

**Research Report
No 232**



Prototype Employment Zones: A Qualitative and Contextual Evaluation

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Prototype Employment Zones: A qualitative and contextual evaluation

Executive summary

Overview

This study is one of a suite of evaluations into the Prototype Employment Zones (PEZs) established early in 1998. PEZs aspired to bring local innovation and flexibility in addressing the problems of unemployed people aged over 25 who faced particular problems in entering the labour market. PEZs occupied an important and distinctive position within the wider welfare-to-work and social inclusion effort by virtue of the strong emphasis which was placed on local partnership working and the development of a client-orientated approach. Couched within an ethos of flexibility and innovation, the PEZs in many ways represented the leading edge of experimentation in welfare-to-work. The new initiative, marking a break with past practice, was to be concerned with ‘people not programmes’, rationalising and ‘joining up’ local provision, blending funding streams and streamlining procedures in the interests of clients.

PEZ clients were expected to have been unemployed for at least 12 months, though certain categories of people could start from day one of their unemployment. Clients could stay with the zone for a maximum of 12 months. In addition to having a personal adviser, three forms of provision were to be made available to clients, Learning for Work, Neighbourhood Match and Business Enterprise.

The research project was a longitudinal one, charting the ups and downs of the PEZs as a learning experience. During the course of the two years of research, we conducted 233 interviews with partners and spoke to 187 clients. The overwhelming message was one of support for the PEZ approach – for partners and clients the initiative came as a breath of fresh air, marking a very real break from previous ‘schemes’ for the unemployed. Whilst mistakes were made, this is only to be expected in what was after all an experiment in welfare-to-work reform. Genuine innovation without risk does not exist, especially when it is expected to generate local experimentation with new forms of policy design. What is

important is that the lessons are learnt from. It is clear that the local PEZ partners and workers did learn, refocusing their activities as the experiment evolved. Unfortunately, many partners felt that they had not been given sufficient time to experiment and learn in. Many partners and workers also argued that some of the criticisms they faced from central advisers and officials during the course of their work, whilst sometimes valid, were often premature, failing to take account of their experimental nature and involving prescriptive remedies imposed from above. Conversely, their very enthusiasm for the PEZ experiment blinded some partners and workers to their failings, making external guidance necessary to act as a corrective in guiding them to meeting the wider goals of the Government.

As an experimental initiative, the main thing is to learn from the full range of what went well and what went less well during the PEZ initiative. The key lessons were:

Strengthening partnerships

- ❖ The broad aims of the PEZs generated widespread support and enthusiasm amongst local partnerships, clients, and PEZ workers.
- ❖ Broad partnership support was achieved for systemic change, despite the fact that in many instances this has been disruptive of local organisational practice and established policy ‘turfs’.
- ❖ Evidence in all partnerships of an emerging capacity to think flexibly and collectively, share knowledge, and recognise the various strategic and operational capabilities of those involved in the Zones.
- ❖ Supportive and flexible approach on the part of ES locally; ES has become increasingly bound in to a local partnership approach in both strategic and operational terms. Partners tend to acknowledge ES as working with the community rather than simply in it.
- ❖ Central direction from DfEE proved helpful in directing PEZs towards a more focused approach. Whilst this top-down approach did cause some resentment, in many cases a mixture of pragmatism and reflection led to an acceptance of the need for change. Better communications could have helped avoid some local tensions.
- ❖ Real—as opposed to nominal—support of local partners and organisations takes time to build, but can evaporate quickly.

- ❖ Partnership working requires the effective separation of strategy from day-to-day operational issues.
- ❖ Some alienation developed amongst key partners following changes in Employment Zones policy; a widespread feeling among partners was that the PEZs were ‘blighted’ by shifting national priorities. If ‘bottom-up’ policy development is to occur, there is a pressing need to improve lines of communication, and dialogue, between national policy-makers and local partners.
- ❖ Tensions and misunderstandings did occasionally emerge amongst partnership organisations, particularly in terms of the ES role during the bidding process for FFEZs. By contrast, the perception of local partners being unfairly treated by central government helped to bring partners together more strongly at the local level.
- ❖ Involvement of non-core partners tended to be limited by the nature of the partnership and by their lack of available time and unclear roles.
- ❖ Changes in national operating frameworks may have impeded continuity and long-term planning, at the same time as helping improve focus on achieving key government goals.

Managing the PEZ process

- ❖ The PEZ remit was an ambitious one, which took longer than expected to realise; many partners argued strongly that their critics had failed to judge them over the whole of their lifespan.
- ❖ A perceived failure to emphasise marketing and publicity, both to clients and to employers, or to pitch it at the right level, was noted.
- ❖ Excessive bureaucracy impeded the work of advisers in particular for the first few months. To its credit, the ES nationally responded quickly to complaints, introducing a computerised system which helped streamline the process.
- ❖ Systemic change at the local level requires a relatively long policy horizon and secure funding streams; uncertainty saps innovatory potential, while long-term objectives are not always compatible with short-term targets.
- ❖ It is difficult conclusively to separate out the relative effects of participation rules, programme design, the personal adviser system, labour market conditions, etc. in what proved to be a short-term, multi-dimensional initiative. Much of the learning needs to be in how the elements knitted together.

- ❖ For some local partners and workers there was a tendency to highlight external causes for programme under-performance (‘flexibility denied’), when this may be just one of the factors at work. Following on from this, adverse local reactions to central government direction were sometimes initially over-sensitive.
- ❖ A preoccupation with balancing the books as PEZs came to an end threatened to undermine their broader ethos.
- ❖ The client-centred ‘employability’ approach takes a considerable amount of time to become embedded within the organisational culture of those dealing with the unemployed.
- ❖ Innovation was restricted by a lack of creativity and/or expertise in the partnership, a tendency to ‘play it safe’, particularly once meeting targets was forced up the PEZ agenda.
- ❖ Whilst community outreach was effective in some zones, notably Glasgow, in others it was relatively weak, whilst employer outreach work was generally under-developed, reflecting the fact that funding had not been ear-marked for this work.
- ❖ Complex, multi-dimensional initiatives like the PEZ are difficult to evaluate conclusively, at least in the short term; policy messages are therefore never simple and unequivocal, even though they are sometimes interpreted in this way.

Meeting client needs

- ❖ Successful initiatives emerged aimed at targeting particular client groups—especially those with mental health problems and a long history of social exclusion, and those currently on probation.
- ❖ Preparing individuals for entry into ‘real jobs’ can be a long-term process, involving the removal of multiple job-related and non-job related barriers. Knitting together different aspects of provision in personally-tailored ways helped in addressing the complexity of some people’s barriers to employment.
- ❖ Effective personal adviser systems were developed, demonstrating the benefits of ‘relationship continuity’ both for clients and front-line workers and succeeding in conveying to clients a positive ‘message’ concerning the aims of the PEZ. A mutual commitment to PEZs appears to have emerged between clients and advisers.
- ❖ On-going learning experience in terms of managing client choice, linking provision more clearly to both client and labour market needs.

- ❖ Particularly in contrast to the previous ‘training for training’s sake’ system introduced throughout the 1980s and early 1990s, PEZ provision proved more responsive to the individual needs of clients who felt more in control of their own destiny.
- ❖ The voluntary nature of PEZ was held by partners, clients and advisers to be a central feature of the success of the zones, improving the qualitative nature of relationships between clients and advisers, and clients and potential employers.
- ❖ Clients noted a changing perception of ES local workers. Where previously the perception was often negative, of policing a punitive benefits system, increasingly a more positive stance was noted, of supporting quality labour market interventions.
- ❖ A combination of limited funds to initiate new provision and the uneven quality of inherited local provision from previous initiatives placed real constraints on what could be achieved through innovations in advice and referral systems.
- ❖ Local labour market conditions are important in shaping programme outcomes and design parameters, in particular where local demand deficit exists.
- ❖ A growing willingness emerged amongst local partners and agencies to bend programme participation rules in order to meet individual needs.
- ❖ Positive support from some businesses, although in general it proved difficult to find work placement opportunities for PEZ clients.
- ❖ Early success in branding the PEZ as ‘something different’ with clients and (to a certain extent) local providers. This was linked to major progress in overcoming cynicism, fatalism and disinterest amongst many individual members of the client group.
- ❖ Some success in developing new ILM provision and in convincing local partners of the value of ILM approaches; a secure basis has been established for the future development of ILM experiments (mostly through non-ES/DfEE programmes)
- ❖ The Business Enterprise facet of the PEZs proved successful in many instances, but retained a low profile in terms of the available range of provision.
- ❖ Valuable attempts were made to begin to construct prototype Personal Job Accounts, providing flexible forms of tailored local provision.

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1. Introduction

The basic objective is to put in place innovative approaches, based on local partnerships, to helping long-term unemployed people improve their employability and move into sustainable employment. We expect the partners working in Employment Zones to do this by:

- *Strengthening strategic and operational partnerships at local level;*
- *tackling social issues which form a barrier to employment, through co-ordinating and developing local activities;*
- *developing an integrated strategy which is accepted by all partners based on the real needs of long-term unemployed people;*
- *improving value for money by harnessing the range of funds available and using them to create effective new forms of provision.*
- *creating a flexible approach for participants tailored to individual needs.*

In the light of the performance of the prototypes Ministers will consider whether the Employment Zone approach should be extended more widely (Employment Zone Prospectus, September 1997: 5).

1.1 Study aims

This study is one of a suite of evaluations into the Prototype Employment Zones (PEZs) established early in 1998. PEZs aspired to bring local innovation and flexibility in addressing the problems of unemployed people aged over 25 who faced particular problems in entering the labour market. PEZs occupied an important and distinctive position within the wider welfare-to-work and social inclusion effort by virtue of the strong emphasis which was placed on local partnership working and the development of a client-orientated approach. Couched within an ethos of flexibility and innovation, the PEZs in many ways represented the leading edge of experimentation in welfare-to-work. The new initiative, marking a break with past practice, was to be concerned with ‘people not programmes’, rationalising and ‘joining up’ local provision, blending funding streams and streamlining procedures in the interests of clients.

PEZ clients were expected to have been unemployed for at least 12 months, though certain categories of people could start from day one of their unemployment. Clients could stay with the zone for a maximum of 12 months. In addition to having a personal adviser, three forms of provision were to be made available to clients, Learning for Work, Neighbourhood Match and Business Enterprise (Box 1). Each client was expected to work with their adviser to develop a personally tailored programme, blending elements of provision from education, training, work placement or business start-up, as

appropriate. The zones were initially asked to plan for around 1,000 participants each at any one moment in time.

Following a national competitive bidding process amongst eight areas invited to prepare proposals, five areas were awarded Prototype Employment Zones. Only one bid per area was allowed, with boundaries for the Zones set out in detail by the Employment Service. As such the competition was between the eight areas invited to prepare PEZ bids, but not within the individual areas. Wide-ranging partnerships were encouraged and although the local Employment Service was not allowed to lead, it was expected to be an integral member of all the partnerships. At the end of the competitive bidding process, the five successful areas were Glasgow, Plymouth, Liverpool & Sefton, South Teesside and North West Wales.

Box 1: The Three Required Types of EZ Provision

- 1. Learning for Work** - the chance to learn and gain qualifications to improve employability;
- 2. Neighbourhood Match** - intermediate labour market (ILM) programmes to help people move through supported employment and training to sustainable employment in the open labour market;
- 3. Business Enterprise** - the chance to move from welfare into self-employment

(Employment Zone *Prospectus*, September 1997: 6)

Local partnerships were encouraged to engage in local searches for flexibility and innovation in achieving the transition from welfare to work, whilst acknowledging the limits to this imposed by existing legislative limits on pooling different sources of government money. The signature motif of the PEZ approach was to be its emphasis on giving individuals a greater variety of means for making the transition from welfare-to-work, whilst - by giving people a greater sense of ownership and choice over the method of transition - improving employability. To this end, participation on PEZ programmes was voluntary and partners were expected to make their provision attractive to participants. This would be achieved by including detailed guidance and personalised routes into and through appropriate aspects of the available provision. The use of

personal advisers was central to the PEZ approach from the start, with the same adviser expected to stay with a client throughout their time on the zone.

The PEZs were established in February 1998 and started to recruit their first clients in April of that year. They ceased recruiting new clients in August 1999 in preparation for their hand over to Fully-Fledged Employment Zones (FFEZs) in April 2000.

This evaluation was commissioned in February 1998, with a two year plus life-span, aiming to provide a qualitative and contextual evaluation of the PEZs, complementing more quantitative assessment of the progress of PEZs. Specifically the study was to examine the strategic partnerships, operational management and the client-centred nature of PEZs. The research team was asked to address the following questions:

Partnership

- ❖ how are partnerships formed and expertise utilised in local policy development?
- ❖ what is the distinctive expertise that different agencies bring to the partnership?
- ❖ to what extent do PEZ partnerships reflect longer standing patterns of cooperation?
- ❖ why do particular agencies emerge as lead partners?
- ❖ what funding strategies are put in place by partners?
- ❖ how do the Employment Service contribute to the work of the PEZs?

Operational

- ❖ what assessments are made of existing provision?
- ❖ how are data collected and analysed to take forward the development of a more coherent approach?
- ❖ how are marketing and communications strategies developed and implemented?
- ❖ how is the effectiveness of modified and new provision evaluated?

Meeting client needs

- ❖ are particular groups among the long-term unemployed targeted in specific ways and if so why?
- ❖ how are community needs monitored and identified?
- ❖ how are the views of participants monitored?

1.2 Methodology

An essential feature of the research process was its longitudinal nature, with the research team visiting each Employment Zone at four separate points in their development. The original schedule required visits a few weeks after the Zones set up in operation, at their mid-point and just before they were to wind-down. During each of these visits we aimed to speak to at least 10 local partners or PEZ workers in each area, whilst also conducting a client feedback group in each area. We were subsequently invited to add an additional set of visits to each zone six months into the zones' lifespans, in which we specifically investigated the issue of poor initial up-take of places on the Zones. For this part of the research the interviews were mainly held with PEZ workers plus some key partners, whilst in each area a meeting was convened with local unemployed people about any potential problems they identified in relation to recruitment on to Employment Zones.

In total we conducted 233 interviews with key stakeholders and PEZ workers and undertook 20 focus groups meetings involving 187 people from the local client group. The views obtained represent a reasonable overview of the perspectives of the main stakeholders in each area. For the client group, we adopted a random selection mechanism. As the PEZ client group is relatively coherent, the sampling method adopted fulfils normal requirements for a stratified sample and therefore we can be confident that the range and balance of views elicited is representative of PEZ clients.

Table 1: Interviews and client numbers in each case study area

	PEZ partners, staff and advisers	Client group attendees
Glasgow	41	38
Liverpool & Sefton	45	28
NW Wales	45	30
Plymouth	54	56
South Tees	48	35
Total	233	187

1.3 Contextual issues: emerging policy guidance for PEZs

The initial prospectus clearly lays out the rationales for Prototype Employment Zones and the ways in which they were expected to operate. However, as the PEZ experiment got under way, central government fine-tuned its advice to the Zones in response to its perception of areas of actual or potential weakness which were emerging. Examples of this include the commissioning of a study to examine the management of the PEZs in mid-1998, whose conclusions led all the PEZs to tighten up the ways in which partnerships operated, clarifying management structures and responsibilities. In addition, slower than anticipated early recruitment led to an increased concern to improve recruitment levels from late 1998 onwards.

Perhaps the most important shift in emphasis emerged from late 1998, as the PEZs found themselves under increased pressure to produce tangible outputs, in terms of clients leaving zones' provision for positive (employment or education) outcomes. Given the slow initial up-take of clients on to the zones, plus the fact that they were entitled to spend up to 12 months on PEZ provision, this was seen by some partners as premature, as many were not planning for substantial numbers of leavers to emerge until mid-late 1999. This raised one powerful faultline between local and national policy expectations of PEZs, where local advisers in particular often felt it appropriate to devise 12-month action plans for many of the early PEZ recruits in order to improve their long-term employability. Alternatively, the policy pressure from above very quickly changed this agenda to promoting a more rapid turnaround of clients, many of whom would no longer be expected to spend a full 12 months on the PEZ books. We mention this here since this change in policy emphasis created some tensions at the local level, particularly during the middle of the study period, which influenced some of our findings.

In order to understand some of the qualitative findings in this study it is also important to comment on local reactions to the government's plans for Fully-Fledged Employment Zones, with consultation carried out in early 1999 and a bidding process set in train during the summer of 1999. In comparison with the PEZ approach, these announcements reflected substantial shifts in philosophy and practice, inevitably colouring stakeholder responses obtained in interviews during this period. It is fair to say that for a short period there was considerable local resentment from the vast majority of

PEZ local partners against government advisers, the ES nationally and DfEE which were deemed to have made a ‘rush to judgement’ on the PEZs’ achievements and initial weaknesses.

For many partners, personal advisers, PEZ staff and clients, some of the changes appeared to contradict the local PEZ experience, particularly the introduction of mandatory involvement for clients, the shortening of time for ‘provision’ from a possible 12 months to six months, and the shift towards a payment-by-results system which allowed private-sector firms to run Employment Zones. In all five areas, local partners conceded that there might be contexts where such changes might be valid, but in the context of relatively high localised unemployment and a client group consisting of those with unemployed for long periods and often with multiple barriers to workforce engagement, the changes were often felt to be neither appropriate nor welcome. Equally important, even after the initial adverse local reaction had begun to be replaced with a more pragmatic assessment of the need to work with the new arrangements, the Fully Fledged proposals provided our respondents with a set of parameters against which to judge the relative merits, successes and failures within the PEZ experience.

Since this is a qualitative and contextual evaluation, it is important to bear in mind, therefore, that many partners framed their later judgements on PEZ achievements not simply against what might have happened had the PEZs not come into existence, but also against their perceptions of what the future FFEZ framework might be able to deliver. Since the overwhelming majority of PEZ partners and staff remained convinced that the FFEZs constituted a substantially inferior model for welfare-to-work reform, this will have undoubtedly influenced some of the responses we received. This has required some sensitivity in analysing the qualitative data, since some of the comments made to us as official evaluators clearly aimed to use us to bring to the attention of ministers and government officials their displeasure with the fully fledged proposals. Indeed, it is possible to argue that some of the very early resistance to the evaluation team found in two of the PEZs disappeared when the proposals for fully-fledged zones were put out for consultation, as the value of presenting a positive gloss on PEZ performance became imperative.

It should therefore be recognised at the outset that a qualitative and contextual evaluation such as this one is especially sensitive to the opinions and interpretations of those PEZ partners, staff and clients on which the research was focused. While this has the strength of yielding real insights into the ‘on the ground’ reception and impact of the PEZ initiative, there is also a potential weakness in that the shifting emphases of *national* policy will inevitably shape interpretations of local success and failure. Inescapably, many PEZ partners—after an initial period of enthusiasm and excitement—had, by the mid-point of the evaluation, concluded that the tide of national policy was turning against them. This triggered some extremely adverse reactions at the local level and clouded the evaluation process: in many areas and amongst many interviewees, a risk-taking, open and experimental ethos was displaced by a more defensive and rather instrumentalist posture. However, when our researchers made their final visits a more pragmatic and reflective mood had begun to prevail, which we have tried to capture in the present report, as the benefits of hindsight allowed the achievements and limits of the PEZ approach to be viewed in a rather less emotive light. The following comment, from a PEZ board member who was initially frustrated and angered by the FFEZ proposals, captures this changing mood:

There’s no point sitting and crying into our beer about this. It’s happening, so we’ve just got to get on with it. It would have been very churlish for us to have thrown the towel in and said, ‘we didn’t get our way, so we’re not going to play this game any longer’. At the end of the day, the beneficiaries need to be the people getting the employment, not the organisations who feel that a good idea has been spurned or whatever. So that was largely it, a more mature attitude: we’ve said our bit let’s get on with it (Voluntary sector board member, round 3).

Yet it would not be to do justice to the opinions of those interviewed, or indeed the integrity of the evaluation process itself, if a flavour of these local grievances was not conveyed. A real benefit of the longitudinal approach, in retrospect, is that the *full range* of these views has been captured. Certainly, lessons have been learned, but for many these have been lessons in the possibilities and limits of local governance, rather than simply matters of provision and practice.

2. Strengthening partnerships

Employment Zones will involve a wide range of partners at local level in developing innovative and creative approaches to tackling long-term unemployment (Employment Zone Prospectus, September 1997: 4).

2.1 How partnerships were formed and how lead agencies emerged

The geography of the zones played a decisive role in determining how readily partnerships formed and became cohesive, coherent policy bodies. In Glasgow and Plymouth, the fact that the zones were coterminous with local authority boundaries helped bring about rapid progress on the partnership front. For Glasgow this was assisted by the city's track record in attempting to develop partnerships, together with its role in innovative labour market interventions, particularly in intermediate labour markets. Leadership was taken by the Glasgow Development Agency (the local LEC) which also enjoys coterminous boundaries with the City Council. This appears to have been widely accepted as the GDA is seen to be the lead agency for local labour market activities and as having a stable financial base. In contrast, Glasgow City Council was still experiencing some internal restructuring as a result of its gaining unitary status after the abolition of Strathclyde regional council. Since the early 1990s Plymouth has also enjoyed reasonably harmonious relationships between the public and private sectors, helped by its city-wide partnership body, Plymouth 2000, which became the natural host body for establishing the local Employment Zone. In formal terms, the city council took the lead for the PEZ, with widespread agreement that this was appropriate since the local TEC had a wider regional remit.

In contrast to these two areas, the Employment Zones in Liverpool & Sefton and South Teesside did not follow established local government boundaries and partnership building was less straightforward. In Liverpool & Sefton the two local authorities assumed the lead amidst general local agreement. Whilst Objective One funding in particular had meant that some partnership working did pre-date the EZ, nonetheless it is true to say that initially the PEZ created new and unusual institutional geometries for the local authorities, though these appear not to have created any substantive impediments to the functioning of the partnership, beyond an initial mutual wariness. In South Teesside, local government reorganisation had seen the abolition of Cleveland

County Council , creating adjustment challenges for the two local authorities which overlapped with the Employment Zone. Consequently the local TEC emerged as the natural leader for the PEZ. Political (and financial support) from local authorities was much higher in Liverpool & Sefton than in South Tees, reflecting both the genuine enthusiasm with which the PEZ was received on Merseyside and the institutional turbulence in South Teesside. This meant that the early stage of the South Teesside PEZ was characterised by significant amounts of management time being spent on internal restructuring and dealing with other government initiatives, such as the New Deals. Nevertheless, the South Teesside partnership functioned without major tensions and played an important role in creating new strategic alliances between some local partners.

North West Wales PEZ was in a category of its own, being constituted of an entirely new set of partnership boundaries covering two areas with little history of mutual working of this nature. Moreover, the two parts of the zone confronted quite different labour market issues, not least in relation to rural remoteness, seasonal tourism employment and the specific employment and training barriers faced in the area with a high proportion of Welsh-speaking residents. Covering the whole of the ES North Wales district and the northern part of the ES Coastal district, and intersecting with four county-level local authorities, the area lacked coterminosity with any other organisation. The local TEC, CELTEC, had been formed out of a merger of two previous TECs in 1997 and as such was itself a relatively new institution. This led to a series of minor turf disputes over leadership of the local welfare-to-work agenda. As such, no natural leader existed for the embryonic PEZ and coordination proved elusive. The Isle of Anglesey council provided one of its officers to undertake a coordinating role for the bid. As partnerships existed *within parts* of the region, the issue here was essentially the need to create new networks and partnerships *across* the newly formed PEZ 'region'. From such inauspicious beginnings, new networks quickly began to emerge, with a 50-member strategic partnership formed to take forward the vision for the PEZ. Within this group eight people emerged as a core group, mainly involving officers from local authorities, CELTEC and the two ES offices. This core group later evolved into the 'management group' for the zone.

In all five areas, core groups of partners tended to emerge early on, taking the lead both in inviting other organisations to join the partnership and in drafting the partnership bid

document (Liverpool & Sefton was slightly unusual in having used a consultant in anticipation of the announcement of zones, helping to bring forward its work on this document). Core partners were typically the local authorities, the TEC or LEC, and the Employment Service, with others involved as appropriate. In Glasgow for instance, the two long-established ILMs (Wise Group and Glasgow Works) and Community Enterprise Strathclyde were also core partners, whilst the Benefits Agency also came to be regarded as a central player. On the whole, the partnership ethos was an inclusive one across all of the PEZ areas, reflecting a widespread desire to contribute positively to the welfare-to-work agenda and to effect change locally.

No major tensions emerged about exclusion or inclusion of key partner bodies. In each area the numbers of partners tended to be substantial, at least 15. Glasgow had over 20 partners involved on its management board, whilst South Teesside had 17, plus a wider consultative group of 47 additional organisations. Typically partners would include each local authority area and the local TEC or LEC, at least one person each from the private sector and the voluntary sector, a trade unionist, and a range of providers, especially where these could also claim to be able to in some way represent a particular target group among the unemployed. In some areas, such as Liverpool & Sefton, the private sector was only weakly represented in formal and/or practical terms, though this situation emerged more by mutual consent rather than exclusion.

2.2 How partnerships evolved

Although there were uneven starting points for partnership development, all the zones were characterised early on by an effervescence of goodwill and enthusiasm towards the zone concept. In each area there was also a strong determination to make the zone partnerships work in the interest of a client-centred approach. Much of this motivation stemmed from the partners' belief that the PEZs marked a significant change in the government's approach to unemployment and labour market disadvantage, combined with a significant opportunity for experimentation within the new government's welfare-to-work agenda. In particular, partners were galvanised by the emphasis in PEZ guidance on encouraging local partners to seek out the possibilities for innovation and flexibility in bringing about reform. As one partner in Liverpool & Sefton noted of the emerging policy frameworks within which the PEZs were created:

The EZ took that [devolution process] further: here's a very loose framework; how can you help? ... The fact that could be determined locally really did engage people. How often do you see a city council take half a million pounds and throw it into an employment project? (Liverpool & Sefton, private-sector partner, round 3).

Despite such an abundance of goodwill, or maybe because of it, after a short time some dissatisfaction began to emerge, initially nationally and later locally, about whether the zones were spending too much time engaged in consultation and consensus building and too little time in getting the operational side of the zones moving. As one of the Glasgow partners reflected of the early PEZ board meetings, '*we probably reached the stage where it was an unmanageably large group*' (partner, round 1).

There are still debates among the partners about how severe this problem was, with some arguing that the diagnosis was correct, whilst others maintained that they were simply following government guidance to think strategically and that the best time to do this was early on. Clearly, though, the operational problems which the PEZs faced in setting up their new systems had been dramatically underestimated by both the local partners and national government. In practice, the lack of lead-in time for an experiment with such a potentially radical agenda undermined attempts to be innovative, as pressures to address performance targets were increased.

In retrospect we were rather naïve. We believed the rhetoric about what the Employment Zone was meant to be. It was meant to be local solutions, around the person-centred approach, about pooling resources greater integration and all the rest of it and we really went for it. I think we underestimated how much time it does take to reconfigure approaches and all the rest of it and get something like that up and running. I think government completely underestimate that as well. You do not develop those systems which are required to deliver that radically different approach overnight. It takes time (Liverpool & Sefton, local authority, round 2).

With the benefit of hindsight most partners came to acknowledge that the early problems of focus and delivery also had a local dimension. One of the problems which quickly emerged for all the PEZs was getting to grips with the large numbers of partners involved. In all zones, early meetings tended to be unfocussed and repetitive, as people who missed a previous meeting would interrupt to catch up on business already dealt with, memorably leading one partner in Glasgow to say that meetings there began to feel like the film *Groundhog Day*. In addition, many partners lacked a clear role within the partnership or lacked experience of partnership protocols (particularly in relation to

balancing their role as a PEZ partner with their ‘representative’ status for their own organisation and client group constituency). The problems on South Teesside and North West Wales reflected a more common set of problems during the early stages of PEZ development:

The zone was drifting. The whole thing became rudderless, mainly because of the management structure. The sub-groups, and I confess I was part of this, became poorly attended. The whole thing was a bit of a shambles (South Teesside, training provider, round 2).

The whole thing was far too big and not client-led. Someone said to me that it was like trying to run welfare-to-work through a Soviet-style system of planning - you know, having everybody round the table trying to have their say and with utter chaos breaking out all around us... There was also the problem of not having a central point of inquiry ... we desperately needed a co-ordinator and a back-up team to do the leg-work (North West Wales, public sector partner, round 2).

Prompted by a critical report from a consultancy firm hired by central government, the partnerships quickly reviewed their structures and protocols. The resulting restructurings tended to separate out more clearly the roles of executive steering groups (usually comprising a group of core local partners), responsible for overseeing operational issues, and management groups which took a broader strategic and accountability role. Two PEZs also took this opportunity to change their approach to chairing the partnership. Most notably, in Plymouth the initial system of having the chair’s role rotate between key partners was abandoned, being deemed to have created a strategic vacuum between meetings. Sub-groups were also rationalised, in order that partners with particular skills or interests could become directly involved without having to be part of the PEZ steering group.

Towards the end of the lifetimes of all of the zones there emerged a gradual drift away of some non-core partners. This appears to have been stimulated by a range of factors, none of them overwhelmingly dominant. Recurring themes include partners who became disaffected following the announcement of the FFEZ proposals and those who felt that having set the zones going and with limited operational time left, the main issues were procedural rather than strategic and could therefore be left to core partners and the executive staff. It is not surprising perhaps that the area where the PEZ concept was perhaps most enthusiastically embraced, Liverpool & Sefton, was the one where the

initial disillusionment and partner fall out was highest in the wake of the announcements concerning FFEZs.

I'm afraid the legs have been chopped from underneath the partnership ... A cynicism [has returned] that I didn't sense was around 15-18 months ago, the way this has been handled. I'm afraid, it's taken us back a long time and that's going to undermine the partnership (Liverpool & Sefton, public-sector partner, round 2).

However, in all areas the core partners clearly retained faith in the PEZ initiative and, after a few bleak months following the Fully-Fledged proposals, either reconciled themselves to the changes, recognising that withdrawal from assisting the unemployed could only harm them, or became increasingly determined to see the PEZs through in order to prove to the sceptics that, after the full two years of operation, they would be recognised as having been successful. In effect, towards the end of the PEZs' lifespans, while operational business remained much the same, the focus of attention shifted elsewhere, especially for the key partners. In particular, partnership-building and policy-development energies have been increasingly concentrated elsewhere, beyond the immediate remit of Employment Zone policy.

2.3 How partners contributed

What the partners contributed most was the time and expertise of their representatives, who all provided their services for free. In the case of the core partners this was often a considerable 'in time' contribution, with some partners also providing seconded staff and even financial contributions. In addition, partners brought varying forms of legitimacy because of their constituency group, from the elected mandate of local authorities, local employer representatives and the community base of voluntary groups.

In broad terms, *local authorities* brought the professional expertise of staff who frequently worked closely with the PEZ staff, plus some degree of legitimacy from their local democratic mandate, particularly where councillors became actively involved with PEZ boards. *TECs/LECs* were often praised for their contribution to the financial management of PEZs, and in some cases their financial contributions to PEZ activities. Occasional critical comments did emerge from some partners about the alleged outputs-driven nature of *TECs/LECs*, which was seen to be driving the PEZs in particular 'managerialist' ways.

The *Employment Service* contributed much in the way of staff time, particularly providing staff to work as personal advisers for PEZ clients. Local ES staff generated praise for their shift to becoming valued local partners, after years of what some interviewees characterised as ‘pariah’ status—as the policing arm of what was often seen as a punitive benefits regime. A widespread view encountered in the evaluation was that a far-reaching ‘culture change’ has indeed begun to take root in ES.

They have changed their position entirely... I do think they are becoming more entrepreneurial and more adventurous – more willing to take risks. And I think that’s exactly what is needed (South Teesside, community sector, round 2).

In turn, local ES staff warmly welcomed the opportunity to work under the PEZ ethos, with its promise of a shift from a rules-dominated culture to one where bending the system in order to improve client opportunities and encouraging individual resourcefulness, flair and inventiveness among advisers were more to the fore. In addition, as a personal adviser with a background in ES commented, *‘The networking with local partners, that we’ve never done before. That’s opened our eyes as to the roles of other organisations in the city that we never knew anything about within the ES. That’s a major change in the last 18 months’* (Liverpool & Sefton, personal adviser, round 3).

Uniquely, in Glasgow half the personal advisers were provided by the Employment Service and half by the network of *Local Development Companies (LDCs)*, which act as grassroots regeneration agencies across the city. The arrangements for the LDC-based advisers are interesting for several reasons: several partners argued that as they were based in locally-rooted agencies non-ES staff often were better able to appreciate client needs and develop a personal rapport (in contrast, several partners argued strongly that it was the individual adviser that made the difference, not their organisational background). Being locally based, the LDC-based advisers were able to ‘prospect’ for suitable PEZ clients within their communities, being paid a ‘bounty’ of £200 per client. However, as this £200 was not enough to cover the costs involved for providing the advisers’ services, the LDCs were making an important ‘in-kind’ contribution to the work of the PEZs.

Voluntary and community sector partners contributed most in terms of their knowledge of the client group. All tended to be very supportive of the PEZ approach, particularly its voluntary nature for clients. As such they were prepared to put considerable effort into supporting the PEZ at the personal level, though as often poorly-funded organisations they tended not to be able to contribute much financially. In addition, with the voluntary and community sector now also expected to make unpaid contributions to a variety of other local regeneration initiatives (SRB, the New Deals, European initiatives, and so forth) there were limits to the time and energies which could be devoted to PEZ activities (some employer body representatives made similar points, arguing that in consequence they tended only to maintain a ‘watching brief’).

Amongst some community and voluntary-sector organisations, these concerns have fed through into growing suspicion about partnership working in general. Here, there is a sense of ‘partnership fatigue’ in some areas, particularly when over-committed individuals are forced to make judgements about which partnerships are most likely to deliver locally and which initiatives represent ‘something different’. As the distinctiveness and future potential of the PEZ approach was eroded in the eyes of some partners—more often than not, *particularly* in the voluntary and community sectors—so energy and attention was refocused elsewhere.

One recurring theme across the zones was the difficulties faced in galvanising *private sector* support, both as partners and also as sources of potential placements and job openings. Clearly, some private-sector people did make valuable individual contributions to the work of PEZs. The more general lack of engagement at partnership level was sometimes said to be due to the particular individuals asked to represent the private sector, or sometimes due to the lack of incentive for employers to become involved in such initiatives (given that with local demand deficit the last thing most faced was recruitment problems). Some private sector representatives also argued it was not their role to create jobs and placements but rather to contribute a more general business perspective and that expectations other than this were based on unrealistic assumptions about what the private sector could bring to the partnerships. As one employer observed:

The employers sit on the edge of it all. Really as employers we haven't been sure what role we should play. I must admit, for probably six months of the partnership we were thinking 'what

do they want from us, what do they want us to do?’ (South Teesside, private sector, round 2).

Perhaps the final word on the way in which partnerships have emerged differently under the PEZ initiative, and something of the disappointment that the Fully-Fledged Zones were not going to build from this experience, is best left with the private-sector partner who remarked that that the PEZ had been *‘good in partnership building. Anything that gets ES, the business community, the TEC, local authorities or whatever into one room is not bad. Sadly, the benefits [are] not going to benefit EZ; they will benefit other things’* (Liverpool & Sefton, round 3). In this respect, the benefits of partnership working around PEZ issues are being carried through, though often via other strands of the local welfare-to-work agenda.

2.4 Partnership lessons and achievements

It is probably accurate to summarise this experience to be one where the institutional geographies handed down to the PEZs predetermined how quickly the local partnerships would gel, from the rapid response in Glasgow and Plymouth to the more tortured early experience of North West Wales. Having said this, much more was gained in terms of partnership development in those areas where PEZs created a new institutional geography, bringing together new sets of partners in ways which appear to have been almost uniformly beneficial. It is important to recognise in this that partnerships do not suddenly emerge as coherent bodies, but take time to develop their knowledge base and distinctive sense of purpose. One of the things which nearly all the partners claim to be taking away with them from the PEZ experience is an ability to work productively with a much wider range of partners than hitherto.

- ❖ The broad aims of the PEZs generated widespread support and enthusiasm amongst local partnerships, clients, and PEZ workers.
- ❖ Broad partnership support was achieved for systemic change, despite the fact that in many instances this has been disruptive of local organisational practice and established policy ‘turfs’.
- ❖ Evidence in all partnerships of an emerging capacity to think flexibly and collectively, share knowledge, and recognise the various strategic and operational capabilities of those involved in the Zones.

- ❖ Supportive and flexible approach on the part of ES locally; ES has become increasingly bound in to a local partnership approach in both strategic and operational terms. Partners tend to acknowledge ES as working with the community rather than simply in it.
- ❖ Central direction from DfEE proved helpful in directing PEZs towards a more focused approach. Whilst this top-down approach did cause some resentment, in many cases a mixture of pragmatism and reflection led to an acceptance of the need for change. Better communications could have helped avoid some local tensions.
- ❖ Real—as opposed to nominal—support of local partners and organisations takes time to build, but can evaporate quickly.
- ❖ Partnership working requires the effective separation of strategy from day-to-day operational issues.
- ❖ Some alienation developed amongst key partners following changes in Employment Zones policy; a widespread feeling among partners was that the PEZs were ‘blighted’ by shifting national priorities. If ‘bottom-up’ policy development is to occur, there is a pressing need to improve lines of communication, and dialogue, between national policy-makers and local partners.
- ❖ Tensions and misunderstandings did occasionally emerge amongst partnership organisations, particularly in terms of the ES role during the bidding process for FFEZs. By contrast, the perception of local partners being unfairly treated by central government helped to bring partners together more strongly at the local level.
- ❖ Involvement of non-core partners tended to be limited by the nature of the partnership and by their lack of available time and unclear roles.
- ❖ Changes in national operating frameworks may have impeded continuity and long-term planning, at the same time as helping improve focus on achieving key government goals.

3. Managing the PEZ process

The success of Employment Zones will be closely monitored. Indicators such as the number of participants who joint Employment Zones, the popularity of and numbers of participants on each of the three core elements and the effect on participants' employability shall be evaluated to determine the overall success of Employment Zones (Employment Zone Prospectus, September 1997: 20).

3.1 Assessing and accessing local provision

From the outset it was intended that PEZs should, where feasible and appropriate, use existing provision in order to avoid duplication. A consequence of following this guidance is that duplication appears not to have been an issue for any of the PEZs, though as some respondents did point out there is sometimes a fine line between what is deemed by some 'useful competition' and by others 'counterproductive duplication'. For much of the larger scale provision of training in particular, initial assessment of capacity and quality was possible because providers were already contracted to the local TECs/LEC.

Many partners were already very familiar with the nature of local provision prior to PEZ. Few, it must also be said, were satisfied with the overall quality and breadth of this provision. The strictly circumscribed ability to develop new provision under the PEZ regime was regarded as a significant shortcoming by some PEZ partners, though others stressed that the scope to shape advice, placement and referral systems afforded an opportunity to shift the balance and quality of local provision 'through the market'. In the final outcome, this latter area was where many of the PEZs concentrated their efforts.

The important point to highlight here is that PEZs were often most clearly able to pursue their mandate of local flexibility and innovation by way of new and/or unconventional routings through the pre-existing repertoire of education, training, and work placements. Particularly memorable was the client who told us how he had been on numerous government 'schemes' over the years, gradually building up his formal qualifications - but his gripe was that under previous schemes every time he wanted to achieve the next stage of qualification he would be first forced to pursue the levels which he had already taken. With PEZ, he had the ability to step off this bureaucratic treadmill

and consequently require trainers to meet his precise personal needs. This, he explained, was the power of choice. Precisely because he was not required to do the course under a mandatory scheme, he could actually get the training he wanted when he wanted, rather than endure months of futile repetition. During the study many different clients and partners contrasted the 'sausage machine' approach of the standard government scheme for the unemployed over previous years, with the more tailored provision available under PEZ. The courses may have been mainstream and standardised, but the routeways through could be personalised.

Such stories highlighted graphically how valuable the advice was in the PEZ prospectus that a key requirement would be for PEZs to be able to prove to clients the excellence of the options available. Only when the client has the ability to say no to sub-standard and/or inappropriate provision can they truly be said to be empowered. With PEZ they had that power and the benefits were clear in all our meetings with clients, who often commented on their appreciation of the greater sense of control over their job preparation activities. More than this, however, was the way in which empowering clients led to them taking a much more active role in identifying and accessing appropriate forms of provision. As one adviser readily admitted, much of the innovation within PEZs came from the clients themselves, not the partnerships or the advisers:

The whole ethos of EZ has been self-selection and the reason we've had such imaginative ideas about how to get people back to work is that we haven't thought of them, the personal advisers haven't thought of them, the people on the dole have (Liverpool & Sefton, public-sector partner, round 3).

The counter argument is that giving clients this power over their job preparation activities can lead to abuse of the system - for instance, people setting themselves inappropriate goals and undertaking training or education solely because it was relatively interesting or easy, rather than because it was useful and challenging in terms of improving personal employability. This is one area where, in retrospect, some partners felt that personal advisers had tended not to push clients hard enough towards employability outcomes in the early months of the PEZs. However, to the extent that such accusations had some early validity, such was the learning experience of the advisers and the pressures from central government, that after a year any such naiveté had been firmly replaced by more focused attempts to persuade clients to be realistic in terms of their aspirations and what they needed to do to make themselves job ready. Clearly,

however, a balance of some kind has to be struck between such an instrumentalist, job-orientated focus, driven mainly by system imperatives, and the wider objective of client empowerment through choice. Although many clients would indeed *choose* the shortest route to work, others were more concerned to find the most *appropriate* pathway to a *sustainable* job. Indeed, a familiar theme in our client meetings was that most ‘quick fix’ methods had already been tried (many times) by this client group, and what they wanted from PEZ was ‘something different’—in terms of support to take a more appropriate path into work.

By casting the partnership net so wide there seems to have been a strong awareness of existing local provision in each area, sometimes assisted by detailed local studies as part of putting together the initial PEZ bidding document. This said, not all personal advisers could have been expected to be aware of every single aspect of provision in their locality, creating some potential for unevenness in advice provided. This was particularly true of non-conventional or non-‘scheme’ routes for unemployed people. A widespread example of the wider horizons to accessing training provision evident within PEZs was the support given to passing driving tests for cars, passenger and heavy goods vehicles, where these would help improve employability (one example was a joiner who wanted to become self-employed but needed a car to transport his tools and widen his market area). Other examples include a person who just needed to top up his diving certificates to guarantee a job and numerous cases of people wishing to become driving instructors. The important point to be made here is that PEZ advisers used their local flexibility to access a much wider range of options than had been available to them under previous ‘schemes’ for the unemployed.

Where existing provision tended to exist in the training and business start-up areas, the pre-existing provision of Intermediate Labour Market options was very limited, except in the case of Glasgow. In Glasgow the approach was to use the existing providers and extend or tailor provision as appropriate, whilst providing more detailed support services for clients entering through the Employment Zone. Elsewhere considerable effort had to be undertaken to identify possible areas for ILM activity and to initiate projects in these areas. As we report below, for some partners considerable doubts emerged about the money and time spent on developing this area of activity. Where provision was effectively starting *de novo* the experience is that it took an inordinate amount of time

and effort on the part of partners and providers. In other cases, however, ILM development was viewed as one of the PEZs' enduring achievements. Local partners in areas like Liverpool & Sefton were especially keen to capitalise on the development work which had been invested in ILM programmes through PEZ. These would become a continuing feature of local provision in such areas.

3.2 Monitoring and evaluation

Monitoring and evaluation emerged as important themes in this study, following early complaints about the excessive bureaucracy associated with the zones and debates which emerged about how and when it was most appropriate to judge the lessons coming from the PEZs.

In terms of monitoring, in the early days of the zones the apparently excessive and duplicative process of form-filling in order to allow clients to move on to PEZ provision attracted considerable criticism from partners and more particularly from personal advisers and clients. Responding to these criticisms, the Employment Service subsequently streamlined and computerised the process which, though not unproblematic, reduced the number of complaints.

The significance of this set of concerns, however, ran rather deeper than simply excessive form filling. There was genuine concern that the problems were symptomatic of a gap between local partners and central government funding bodies, where local partnerships aimed for flexibility whilst central government imposed restrictive and seemingly inflexible procedures from above. Moreover, some people argued that excessive bureaucracy might help explain why employers had been slow to get involved with the PEZs, especially small companies, leading one person to argue that: *'If a small business took on a few Employment Zone people most of the time would be taken on paperwork'* (South Teesside, community sector, round 2). Here, the much-vaunted flexibility of PEZs was seen to come at a price: systems were being blended and reorganised but the bureaucratic procedures were not and straddling different delivery and funding regimes often led to a multiplication of demands and complexity. PEZ staff and personal advisers, in particular, complained that the time-consuming nature of this process did not seem to be fully appreciated by senior policy-makers.

One of the shortcomings across the zones until well into their second year was the paucity of their work in terms of structured client feedback and the monitoring of the success of different forms of provision. Whilst some of this is linked to the slow development of an effective national monitoring system, for most of the time the zones monitored provision through informal client feedback to advisers and providers. This procedure provided, at best, anecdotal views about how well different projects had performed and for some partners the lack of substantive data hindered their ability to make strategic decisions. Some PEZ boards, however, made creative use of client ‘case studies’ in assessing advice and referral systems and in exploring areas for further improvement in PEZ systems.

Higher level evaluation elicited some of the most critical comments from our respondents. In particular, partners frequently commented on how their perception that changes in central government advice and the announcements surrounding FFEZs were being taken without appropriate evaluation having been undertaken. Most significantly, the argument from several partners and PEZ employees was that, not only was the PEZ experiment itself too short to achieve the radical aims that had been set, but that decisions on which parts of the zones’ activities had been unsuccessful or successful were made far too early to allow for any learning process and adjustment to take place during their lifetimes. Several respondents felt that shifts in national policy had seemed to be occurring in ways that were almost impervious to the on-the-ground experience of PEZs. On occasions, this bred frustration and even cynicism about the direction of Employment Zone policy and the scope for locally-formulated policy innovation. As one person forcefully put it

We have learnt that Government has got a degree of impatience and they’re not prepared to see what works. They designed the Fully-Fledged before we’d fully evaluated and implemented the Prototype. Now on what basis did that suddenly emerge? We’ve set up an experiment for two years, two-thirds of the way through it we’re going to have another experiment before we’re able to see clearly whether that experiment has actually worked! (Liverpool & Sefton, public-sector partner, round 3).

Most respondents were sufficiently worldly as to have experienced major shifts in policy direction before. Where, however, the PEZ initiative was different, if not unique, was in the explicit nature of its experimental method and learning ethos. In this context, not

only was policy learning expected to occur, it was one of the primary aims of the initiative and had to be *seen* to occur. An extremely widespread perception amongst local partners was that decisions were repeatedly, and indeed increasingly through the lifetime of the initiative, being taken ‘above the heads’ of the zones. Whether fully warranted or not, this must be a source of concern. Indeed, at the local level, the very presence of such perceptions tended to erode the credibility of the evaluation and policy development process and, by implication, that of the FFEZ proposals. It created a degree of awkwardness in the conduct of this research project, as individuals interviewed three or perhaps four times in the course of a two-year evaluation expressed a growing sense of exasperation that—for one reason or another—the messages did not seem to be getting through to national policy-makers.

3.3 Marketing and communication

One of the areas where PEZs encountered criticism was in their early approaches to marketing and communication. The general consensus is that the zones were initially slow in developing their work in this area. Partly this reflected other priorities taking precedence. In some instances a lack of marketing activity reflected a deliberate decision by partners not to ‘over-sell’ the zones, for fear of generating a demand which they did not have the funding to meet. However, the problems seemed to have been more deep-seated than inattention to marketing. When we examined the responses for slow early recruitment on to the zones it became clear that a number of inter-related problems existed, including a lack of clarity about whether EZ referrals could be counted towards ES staff targets and in some cases slow recruitment of core staff and personal advisers. In addition, some ES advisers less directly involved with the zones were unclear at first about their role and remit, which as one of them told us, led to a reluctance to refer some clients on to the zones:

At first there was a little bit of reluctance ... We knew that these people had huge barriers, and there was a sense that we had to try to help them ourselves, rather than palming them off on to EZs. But then we realised that that was not the way to go, and that different packages can be put together to help the client... But I do think, certainly in my office, there was initially a reluctance to pass on to the EZ advisers some of the ... more difficult clients (Plymouth, Employment Zone worker, round 2).

Once the issue of slow early recruitment of clients was highlighted by central government as a particular area of concern, increased effort was paid to marketing, with some zones producing locally-tailored brochures for distribution and in at least one case, a video highlighting examples of clients who had benefited from joining a zone. In addition, the zones came to realise that they would need to engage in more work in bringing the zones to the attention of potential employers as participants came closer to job readiness. One consequence of the poor marketing of PEZs was in creating a distinctive message which would enable employers to distinguish them from New Deal activities. As one respondent told us, *'As far as employers are concerned, it's a bit of a free-for-all'* (South Teesside, quasi-public sector partner, round 2). Improving employer awareness proved problematic, however, both because of confusion among some employers about the difference between competing government initiatives in this area and the amount of work it would have required from EZ staff. In North West Wales for instance, the economy is very much based on small firms, creating quite serious challenges for communication and marketing.

The other area where communication was central to the PEZs was in working with clients. At one level, the much closer relationship with personal advisers provided a useful avenue for mutual exchange of information, for clients about EZ entitlements and activities and for advisers about client perceptions. Nonetheless, in our focus groups we frequently found people identified to us as EZ clients who came to the meetings not really sure what their own status was. Sometimes, it was only talking during the meeting to our participants that they became fully aware that they were on EZ provision and what this might mean for them. Indeed one of the main benefits of these meetings for clients was in exchanging information and knowledge with one another. Given the individually tailored nature of routes through EZ provision, it does seem as if some clients inadvertently appear to have been left without access to a peer group.

Clients generally felt that they were able to respond to any problems which they encountered, usually citing either their adviser or the person responsible for the particular aspect of provision they were engaged with. Interestingly enough, the fact of their voluntary participation was seen as central as a bargaining tool in helping them resolve problems - clients felt genuinely empowered to influence not only their choice of

provision but also to comment on the value of the provision to them. If necessary, they would vote with their feet and move off inappropriate or poor quality projects.

Overall, marketing was not a particular success story for the PEZs, though partnership level communications between different players in the labour market was a different matter. Here, there seems to have been a real and generalised improvement in communications and, more importantly, mutual understanding. As one PEZ personal adviser observed, *'With Employment Zones the personal links are much closer. Previously there was little communication at all. EZs mean that we have closer links with the providers, businesses, and the unemployed'* (North West Wales, round 3).

3.4 Funding strategies

The bulk of funding from PEZ activities was indirect, consisting of accessing existing government-paid provision for the unemployed. Specific monies for PEZ activity tended to be quite small, averaging at about £1-2m per zone. This could be used for activities such as the core management functions of the PEZ and also for identifying and filling specific gaps in provision or addressing particular labour market barriers.

But in general, one of the areas where PEZs failed to make as much progress as they had hoped was in bringing together different funding regimes.

The idea of drawing together other funding looks easy. You can say it in a sentence... That's a very, very difficult thing to do. We've all got different outputs and targets and rules and regulations and things we've got to do with our funding ... And to do it takes time and trust...you need years; you don't need 18 months (Liverpool & Sefton, public-sector officer, round 2).

For some partners the relative lack of progress on this front reflect the lack of support they got elsewhere, not least in their funding submissions. For instance in two zones, failed applications for European Social Fund schemes submitted by the PEZs were felt to have held back some of their work. Whilst some partners were willing to accept this might have been due to poor quality submissions, others argued that a stronger role from Government Offices for the Regions might have helped them overcome such obstacles and helped in the broader goal of 'joined up' policy development within government. This connects with the findings of a DETR study into the coordination of area-based

regeneration initiatives, which found links between different bidding programmes also tended to be under-developed, with Employment Zones highlighted as particularly problematic in this respect (DETR 2000).

The main benefit flexibility which became incorporated into the Zones was the ability to pool averaged-out unemployment benefits of £75 a week per head into ILMs, in order to support work placements. However a widespread concern among partners was that they had been unable to explore fully the potential for local benefits flexibilities because of a failure of both local and central government departments to allow greater flexibility, for instance concerning housing benefits. A particular grievance was that after asking each partnership to submit projects to explore benefit flexibilities, a process known as Permission to Pilot, very few were actually allowed to be taken forward in a positive way. This ‘flexibility denied’ narrative was a powerful one among many partners, across all sectors.

Giving an honest view, I still don't think the promise of EZs has been realised [...] you're told to be innovative – you're told to think the unthinkable – you're told to change things to make a difference – but at the same time you're told you've got to do all this in a 2-year timescale and you've got to meet targets or you don't get your dosh. Those two things don't sit well (South Teesside, public sector partner, round 2).

While this is a powerful argument, the *real* significance of ‘flexibility denied’ is extremely difficult to assess. Some local partners may have been exaggerating the size of the ‘flexibility dividend’—to be yielded from streamlined benefit procedures, for example—in PEZ performance. Shifting national policy parameters meant that the *potential* role of benefit flexibilities could not be quantified, yet as a signifier of restricted local discretion and truncated scope for experimentation this has acquired a powerful resonance with many local partners. Somewhat conveniently, of course, ‘flexibility denied’ is a message which allows shortfalls in local PEZ performance to be explained away by reference to external constraints. In reality, of course, the truth is lies between these polar positions, but the politicised nature of this question means that conclusive answers are likely to remain elusive.

3.5 Managing the zones

There are a number of other PEZ management issues which merit mention and which we include here. Many of these relate to the initial bid documents, which had to be put together to a very tight time scale.

One set of inter-related issues which came up in all the zones was that in putting together their bidding documents the prospective PEZ partners seriously under-estimated the time and energy it would take to become operationally effective. This said, there are different views among partners about whether the slow start in work on the PEZs was strategic and valuable, or simply a mark of over-optimism and even naïveté. The conflicting interpretations of two partners in Liverpool give a sense of the polarized views which emerged

Slow start. Deliberate slow start. We wanted it slow because we wanted to avoid going in with the big bang approach that has failed so often in the past. So we wanted to learn as we went along and we felt that we did. As it bedded down, more money became available through matchability of European funds, and the whole thing gathered pace (Liverpool & Sefton, public-sector partner, round 3).

We screwed up on the lead-in time. I think every zone did because we thought we could do it from straight off and all we were doing was patching together some old stuff in different ways. We had all the parts. That still took us an additional four months to get running properly. Goodness knows what it's going to be like [for the FFEZ] (Liverpool & Sefton, private-sector partner, round 3).

The need to appoint and train staff were central issues here. A key message to emerge from Plymouth was that early appointment of core staff was essential. Delays in appointing a zone manager were widely held to have contributed to some of the initial problems of the PEZ, including slow recruitment. Similarly, delays in appointing a full team of advisers hindered recruitment of clients and burdened those already in post. Compounding this problem in some ways, the response of some zones to early capacity constraints was to delay or dilute marketing plans so as not to over-burden the system.

After experiencing teething problems a number of zones put considerable effort into providing networking and development opportunities for advisers. Some zones also found it useful to help focus partners' work by holding 'away day' style events to work on

strategies and approaches as a means of developing awareness and ownership of zone policies.

Another widely acknowledged failing was in setting overly ambitious targets in the initial bidding documents. Such over-ambitious targets resulted in all the zones at one stage or another re-negotiating their contracts to reflect a more realistic assessment of possible recruitment. Whilst some of these downward revisions reflected the fact that with declining numbers unemployed the client group had itself diminished in size, many core partners in the zones also acknowledged (with the benefit of hindsight) to having set over-optimistic targets in an attempt to ensure the success of their bid. This propensity of competitive bidding processes to induce ‘target inflation’ needs to be borne in mind in future initiatives, because as the PEZ experience shows a ‘false start’ in this respect can be very damaging. In the PEZ case, many partners and officers felt that it led to the initiative’s premature branding as a ‘failure’.

Finally, returning to a theme already well-rehearsed here, some partners felt that central government had been overly prescriptive in guiding PEZs towards improving their outcomes performance. In essence, the argument tended to be that there is an inevitable balancing act between risk and innovation. Some partners felt that successive government announcements were effectively intended to ‘punish’ the PEZs. This was in turn seen as a way of prescribing the limits of innovation, since any activities which did not yield quick results in terms of job outcomes came to be seen as politically risky, meaning that work with the most socially-excluded parts of the client group in turn became in this sense ‘risky’.

There is this view that prototypes haven't achieved their objectives. That reflects a lack of understanding how difficult it was to get this off the ground and to be different. You cannot set up ILM overnight. You really cannot. Secondly, delivery plans were predicated on the assumption that [the EZ would be] allowed to do things differently, but the reality is I can't think of a single thing that's been allowed to be done differently ... All of that impacted on the delivery plan. We had to deliver within the traditional statutory constraints (Liverpool & Sefton, public-sector officer, round 3).

Such concerns stoked a cumulative sense of grievance amongst some partners and led to a degree of disengagement on the part of others. Those who adopted a more pragmatic and instrumental line—a small group of partners initially but perhaps the majority by the end—did so in the knowledge that the PEZs probably lacked the time or resources to

‘perform their way out’ of this dilemma. Either way, the long-run future for the PEZ initiative seemed clearly to be limited and these short time horizons sapped both the desire and the practical scope for innovation and risk-taking in the second half of the PEZs’ operational existence.

3.6 Management lessons and achievements

Those responsible for running the Prototype Employment Zones and many personal advisers displayed a very high level of commitment and enthusiasm to the goals and aspirations of the zones. This was noted not only by the workers themselves, but also by partners and clients. Virtually without exception, those running the PEZs felt that it provided them with the ability to make a useful contribution to the lives of their clients in a positive environment. This was frequently contrasted with the so-called ‘sausage machine’ approach of previous government training programmes for the unemployed which many said they had previously been involved with operating or policing.

There was a genuine feeling amongst those responsible for the PEZs that they were pioneers and also ambassadors for a distinctive approach within the government’s welfare-to-work agenda. Perhaps not surprisingly, given this level of commitment, initially they tended to respond poorly to external criticisms, whether direct or implied. Whilst laudable in one sense, the fact that after a period of time the criticisms were often acknowledged as being valid in some respects, and then acted upon, draws attention to a potential flaw in the PEZ approach. So enamoured were workers with the value of their day-to-day activities that sometimes they failed to be sufficiently self-critical and strategic, and tended to blame external factors for many of the problems they encountered.

Although this may be understandable in the context of the rapid changes which the zones were trying to bring about on the ground, it nonetheless remains an important lesson. The crusading zeal of the early PEZ development phase was very effective in galvanising the support of partners and building the case for systemic reform, but it may also have led to a certain lack of critical self-awareness amongst the PEZs. Located, it seemed, in the vanguard of the welfare-to-work policy development process, the PEZs perhaps did not *expect* to be subject to criticism at the very beginning of their operational lives. Failing to anticipate the degree of political impatience and bureaucratic urgency in

the welfare-to-work agenda, the PEZ partners genuinely believed that the experiment would run its full course before being assessed. Hence their surprise at the harsh implied judgement embodied in the FFEZ proposals.

What this section has begun to highlight are the different narratives of success and failure among partners. Some condemned changes to the PEZs, maintaining that with more patience on the part of national policy-makers, the benefits of the PEZ initiative would have spoken for themselves—in other words that the basis of a successful system had been put in place, but just needed more time to prove itself. Others, however, continue to insist that ‘flexibility denied’ is a key element of the story—or that local initiative has been repeatedly stifled by limitations in the national operating environment. Neither version has an adequate explanatory capacity: the PEZ initiative was a complex interplay of local and central responses to perceived short-comings in the early days of their operations, which led to the creation of new operational imperatives and some questioning of the roles of local initiative and local policy development in welfare-to-work. One consequence of this rapidly iterating policy environment was that a stable and consistent ‘picture’ of the PEZ experiment was never given the time to emerge. National and local policy-makers seemed to be looking down different ends of the same telescope, and rarely saw the same image.

- ❖ The PEZ remit was an ambitious one, which took longer than expected to realise; many partners argued strongly that their critics had failed to judge them over the whole of their lifespan.
- ❖ A perceived failure to emphasise marketing and publicity, both to clients and to employers, or to pitch it at the right level, was noted.
- ❖ Excessive bureaucracy impeded the work of advisers in particular for the first few months. To its credit, the ES nationally responded quickly to complaints, introducing a computerised system which helped streamline the process.
- ❖ Systemic change at the local level requires a relatively long policy horizon and secure funding streams; uncertainty saps innovatory potential, while long-term objectives are not always compatible with short-term targets.
- ❖ It is difficult conclusively to separate out the relative effects of participation rules, programme design, the personal adviser system, labour market conditions, etc. in what proved to be a short-term, multi-dimensional initiative.

- ❖ There was a tendency amongst PEZ partners and workers to highlight external causes for programme under-performance ('flexibility denied'), when this may be just one of the factors at work. Following on from this, adverse local reactions to central government direction were sometimes initially over-sensitive.
- ❖ A preoccupation with balancing the books as PEZs came to an end threatened to undermine their broader ethos.
- ❖ The client-centred 'employability' approach takes a considerable amount of time to become embedded within the organisational culture of those dealing with the unemployed.
- ❖ Innovation restricted by a lack of creativity and/or expertise in the partnership, a tendency to 'play it safe', particularly once meeting targets was forced up the PEZ agenda.
- ❖ Whilst community outreach was effective in some zones, notably Glasgow, in others it was relatively weak, whilst employer outreach work was generally under-developed, reflecting the fact that funding had not been ear-marked for this work.
- ❖ Complex, multi-dimensional initiatives like the PEZ are difficult to evaluate conclusively, at least in the short term; policy messages are therefore never simple and unequivocal, even though they are sometimes interpreted in this way.

4. Meeting client needs

At the heart of the Employment Zone concept is a commitment to give individuals a wider choice of paths out of unemployment. Individuals will be given a sense of ownership and choice which will help them improve their own employability (Employment Zone Prospectus, September 1997: 4).

4.1 Targeting clients

The main client group for the PEZs consisted of people unemployed for over 12 months. However, it was possible to join an EZ immediately on becoming unemployed for those with disabilities, those requiring help with basic literacy, numeracy and spoken English (Welsh for those in Wales), returners to the labour market, lone parents, ex-offenders, and those affected by large-scale redundancies. In addition, the government's guidance to PEZs stressed their role in addressing social exclusion and assisting those people most vulnerable in the job market. Building from this guidance, some PEZs identified particular 'target' sub-groups: a target of 15% of clients aged over 45 in Plymouth, whilst in Glasgow specific targets included 15% of clients being lone parents, 10% aged over 45, 10% with disabilities or major health problems, and 60% unemployed for over two years. Alternatively, in South Tees no specific target groups were identified, with a preference for taking on all who were eligible. Similarly in Liverpool & Sefton, initially there was a view that all eligible clients should be targeted, though subsequently a more targeted approach emerged which focused on job-readiness, in order to achieve targets on job outcomes.

Particularly in the early months, most PEZ workers seemed to relish the challenge of identifying and tackling those within the client group with the greatest problems, particularly those unemployed for very long periods. This in some ways made the task of the zones harder, since in choosing to focus on some of the most socially-excluded parts of the caseload meant that many clients were going to require a long period of assistance and/or intensive support. Indeed, even with the full 12 months of provision, some might not become job-ready. But it was a powerful part of the PEZ ethos in their early days not to 'cream' off the most job-ready clients in order to reduce costs. And to be fair, even after the zones had acknowledged and acted on external pressures to produce more rapid outcomes (that is moving clients more quickly from JSA into work), the

prevailing view of partners and workers is that they resisted overt creaming and maintained some of their outreach work. This said, inevitably, a shift in emphasis did emerge over time, creating real dilemmas and frictions:

We've already got a lot of the hardest-to-help on the books so its going to be really hard for us to change in line with the new philosophy and get people into jobs ... [Output targets mean] that we are telling advisers to get people who will take the absolute minimum time to get into work, which means we are now directly competing with the New Deal 25+ (Plymouth, Employment Zone employee, round 2).

What we've got emerging in our client group is the danger of the cream of the crop getting creamed off. In our case we've estimated that up to a third of our client group may be people with an offending record of some kind, which makes it even more difficult to get these people placed. The temptation of the EZ is to push them to the back, park them and get on with the two-thirds you can get paid for. Where's the incentive? I can't see that the system of reward is set up in such a way that we can genuinely focus on equal opportunity issues, and that worries me (Plymouth, public sector, round 3).

With the benefit of hindsight, external pressure to improve the focus on job outcomes was seen as inevitable and to a degree welcome. As one adviser succinctly put it:

Initially, when EZ was set up it was very much 'whatever the client wants was what the client gets', so that if they wanted to be a brain surgeon but there was no demand, you still allowed them to be a brain surgeon. But, certainly, since Christmas the policy has changed, so that it must be realistic and they must have the capabilities of being able to do it, and it must be linked directly to what the labour market needs. The focus in terms of it being a job-drive initiative has become very clear. (South Teesside, PEZ worker, round 3).

A fairly widely accepted position now is that early on PEZ advisers had too often assumed that a full 12 months' entitlement was the norm for most clients, and focused on devising 12-month programmes to improve employability. Alternatively, the pressure for rapid outcomes created a danger of insensitivity to the problems of the most severely disadvantaged in the labour market, leaving them to slide down the list of PEZ priorities. In the event, a position somewhere between the two extremes emerged, as PEZs sought to encourage those clients closest to job-readiness through the system more rapidly, whilst remaining sensitive to the need for longer durations of assistance for those most in need.

Especially valuable was the pioneering outreach work of some of the PEZs in tackling client groups usually ignored by government initiatives for the unemployed. For instance in Glasgow, some community-based outreach workers developed interventions with

people in prisons about to be released and become unemployed ex-offenders. Similarly in North West Wales, the zone is particularly proud of its work in assisting individuals with a history of mental health problems. Tackling social exclusion in these ways, attempting to intervene before problems become so entrenched that they become even more difficult to address, needs to be seen as one of the key achievements of the PEZs. Whilst such experience will not be directly replicable under the FFEZs, which do not have the same flexibility in addressing the needs of special case exemptions from day one of unemployment, nonetheless, some lessons can be learnt for other initiatives working with the socially excluded.

4.2 Identifying client needs

At the labour market level, client needs were largely identified in the original PEZ bid documents, compiled using a combination of secondary labour market information plus inputs from specific research, often undertaken by partners.

At the level of the individual, assessment of client needs was essentially undertaken through early work between clients and personal advisers. This usually involved a series of interviews between the advisers and clients as they attempted to identify clients' existing work-related skills and experiences, any labour market problems, job aspirations and from this the ways in which personalised route ways could be constructed through the available mixture of PEZ provision. For some clients, fairly simple routes through just one form of provision might have been all that was required. For others, complex trajectories might be called for, starting with work on numeracy and literacy, or basic skills training, then moving through to more advanced training, and subsequently on to a job placement, perhaps in an ILM. Personal advisers, dissatisfied with the traditional one-size-fits-all approach, would often make the maximum use of such flexibilities. Clients, too, responded positively to such 'tailored' approaches.

4.3 Caseload management and personal advisers

One of the stand-out successes of the PEZ experience has been the role of personal advisers. Both clients and partners were emphatic that personal advisers had become

more sensitive to client-needs, and indeed were central to the evolution of a more client-centred approach. As two clients explained,

Under Restart, there was too much pressure and they just pushed me around. Under Employment Zones the advisers are in touch with us and they seem interested in us as people (North West Wales, client, round 2).

[The personal adviser] said there's this and there's that, and instead of saying 'this would be best for you', she said, 'What do you want to do?'... It gives you self confidence (Glasgow, client, round 1).

It is worth emphasising that this was not a quickly won battle, but required a considerable culture change for many people. During the early days of the zones the client-led nature of provision was not being fully explored. Some partners still saw Employment Zones as yet another training scheme driven by national targets. According to one person with long experience of working with the unemployed:

The Employment Zones concept was initially hard to grasp ... We had been running ES and TEC-backed training and employment initiatives for years and when EZs came along we thought this was more of the same, you know, come up with courses first and then pack them in ... The unemployed frequently came last and you couldn't really refer to them as clients (North West Wales, public sector, round 2).

But the change in ethos very quickly emerged and took root, becoming perhaps one of the most important successful innovations associated with the PEZs. Personal advisers were particularly vocal in pointing out the difference which the PEZ approach made to their ability to undertake (and enjoy) their work, emphasising how the changing balance of power between them and the clients had in some senses made them more accountable, which clients tended to respond to positively. Personal advisers themselves stressed how it was that a combination of a positive approach, greater continuity in client relations and a voluntary participation environment had helped to transform the advice and referral process. The following comments from a discussion group with personal advisers are illustrative:

The fact that you can say yes is the best thing. Most of us have worked in ES for years and years, and you used to say 'no, you can't go to college more than 16 hours', 'no, you can't have your benefit if you go to college', 'no, you can't do that course because the TEC won't pay for it'. The best thing I've found is you can say 'yes, you can go to college', 'yes, you can keep your benefits', 'yes, you can do a non-mainstream training course'. It makes you seem like you're not the enemy any more (Liverpool & Sefton, personal adviser, round 3).

You gain the trust of clients. We never had that before. We never got the whole picture. Now they learn to trust you... As you know more about them and their family background, the chances of helping them into work are much better (Liverpool & Sefton, personal adviser, round 3).

What's really changed for me was the way clients viewed what we do. That is a definite change for the better. There's this sense now that people are more prepared to listen to what you've got to say. They accept what you say and our accountability is on the line because we're more open to criticism. I think it's a change for the better from the adviser view, and for the client (Liverpool & Sefton, personal adviser, round 3).

The alternative view, as already noted, is that on occasion some personal advisers tended to become too much taken up by the 'social work' dimensions of identifying a client's barriers to employment, which were often rooted in deep-seated personal and family problems. As such there were suspicions among some partners of 'client capture,' where the emphasis became too much fulfilling the clients' general wishes rather than their much more specific needs in relation to getting employment. It is important to set such criticisms in context: such comments were the exception rather than the rule, partners tended to suggest this was a minority problem rather than a widespread issue, and also the comments were generally made as part of trying to rationalise the pressure the zones came under from central government to become more 'output' orientated.

It is also worth noting that some of PEZ partners were concerned that, in wider policy circles, a simplified and exaggerated interpretation of the role of the PAs might have been gaining undue credibility. According to one interviewee, *'That's where the policy has gone wrong. What's percolated up to the top is PAs good, Job Centres without PAs bad. So what do they do? You've got man-to-man marking now! Every body who's unemployed gets a PA'* (Liverpool & Sefton, voluntary-sector officer, round 3).

An as yet unresolved question concerns the relative importance of personal adviser systems *per se* and the operation of such system *in the context of* the PEZ policy environment. Many partners argued that it was the latter, more comprehensive approach which actually yielded the results: personal adviser systems, in this perspective, were effective by virtue of their embeddedness within a wider policy package (including *inter alia* voluntary participation, distinctive branding and an inter-agency approach). Others argued that the personal adviser system itself was the key ingredient and that this could be deployed effectively under a variety of contexts—for example, alongside either

mandatory or voluntary participation rules. Because these approaches have yet to be trialled side-by-side it is impossible to state unequivocally how much value-added personal adviser systems can be expected to yield in their own right. This is perhaps another way in which the PEZ experiment has been somewhat truncated.

4.4 Learning for Work

Central to the PEZ approach was avoiding duplication of activities by calling upon existing provision as much as possible. As such whilst the PEZs did engage in some innovative new forms of provision, for the most part innovation came through stitching together provision in ways tailored to the needs of individual clients. In this sense the actual forms of provision tended not to attract strong criticism or strong praise, more a general acknowledgement that in general this aspect of provision was going well.

What we have now is a much better engineered range of provision than we had before, but it's the same range of provision ... We've got add-ons, but to the guy in the street who's been through Restarts and been through TjW they would say 'what's different here?' ... The PEZ would have made some improvement to the lot of local unemployed people, but it wouldn't have been a radical change by any measure (Liverpool & Sefton, training provider, round 3).

Clients on LfW were largely satisfied with their experiences, although reflecting the changing pressures to achieve outcomes later in the lifespan of the Zones, one client suggested that there was too much pressure to move on:

[My adviser] is going 'well you've got an NVQ out of it, now you've got to find a job'. But without level 3 spraying there's no way anybody is going to sign me up. It's 4 or 5 weeks since starting the course. It's a 6-month course. My paperwork is right up to date, but there's no way I'm going to finish that in a month and go out into a garage. I can't see the point of them saying 'you're on EZ we've got to find you a job'. There's no way I'm going to get it [...] you've got a 99% chance of walking into a garage at the end, but there's no chance where we are now (Plymouth, client, round 3).

4.5 Neighbourhood Match

Intermediate Labour Market approaches attracted considerable attention from policy makers in the late 1990s as a potentially cost effective means for helping the unemployed find work. The basic model involves transfer of benefits and training allowances into a single pot to create support for unemployed people who are taken on to 'work' in the

ILMs, thus gaining valuable work experience. It is difficult to generalise the work of the ILMs as they have become more diverse but typically they contract with government or other bodies to undertake socially-useful activities on the understanding that they will provide work experience and training for the unemployed. Though much of the work is what might be deemed as ‘socially useful’ (examples include cycle repair, furniture for sale at low cost to unemployed people, and security, gardening, and landscape work for local authorities), increasingly some of it is more commercially orientated, for instance a call centre service for small firms has been developed in Glasgow.

Under ILMs, the unemployed are taken on as ‘waged workers’ rather than categorised as unemployed and indeed in some versions they are encouraged to leave state benefits and instead receive an actual wage, taken from the pooled benefits and training funds. In some models, clients have the option of taking ‘benefits plus’ some level of additional money. The waged version offers the value of changed status and improved self-perception, whilst the ‘benefits plus’ version is particularly valuable for those reliant on the benefits system to cover their mortgage interest repayments (the problem being the time lag in eligibility for this form of benefit for people signing back on to benefits) and those who feared a cut in housing benefits if they signed off their existing benefits. One of the interesting innovations in the PEZs has been the emergence of a *‘benefits passport’* whereby clients have been guaranteed a return to benefits at previous levels if they sign off to take up a waged-work option or attempt to start up their own businesses.

In contrast to the well-developed infrastructure for Learning for Work, in the area of ILMs only Glasgow could boast a well-developed infrastructure, though some early projects did exist in Liverpool & Sefton. However in North West Wales, Plymouth and South Tees, ILMs were virtually starting from scratch. At one level this generated considerable early enthusiasm for being able to expand provision for the unemployment in radical ways in four of the zones. At another level, these raised expectations were to lead to some later disillusionment about whether the ILM approach had delivered as much as had been hoped for.

The experience in Glasgow was rather different, as in the Wise Group and Glasgow Works it had the two main ILM pioneers, each with a proven track record. Rather than develop new projects, the Glasgow approach was to use these two existing providers,

albeit that Glasgow Works is essentially a model and umbrella vehicle for ILMs which local groups can use to develop new provision. By and large Glasgow remained immune to some of the doubts which beset partners elsewhere, where provision was developed specifically for the PEZs and was often costly and time consuming to initiate.

As one partner told us, *'Neighbourhood Match is working, but it's a hell of a lot more expensive than we ever expected it to be ... Please remember that it is very expensive'* (Liverpool & Sefton, training provider, round 2). The cost of such provision, a local provider pointed out, must however be seen in the context of continuing weaknesses in the private labour market in the Zones:

One of the main reasons why people are unemployed in an area like Liverpool is basically because there aren't enough jobs. It's not because they haven't got a suit, it's the jobs don't exist! ILMs are a way of actually giving people meaningful and relevant work experience, effective training and providing them with a job—albeit a temporary one. So you can start to use them in a way to bridge a little bit of that gap. I think the zone has helped to establish some sort of priority for ILMs (Liverpool & Sefton, training provider, round 2).

In Plymouth, inexperience and also the well-intentioned desire to get ILMs up and running quickly did lead to some problems, including the unique decision of the Plymouth partners not to allow a 'benefits plus' option, which immediately meant some clients would tend to be more cautious about ILM opportunities. In addition, rather loose contracts were initially issued which reflected some local confusion about the role of ILMs, in particular how to balance the desire to provide both training and work experience.

Whilst clients tended to be reasonably comfortable with ILMs, many pointed out to us that they were useful largely as work experience in the absence of a substantial work placement initiative among private-sector employers. There was still a sense, then, in which ILMs were not being compared favourably to 'real' jobs by clients.

ILM was [seen as] a universal panacea. ILM is nothing more than an intermediary step. It isn't what I'd call a permanent full-time job. You have no intention of spending the rest of your life on ILM (Plymouth, client, round 2).

In my experience of ILM it sounds a wonderful thing to start with: you're going to be doing proper work and getting a wage. But when it comes down to it, under the guise of training you to be part of it, they get a 40-hour week for very little in return (Plymouth, client, round 2).

Some of the criticisms of ILMs reflected a partial understanding of their role within a holistic local regeneration process. In particular, there were often unrealistic expectations of ILMs becoming commercially free-standing at some stage, in spite of their working in socially-useful activities which by their nature were at best usually commercially marginal areas. As such, supporters of ILMs tended to counter critics by arguing that in order to appreciate the ILM model it was important to judge their outcomes not simply against successes in job placement, but also against their wider achievements in meeting local social needs.

For most of the PEZs, developing ILMs has been an important learning experience. It is now widely accepted that ILMs constitute an important element—but only one element—of a broadly-based and well-founded local provision base. But as in so many other aspects of the PEZ experience, the benefits of ILMs seem more likely to be captured in the medium to long term rather than the short term. And crucially for the PEZs, these benefits would not be likely to be evidence within the operational life of the PEZ initiative. The PEZ experience shows that ILM development calls for patience from policy-makers and stability from funding providers.

4.6 Business Enterprise

Business Enterprise was the area which attracted least numbers of PEZ clients. This might have been anticipated, given that the main client group had been unemployed for over 12 months, and not surprisingly the majority lacked the capital reserves and network contacts to start-up successful new businesses.

Whilst partners tended to downplay this aspect of their work, often because they were unaware of what was being done locally, those people who opted for provision in this area tended to be very positive about their experiences. As the general framework for business support is already well-established in most areas of the country, the PEZs generally tended to seek to tap into existing provision. The main difference that the zones made, which clients commented positively on, was the ability to test out an idea for the duration of their provision whilst still receiving benefits. If their venture worked they would continue to receive support in becoming self-employed and leaving benefits. If the business proved not to be commercially viable clients remained eligible for all their

benefits—as such a major risk element had been taken away. The example of Business Rehearsal in Plymouth is helpful here. It allowed clients to retain their benefits while developing and operating (rehearsing) a small business for up to six months, during which period they could also receive support from business advisers. One client's experience helps highlight the way in which the system worked.

Business Rehearsal is really worth it. It really is. You can get £400 through achieving one unit of an NVQ. I was unemployed without a penny left. I went down to see my adviser and they said I could have a £400 grant I didn't have to pay back. I haven't got a car and I'm a decorator. I'm working. I've got contracts. I've advertised in shops and those sorts of places. I've got 42 years experience and references. I've got loads of people who have phoned me up. I'm working locally so that I don't need a van yet, but I'm just starting to get enough money. At the end of 6 months all that money is yours. You get every benefit, plus £20 training allowance. If at the end of 6 months you think '...I'm not going to make it, I just haven't got enough coming in', then you can go back on the dole with your original benefit (Plymouth, client, round 2).

4.7 Other aspects of provision and support work for clients

Although the main areas of provision were to be Learning for Work, Neighbourhood Match and Business Enterprise, other forms of support were also envisaged within the zones, not least the use of personal advisers. In addition support for child care was provided in all zones. As one of the target client groups was lone parents, this proved invaluable and received considerable positive comment from clients.

Taking their cue from ministers' declared interest in developing personal job accounts, some PEZs undertook innovative work in piloting small-scale experiments. For instance, the North West Wales PEZ developed an initiative known as 'Personal Provision,' announced in its bid document as the fourth element of provision. Here, zone funding was provided for items above £200 which help overcome individual participants' barriers to entering employment. This can extend the access to training courses and it can also be used to enable the client to undertake work experience leading directly to employment or self-employment. Similarly, 'Barriers to Employment' enabled Employment Service advisers to allocate payments for one-off items, under £200, the absence of which is preventing the client returning to work. Combined, these two initiatives have assisted 400 individuals that have been experienced long-term unemployment. According to a personal adviser, Personal Provision is valuable because it gives 'so much flexibility. We can do quick fixes for clients. If they have had a job offer but could

not afford to renew their driving licence, for instance, we can act quickly and get them into work (North West Wales, round 3).

Similar experiments in creating small discretionary funds for clients to use in innovative ways to improve their employability also took place in Glasgow and South Tees. One client in Teesside told us of the value of this local flexibility for him personally:

I was on Employment Training and got City & Guilds out of that and at the end of the day it's worthless – employers will not take you on without work experience. I've got the paperwork but I've not had a job in a building site since. Now I'm trying to set up my own business [but] I need a driving licence so that I can move from area to area. I've got on the scheme, Employment Zone, to get myself through a driving course and get a driving licence and it's costing me nothing. Employment Training wouldn't do that (South Teesside, client, round 2).

As we have already noted, there was general disappointment among PEZ partners that the 'Permission to Pilot' initiative hadn't allowed more projects to go forward to test the limits of the benefits system. One casualty of this process is worth mentioning, both because it was in the original bid document for Glasgow PEZ, but also because even when Permission to Pilot had been denied, partners attempted to take forward a reduced sized version of it, using their own funds.

The Workless Households project was regarded as a critical source of innovation by many of the Glasgow partners. According to one partner: *'We see it as our signature project, in a way... it's terribly important'*. There was therefore a sense of real disappointment among partners about the failure to achieve central support to proceed on their pilot schemes. Turned down by ES head office, local partners decided to go ahead with a scaled-down version of the project. With funding from Scottish Homes and the GDA, pilots were proposed for two areas of Glasgow, with the aim to move beyond looking at the single person to consider a whole household and its various welfare supports. The intention was to demonstrate whether this approach could help in overcoming the 'benefits trap' of households with multiple potential income earners. Key features were: experimenting to see whether transfer of housing benefits to help provide PEZ support could overcome some barriers; providing high levels of caseworker support; and considering tailoring provision (e.g. on ILMs) in relation to two or more clients from within the same household.

However, this aspiration has not been met by the zone, in part because the extent of the co-ordination problems was not initially fully anticipated, but mainly due to, first, the need for primary legislation to ‘free up’ the complex welfare benefits structure, and second, the practical difficulties involved in identifying family ties, reorganising benefits, or simply providing assurances of no loss of benefits. The two pilots set up by the zone to help some 80 families have therefore produced little in the way of practical support to the families to date, but are regarded as having been a very valuable research resource which has left partners optimistic that a practical ‘whole household project’ will be brought to fruition in the future, albeit as a legacy of the PEZ rather than a part of it.

4.8 Lessons on meeting client needs

Clients were overwhelmingly positive in their endorsement of the principles under which the PEZs were constructed. In particular they valued the contribution of personal advisers and the ability to tailor their own mix of provision to improve their job-readiness. Whilst partners and PEZ workers tended to be similarly positive at the general level, they did point to some of the problems which a client-led focus entailed and also some of the areas in which provision had not quite lived up to initial expectations. As such the lessons outlined here are generally positive about the actual work of PEZs but a little bit more cautious on their replicability, particularly in the context of the radically altered frameworks of the FFEZs.

- ❖ Successful initiatives emerged aimed at targeting particular client groups—especially those with mental health problems and a long history of social exclusion, and those currently on probation.
- ❖ Preparing individuals for entry into ‘real jobs’ can be a long-term process, involving the removal of multiple job-related and non-job related barriers. Knitting together different aspects of provision in personally-tailored ways helped in addressing the complexity of some people’s barriers to employment.
- ❖ Effective personal adviser systems were developed, demonstrating the benefits of ‘relationship continuity’ both for clients and front-line workers and succeeding in conveying to clients a positive ‘message’ concerning the aims of the PEZ. A mutual commitment to PEZs appears to have emerged between clients and advisers.

- ❖ On-going learning experience in terms of managing client choice, linking provision more clearly to both client and labour market needs.
- ❖ The voluntary nature of PEZ was held by partners, clients and advisers to be a central feature of the success of the zones, improving the qualitative nature of relationships between clients and advisers, and clients and potential employers.
- ❖ Clients noted changing perception of ES local workers. Where previously the perception was often negative, of policing a punitive benefits system, increasingly a more positive stance was noted, of supporting quality labour market interventions.
- ❖ A combination of limited funds to initiate new provision and the uneven quality of inherited local provision from previous initiatives placed real constraints on what could be achieved through innovations in advice and referral systems.
- ❖ Local labour market conditions are important in shaping programme outcomes and design parameters, in particular where local demand deficit exists.
- ❖ Willingness of local partners and agencies to bend programme participation rules in order to meet individual needs.
- ❖ Positive support from some businesses, although in general it proved difficult to find work placement opportunities for PEZ clients.
- ❖ Progress in overcoming cynicism, fatalism and disinterest amongst many individual members of the client group.
- ❖ Particularly in contrast to the previous 'training for training's sake' system introduced throughout the 1980s and early 1990s, PEZ provision proved more responsive to the individual needs of clients who felt more in control of their own destiny.
- ❖ Some success in developing new ILM provision and in convincing local partners of the value of ILM approaches; a secure basis has been established for the future. development of ILM experiments (mostly through non-ES/DfEE programmes)
- ❖ The Business Enterprise facet of the PEZs proved successful in many instances, but retained a low profile in terms of the available range of provision.
- ❖ Valuable attempts were made to begin to construct prototype Personal Job Accounts, providing flexible forms of tailored local provision.
- ❖ Early success in branding the PEZ as 'something different' with clients and (to a certain extent) local providers.

5. Conclusions

Large amounts of public money are spent in areas of high unemployment. This includes money spent separately on benefit, training and programmes. Ministers wish to see this money used more flexibly and innovatively in certain areas of the country, designated as Employment Zones (Employment Zone Prospectus, September 1997: 4).

The Prototype Employment Zones represented a bold experiment in welfare-to-work policy. Unfortunately, the results of this experiment have been inconclusive. Following what all now acknowledge to have been a slow start, the PEZs were required to work within a tighter and more output-orientated operating environment. And although outcomes began to improve, the direction of national policy seemed to be moving away from the PEZ approach. When the proposals for Fully-Fledged Employment Zones were announced, many people involved with the PEZs at the local level felt that they were no longer at the pioneering edge of welfare-to-work policy and, if anything, working against the grain of future national policy. In policy terms, they have never recovered from this implicit marginalisation. As one local partner put it, *'People have just taken their eye off the ball and said "Well, this game's dead". It's sort of like Jurassic Park now'* (Glasgow, provider partner, round 3).

It is difficult to escape the conclusion that the PEZ experience represents something of a missed opportunity. Several promising policy innovations were introduced by the PEZs, but the short life of the initiative undermined the scope for organic policy development at the local scale. Some PEZ partners see the initiative as a victim of the kind of short-termism in policy development that the Employment Zones were intended to overcome. A rather unfocused early phase of development, however, created conditions from which the PEZ initiative never really recovered. In many ways the fundamental evaluation at stake here is how harshly the PEZ experiment should be judged in light of this faltering start. On the one hand, to expect an ambitious experiment to yield immediate outcomes is clearly unrealistic, yet it is also true that the acid test of any welfare-to-work innovation must surely lie with its outcomes. Certainly in operational terms, front-line workers insist that the PEZ regime has become much more focused and effective, and in fact most will defend the PEZ in ways that they would not do other local programmes. As one such staff member explained, *'If it started now the results would be so different. It really is a success now'* (Liverpool & Sefton, personal adviser, round 3).

In responding to criticisms from Government advisers and officials, local PEZ partners and workers frequently argued that there has been a rush to judgement in this area of welfare-to-work policy. Most concede that a slow start was made, but point out that this was an inevitable by-product of establishing an inclusive, partnership approach to policy development, coupled with the imperative of designing a delivery system sensitive to clients' needs. Even if there may be an element of special pleading here, the PEZs certainly have a case when they argue that the rules and goals of the Employment Zone initiative seemed to change mid-way through the experiment. And there is understandable sensitivity amongst many local partners that the PEZ experiment seems to have been branded a 'failure' in many quarters. As a Glasgow board member observed, *'Personally I think it [PEZ] has worked, but yet no one's learning from it'* (Glasgow, community sector, round 3). The important thing here is that the PEZ approach developed organically over time – it did this partly through internal learning processes and in part through having to respond to external criticisms of performance, such as an early consultancy report which criticised the early performance of the PEZs. Although such criticisms often seemed harsh at the time to local partners and workers, in some cases they did prove salutary reminders of the need to blend national priorities with local experimentation. Indeed, responding to external criticisms was very much a part of the PEZ learning process.

In this evaluation we have been able to point to a wide number of areas in which the PEZs have made significant steps in advancing the Government's welfare-to-work agenda. Some of these key lessons have been carried forward into the fully-fledged employment zones, whilst others will be acted upon locally within other funding regimes. But perhaps the key lesson is to pay more attention to the learning processes embedded in initiatives such as the PEZs, observing how they adapted to the inevitable problems which beset bold new initiatives, from grand design to local problems. The key to this learning process is to use appropriate evaluation at appropriate times. This sort of evaluation culture does not appear to have been well embedded in the policy process surrounding Employment Zones. The selectivity of the learning from the Prototype Employment Zones ought to be a matter of some concern as it is not clear that the fully-fledged zones have benefited as much as they ought to have done from the prototypes.

Perhaps what is most startling about the prototypes is the nature of the widespread support they received from local partners. It is also very rare to find a labour market policy such as this engendering such enthusiasm among both partners and clients. But the remarkable thing about the zones is that through all the vicissitudes of policy shifts, few if any appeared to doubt that the fundamental design of the PEZs represented a major breakthrough in policy for the better. Partners tended to be energised by their engagement with an initiative designed to help some of the most difficult to reach unemployed clients, tackling social exclusion in a meaningful way which incorporated clients. Indeed, the great achievement of the zones was to experiment with giving clients greater power to improve their labour market position without fear of losing benefit entitlements or facing punitive sanctions. This empowerment in turn ensured that the provision offered to be clients had to be of a high quality.

One of the key findings of this qualitative and contextual evaluation has been that it was not single ingredients that made the PEZ approach so popular, such as the use of personal advisers, but rather the wider system design and the surrounding ethos of client-centredness. To appreciate the achievements made under the PEZ approach, it is necessary to examine it holistically, examining how it worked as system level, which is exactly what this report has sought to do.

References

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