a something for something basis; reflecting the challenge of the tackling worklessness review to both local and central government alike.<sup>3</sup>*

others can bid for this money, on the basis of creating opportunities for long-term unemployed young people.

To be truly successful it will be important that partner organisations learn the lessons of similar initiatives, including active labour policies from the 1980s. We recount some of this evidence in the next section. At the same time local authorities are to build on mainstream support and add value. It is already apparent that this issue is important to many: 90% of authorities have identified worklessness as a local priority in their Local Area Agreement. Moreover, efforts are on-going to develop new approaches. The City Strategy Pathfinders have been testing how local partners can improve their use of funding to fill gaps in provision and provide more help to those who need it most. Moreover, MAA partnerships and City Regions have the opportunity to increase their control over employment and skills provision in their areas. Local Employment and Skills Boards provide a focus for this, being tasked with developing and ensuring the delivery of an integrated employment and skills strategy.

### Key issues for local and national policy makers

The intention throughout is to balance the devolution of power and funding with requirements on partnerships to develop plans to tackle worklessness and demonstrate the impact that devolution will make, the ‘something for something’ approach articulated in the Houghton Report. This raises a series of issues for DWP and local authorities, namely:

- How can existing provision address current problems?
- What new approaches should partnerships seek to develop to maximise local the effectiveness of locally tailored interventions?
- How can DWP and local authorities assess the effectiveness of local approaches, when they will each be trying different things in different contexts?

Developing answers to these questions will be important from many perspectives. Such answers will provide an understanding of value for money and the opportunity to learn from genuine local innovation.

[3] (CLG and DWP 2009), ‘Stepping up to the challenge: The Government's response to Tackling worklessness – a review of the contribution and role of English local authorities and partnerships’, p. 9 (original emphasis).



**Figure 4 Houghton analysis of why national measures were not sufficiently successful**

- National programmes lack sufficiently flexible at the local level
- Information has not been sufficiently shared between agencies
- Different funding streams and initiatives are overly complicated
- Too many funds are short-term
- Support can be fragmented and confusing, usually as a consequence of un-coordinated commissioning and delivery of services.

Source: <http://www.communities.gov.uk/publications/communities/tacklingworklessnessfinal> (accessed October 2009).

## EFFECTIVE LOCAL SOLUTIONS

### Context matters

Whatever form local policy or initiatives take, they cannot be immune from prevailing economic and labour market conditions. That said, even in recession there will always be a range of recruitment going on and employment growth is likely to return in the medium term.

Concentrations of worklessness happen for different reasons in different places and take different forms.<sup>4</sup> For example, changes in the nature and location of jobs may lead to skills and spatial mismatches that take a long time to work themselves out, while the housing market can play an important role in 'sorting' disadvantaged people together. The difficulties may be compounded by 'area effects', such as poor transport links or a lack of information about availability of jobs.

Furthermore, the composition of worklessness varies between places, e.g. age profiles, ethnic mix etc. These differences have implications for the nature of interventions to address worklessness. Similarly, local

areas with limited employer demand may face issues around targeting people recently unemployed, who may be very competitive in the labour market.

Support to the recently unemployed could be effective in keeping the overall level of unemployment down. However, it risks investing in people who would have found work anyway, at the expense of those furthest from the labour market. This latter group now face increased competition when vacancies arise.

The importance of fully understanding the local area cannot therefore be underestimated. Local economic assessments and worklessness assessment are crucial building blocks for local areas in developing an evidence base to inform their priorities. The nature of future opportunities should give a focus to action, and worklessness assessments should go beyond mapping economic structure and the nature of the unemployed to look at scenarios and projections of future local labour demand.

### Different approaches

If local areas have more say in developing policy responses, what approaches would the evidence point towards as likely to be most effective?

*"To be truly successful it will be important that partner organisations learn the lessons of similar initiatives, including active labour policies from the 1980s."*

[4] Social Exclusion Unit (2004), *Jobs and Enterprise in Deprived Areas*, Cabinet Office.

In the literature distinctions are made between supply-side and demand-side interventions and between policies focused on people and those focused on places. The argument for supply-side interventions is that market failures in the job market and deficiencies among the workforce are key aspects of the worklessness problem. Hence, in order to help workless people to enter employment, interventions focusing on provision of information and advice on the financial benefits of work and job seeking, skills development, work experience, and personal development may be required.

For some individuals, a focus solely on employability and skills is not enough: there may be an additional need to address other barriers to work – such as support for childcare provision, specialist health services, debt counselling and money advice and housing-related issues. One of the advantages of local policy development should be the ability to make such links by drawing the partners together to offer the holistic personal approach required.

Local authorities and their partners have a number of routes to improving the demand-side of the equation:

- Promoting the conditions to support private sector activity, e.g. inward investment, support for the start-ups and support the growth of existing local firms affected by planning and other regulatory activity
- Public procurement and commissioning, e.g. the use of agreements with major employers to enhance the access of workless people to local jobs and using public works to offer intermediate jobs, for example around environmental work
- Their own behaviour as employers, e.g. offering apprenticeships to young people entering the workforce, flexible working for those with carer responsibilities or disabilities that limit their working hours etc.

Creating local jobs may not benefit workless individuals if they do not match the requirements of the new jobs or they face strong competition from people from outside the locality. Some integration of demand- and supply-side measures may be necessary in these circumstances to ensure workless individuals have access to and are matched to the needs of new local jobs. There are good examples of Local Employment Partnerships being formed to support major employers, but consideration could be given to how this model might be adapted for smaller employers or across key local sectors. Again, identifying and negotiating such opportunities may be a priority for local areas, as at this level a range of factors can be brought together between partners.

### What works?

The literature suggests a number of actions that can be taken, and most importantly how these vary by location or the nature of the target group.<sup>5</sup>

For workless individuals who are furthest from the jobs market, outreach services in familiar community-based locations are important in initial engagement. The evidence stresses the need for individuals to feel they are in an environment where taking steps towards employment is a realistic idea.<sup>6</sup> Community and voluntary groups have an important role to play in outreach services, which may not be work-focused in the first instance. As SQW identified in its review of the Northern Way's worklessness investments and our evaluation of Eb4U (the New Deal for Communities programme), informal networks play a key role in initial engagement, and, more generally, social networks are important.

From the evaluation of national programmes there is a consensus that the personal adviser (PA) is a key factor in interventions designed to get individuals back to work.<sup>7</sup> Intensive personal support is most helpful for the most disadvantaged groups: for

[5] See for example Hasluck, C. & Green, A. E. (2007), *What works for whom? A review of the evidence and meta-analysis for the Department for Work and Pensions*, DWP Research Report 407, Leeds: Corporate Document Services.

[6] See for example Sanderson, I. (2006), *Worklessness in Deprived Neighbourhoods: A Review of Evidence*, (Neighbourhood Renewal Unit, CLG); Lewis, J., Corden, A., Dillon, L., Hill, K., Kellard, K., Sainsbury, R. and Thornton, P. (2005) *New Deal for Disabled People: an in-depth study of job broker service delivery* (DWP Research Report 246).

[7] Hasluck, C. & Green, A. E. (2007), *What works for whom? A review of the evidence and meta-analysis for the Department for Work and Pensions* (DWP Research Report 407)

*“Worklessness assessments should go beyond mapping economic structure and the nature of the unemployed to look at scenarios and projections of future local labour demand.”*

example, three-quarters of customers on the Working Neighbourhoods Pilot liked the one-to-one relationship with their PA.<sup>8</sup>

The motivation of the individual to participate in the labour market and enter employment is a key factor in any form of action to reduce worklessness. Research on ‘area effects’ has suggested that while spatial concentrations of worklessness are mainly the result of compositional effects (i.e. the grouping together of individuals with characteristics associated with labour market disadvantage), localised ‘cultures of worklessness’ and discriminatory practices by employers (either real or perceived) can contribute to prolonging worklessness. Hence, actions to enhance self-esteem, raise aspirations (both socially and spatially) and provide positive role models have an important initial role to play in reducing worklessness.

There is evidence that tailored or customised support is more effective than a standardised approach.<sup>9</sup> Delivery is likely to be most effective where organisations are able to adjust interventions to the local context and circumstances. The Working Neighbourhoods Pilot, for instance, aimed to test the extent to which flexible and intensive work-focused action, in cooperation with local partners, was effective in addressing long-standing barriers to work. Having the discretion to adjust the amount of time advisers spent with customers, as well as their ability to match support packages to the needs of individuals, helped achieve a higher employment entry rate than was the case in comparison areas.<sup>10</sup>

Continuing support after job entry is important for achieving sustainable outcomes from policy. Individuals out of employment for some time often lack experience of how to cope when events disrupt their normal routine and may benefit from in work support in sustaining employment.<sup>11</sup>

Individuals furthest from employment often display multiple barriers to employment. Evaluation of the Working Neighbourhoods Pilot emphasised the need for accessible and seamless support addressing all barriers. It is, therefore, necessary to deal with non-labour market barriers (e.g. homelessness or health problems) before tackling skills and job search issues. An additional aspect to tackling worklessness is that of the household. More than one in ten households in the UK contains no one who is working. Tackling the worklessness of one household member may also require the situation of other household members (such as partners) to be addressed jointly.

While local support for workless people before, during and after job search can be demonstrated to improve their chances of entering sustained employment, delivering such support in an integrated and co-ordinated manner is not always straightforward. The wide range of local, regional and national stakeholders in the worklessness and employability agenda often gives rise to situations of local complexity, fragmentation and competition. Organisations may simply be unaware of the services provided by others in the local economy or, worse, be driven by performance targets, the short-term need

[8] Dewson, S., Casebourne, J., Darlow, A., Bickerstaffe, T., Fletcher, D. R., Gore, T. & Krishnan, S. (2007), *Evaluation of the Working Neighbourhoods Pilot: Final Report* (DWP Research Report 411)

[9] Hirst, A., Tarling, R., Lefauchaux, M., Short, C., Rinne, S., McGregor, A., Glass, A., Evans, M. and Simm, C. (2006), *Evaluation of multiple provider Employment Zones: early implementation issues* (DWP Research Report 310).

[10] Dewson et al. (2008) *op cit*

[11] Bivand, P., Brook, B., Jenkins, S. & Simmonds, D. (2006), *Evaluation of StepUP Pilot: final report* (DWP Research Report 357)

*“There are good examples of Local Employment Partnerships being formed to support major employers, but consideration could be given to how this model might be adapted for smaller employers or across key local sectors.”*

to secure funding or even organisational and political rivalry to operate independently of others in the local area. The effective delivery of support to workless people requires an integrated approach in which organisations work to shared priorities and are able to work collaboratively and signpost customers to one another as their needs require.

#### Priorities for action

Recognising that different approaches will be required for different groups, there are a range of common items which run through the text above and so provide a series of important pointers for local areas in designing their approaches, and where local development can add real value. These are described in Figure 5.

**Figure 5 Priorities for local areas**

- Organisations concerned with addressing worklessness should work together to identify the specific needs of people in their locality, e.g. with personalised assessments of needs, as carried out as part of the Mayor’s Employment Project in Newham, evaluated by SQW
- Support delivered locally will be more effective if organisations work to a common set of priorities, for example the recently developed City of Nottingham’s Sustainable Community Strategy, with a clear overarching focus on poverty eradication, developed with SQW
- Aligning training and support to local employment opportunities, not just training for stock, which is increasingly challenging in tougher economic circumstances, so what can local authorities and other public sector agencies do to keep people active
- Engaging people in their locations that they already frequent, and through organisations they engage with for other reasons, e.g. community centres providing drop-in facilities and easy access to IT, which acts as a precursor to more formalised support, as SQW found when researching UK online centres
- Returning to work can require social as well as economic support and many agencies already operate at local level to provide this support. Their expertise needs to be drawn upon, e.g. by agreeing with social landlords that they will assess and signpost tenants to health, childcare and employment support
- Ensure that progression pathways are in place, and that providers are incentivised to move people through these stages, as SQW found when investigating employment services for the Commission for Rural Communities.

Source: SQW

*“Delivery is likely to be most effective where organisations are able to adjust interventions to the local context and circumstances.”*

### Place, person and pathway

So what we know is that:

- Different places will have different mixes of people with different needs. This should determine the service mix that is required. Areas with high levels of entrenched worklessness may face difficult choices in allocating resources between supporting the more recently unemployed find work and so to avoid them becoming longer term unemployed, or targeting those furthest from the labour market
- In practice, as well as locally tailored services, responses will need to be personalised – based on individual and possibly household needs. Some people are likely to find work again with little help while others have a much higher likelihood of them remaining workless for some time. Identifying such different propensities at an early stage could facilitate more targeted interventions before the longer term problems arise
- Interventions on the supply-side will need to be matched by interventions on the demand-side to give a clear and credible pathway into work and then on to career progression.

## UNDERSTANDING EFFECTIVENESS

Having suggested some of the issues that local areas may wish to target, we set out in this final section the types of evidence that might need to be gathered to demonstrate effectiveness and draw out the lessons for the future.

Monitoring and evaluation need to be built in from the start and be designed around the activities being developed.<sup>12</sup> Therefore, given the diversity of local areas a degree of flexibility will be required, but we would suggest that this can be done within a broad framework. In order to understand what has been achieved and how, measuring the number of people entering work alone is not sufficient because:

- Much of the added value will come through integration and partnership working
- It may take some time for people to move into work, and this will involve a range of inputs all of which need to be recognised and valued
- The movement of people through a pathway of provision, and the actions taken to support this and reduce drop out, need to be fully understood
- Cost effectiveness should therefore be assessed in the round and compared to what happened previously.

These issues therefore suggest that a range of measures are developed to ensure that a robust evidence base is developed in a way which will assist with planning and co-ordination and, over time, allow effectiveness to be demonstrated.

Perhaps most challenging is to assess the extent and value of partnership working. This will require partners to articulate measure and assess functions around Strategic Added Value,<sup>13</sup> for example communicating the evidence and needs assessments to all key stakeholders and partners, influencing and leveraging funds and other resources, and improving co-ordination among partners and stakeholders. The

[12] SQW Consulting (2008) *Making The Most of Evaluation*, Viewpoint Series No. 3

[13] Strategic Added Value (SAV) seeks to capture the ability of Regional Development Agencies to influence their partners and stakeholders' behaviour and performance other than through their programme and project spend. This concept is transferable for policy initiatives that involve partnership building and working as a key input to generating outcomes for beneficiaries.

purpose is to develop and deliver shared priorities effectively at local level.

Below the level of the partnership there are a range of operational issues that will need to be covered as explained in Figure 6.

Generating data on both outcomes and costs enables an assessment of cost effectiveness, which can provide a basis for comparison with previous approaches and an indicator of relative success. Moreover, depending on the range of approaches taken and variation between areas, it should be possible to develop a quasi-

experimental approach whereby the success of different delivery models can be contrasted and so enable further learning to take place across the country. Such learning is in everyone's interests, and it should:

- Allow local areas to demonstrate how effective they can be
- Re-assure government about localisation and the effective use of public funds
- Most importantly, ensure that people who need support to find work receive the best service possible.

### Figure 6 Getting monitoring and evaluation right

- Have a map of likely pathways and a realistic assessment of success and dropout to ensure that recruitment is of sufficient scale to meet the entry into employment target
- Identify each of the pathway providers and ensure that each is collecting standard data on where clients were referred from and where they go to. This will then enable a map of client flows to be built over time and so identify strong relationships or issues with referral/dropout
- Develop a method that allows clients to be tracked through the system and key information about them shared between providers. This has the advantage of enabling providers to pick up quickly and be sensitive to knowledge that others have elicited. Moreover, it will enable proper monitoring of the number of people helped and the range of interventions that they receive
- Use the tracking system to ensure that people move towards and into the labour market, and do not spend an inappropriate amount of time simply moving between providers
- Identify the costs of different interventions. These can then be calculated on a per unit basis and applied to individuals. To this should be added an element to account for people who are supported but do not find work to ensure that all costs are considered alongside all benefits
- Develop a typology of client groups so that the different costs of supporting each group can be understood and fed into future planning
- Ensure that sustainability of employment is also tracked. As well as providing a better measure of success than simple job entry, this can act as a flag to offer further support if people become unemployed once again

Source: SQW



## About us

SQW Consulting, SQW Energy, Oxford Innovation and SQW Asia are part of SQW Group.

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SQW Consulting is one of the largest and best known providers of consultancy services in sustainable economic and social development to public sector organizations. The company works with clients in the UK and overseas, providing advice on urban and rural regeneration; innovation and business development; higher education and technology transfer, and skills development.

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SQW Energy has a specialist focus on energy and carbon management and works with the energy industry, public and private sector organizations and NGOs, providing tailored consultancy services in energy market design and regulation, energy technology strategy and policy, and carbon assessment and management.

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Oxford Innovation is the UK's leading operator of innovation centres, providing office and laboratory premises to innovative start-up companies. Oxford Innovation also manages the most successful technology investment networks in Europe with members including business angels, investment funds and corporate venturers. The company provides further innovation support services to achieve economic development objectives for public sector clients.

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innovation**

SQW Asia is headquartered in Hong Kong and provides economic and management consultancy services, including: policy analysis and review; market, feasibility and planning studies for economic and physical development and investment; and advice to support project implementation. Services are provided for government organizations in Hong Kong and China as well as foreign firms investing in China and Chinese organizations investing overseas.

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The Viewpoint Series is a series of 'thought piece' publications produced by SQW Consulting, SQW Energy, Oxford Innovation and SQW Asia, the operating divisions of SQW Group.

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