Research report

City Strategy:
Final Evaluation

by Anne E. Green and Duncan Adam

DWP Department for
Work and Pensions

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Summary

Introduction

The City Strategy (CS) concept was first announced in the 2006 Welfare Reform Green Paper – *A new deal for welfare: Empowering people to work*. CS was designed at a time of growth in the national economy to combat enduring pockets of entrenched worklessness and poverty in urban areas by empowering local institutions to come together in partnerships to develop locally sensitive solutions. It was premised on the idea that developing a better understanding of the local welfare to work arena would allow partnerships to align and pool funding and resources to reduce duplication of services and fill gaps in provision. The 'theory of change' underlying CS suggested that such an approach would result in more coordinated services which would be able to generate extra positive outcomes in terms of getting people into jobs and sustaining them in employment over and above existing provision.

CS was initially set to run for two years from April 2007 to March 2009 in 15 CS Pathfinder (CSP) areas, varying in size from five wards in one town through single local authority areas to sub-regional groupings of multiple local authority areas, across Great Britain. In July 2008, the Secretary of State for Work and Pensions announced an extension for a further two years to March 2011. In April 2009, two local areas in Wales, which were in receipt of monies from the Deprived Areas Fund (DAF), were invited by the Department for Work and Pensions (DWP) to form local partnerships with a similar remit to the CSPs, albeit more limited in scope – to develop locally sensitive solutions to economic inactivity, to the CSPs.

During the period that the CS initiative was operational, economic conditions changed markedly with a severe recession, followed by fragile recovery. The CSPs had to cope with ongoing changes in policy throughout the lifetime of the CS initiative, including a General Election and a new Coalition Government at Westminster early in the fourth year. While policy changes are a fact of life for local practitioners operating in the welfare to work arena, the global recession in 2008/09 marked a fundamental change in the context in which local partnerships operated.

Aims

Key aims of the local partnerships established by CS and the DAF partnerships in Wales were:

- to improve employment rates, particularly among the most disadvantaged people in the most disadvantaged neighbourhoods;

- to ensure that individuals were better able to find and remain in work; and

- to improve the skills of individuals so that they could progress in work.

Success in achieving these aims would be manifest in 'better worklessness outcomes' from a complex array of activities and projects. Indicators of these could be enhanced employability, a reduction in people claiming out-of-work benefits, an increase in employment rates and more sustainable employment.

The national evaluation of the CS initiative is concerned not only with **outcomes** per se, but also with **process** issues focused on local/sub-regional partnership working, including questions such as:

- Does local/sub-regional partnership working contribute to better worklessness outcomes?

- Does greater autonomy result in better worklessness outcomes?

- What is best practice for 'good partnership working and greater autonomy' with regard to worklessness support?

- Does being a CSP/DAF partnership area improve the chances of 'good partnership working and greater autonomy' with regard to worklessness support?

As well as addressing these questions, the evaluation seeks to identify key lessons relevant to future initiatives where sub-regional and local partnership working is employed to address worklessness.

Methodology

The national evaluation takes the form of a meta-evaluation, where evidence from a number of sources is collated, synthesised and assessed. These sources include:

- business plans, monitoring returns submitted to DWP, and other documentary evidence – including local evaluation reports;

- interviews and surveys involving national stakeholders, key local partnership contacts and partners to provide in-depth information on specific themes;

- workshop discussions;

- case studies of specific activities; and

- interviews with national stakeholders.

Local and sub-regional partnership working

Common challenges that CSP partnerships faced at the outset included lack of coordination in the provision and planning of services; multiple and confused points of contact for residents and employers; a lack of personalised focused provision with few referrals between providers and no system tracking or supporting an individual's progress through the system; and disjointed employer engagement.

CS partnerships played an important role in orchestrating a multiplicity of agencies at a variety of spatial scales, with responsibilities in fields relevant to tackling worklessness. In general, they were successful in mapping existing service provision and identifying gaps therein. They also had some successes in aligning funding sources so as to reduce duplication and achieve a more coherent services offer. Experience of partnership working pointed to the importance of:

- a strong central team to lead and provide the secretariat for the partnership;

- representation on partnership boards and wider consortia from public, voluntary and private sectors; and

- a division in responsibility whereby the partnership board focused on a strategic overview and delivery details were delegated to sub-groups.

The structure of both partnerships and their governance developed over time, as partnerships found what worked and what did not, and made adjustments accordingly. In general, partnerships were dominated by public sector agencies. Although progress was made in Phase 2 of the initiative, arguably more could have been done at an earlier stage to engage the private sector and bring more employers on to boards. Where employers took an active role on partnership boards, this tended to be regarded as beneficial in focusing greater attention on employer needs and labour demand issues more generally.

The development and evolution of local/sub-regional partnership working is one of the successes of the CS initiative. Partners found added value in understanding the aims, perspectives and ambitions of other partnership members, and restrictions on their operations. They appreciated that because addressing worklessness often involved concerted action in a number of policy domains (such as skills, health, housing, transport, etc) there were important gains from working together.
The reach and gains of partnership working extended beyond formal partnership meetings to informal networking.

Partnership key contacts and selected partners from the different CSPs and DAF partnerships met periodically to discuss progress at the CS Learning Network (CSLN). Participants thought this forum was an invaluable opportunity to come together to learn from one another, to share ideas and best practice, and to both hear about new central government initiatives from departmental officials and to provide feedback to them. The relationship which CSPs had with DWP improved over time, and CSPs appreciated the opportunity to have their voice heard by Whitehall policy makers. Sharing of information and experiences between CSPs continued after the end of the initiative.

The CS initiative was premised on giving local partnerships flexibility to foster new ways of working and to tailor interventions to particular sub-groups of clients in particular local areas. In the event, the degree of local flexibility which CSPs received was less than some expected at the outset of the initiative and arguably this could have impeded, at least to some extent, their ability to develop innovative practices and solutions. While some CSPs might have been unrealistic about the freedoms and flexibilities that could be offered to them, the experience of the CS initiative highlights the importance of ensuring clarity about freedoms and flexibilities, and of managing expectations at the outset.

Nevertheless, the partnerships engaged in a wide variety of activities over the course of the CS initiative in which they addressed local needs in a targeted and joined-up manner. In general, local partners felt that they were innovative because among their activities they were trying ways of working and delivery approaches which were 'new' to their area. However, national stakeholders tended to adopt a more 'global' view and indicated that innovation was rather limited in the sense that radically 'new' approaches that were 'different' from anything that had gone on before did not emerge, with the possible exception of the development of some 'client-tracking databases' that resulted in mixed success.

Predominantly, local partnerships' activities were focused on the supply-side, with emphases on engaging with and developing the employability of individuals at some distance from employment. In several instances these involved outreach activities with partners in related policy domains and then developing tailored activities to address specific employability needs of individuals and sub-groups. Some activities focused on training for particular sectors. In general, albeit with some notable exceptions, engagement with employers was an element which was under-developed, especially in the first phase of the CS initiative. Some CSPs focused on developing the infrastructure to facilitate the more streamlined achievement of more and better employment outcomes, for example by developing directories of, and publishing performance standards for, service providers.

Impact on worklessness at local level

CSPs struggled to meet the initial targets for benefit reduction and increase in employment rates set by DWP for the end of the first two years of the initiative. Attempts to do so were thrown wildly off course by the global economic recession and the subsequent lack of demand across the economy.

For the second phase, DWP set relative targets whereby CSP performance was compared with the performance of the Great Britain economy. The national evaluation additionally developed a comparison area, composed of other areas of high worklessness which were not in CSPs. Comparing CSP areas in aggregate against Great Britain and the comparison area, indicated that the gaps for employment rates and benefit claimants' rates had remained stable. In other words, the CSPs in aggregate did not fare worse than Great Britain or the comparison area. Given that the CSPs covered areas with some of the highest and most entrenched levels of worklessness in Great Britain, this may be regarded as a favourable outcome.

Attributing success to CS is challenging, given the fact that the initiative had multiple objectives and the diffuse nature of the interventions associated with it. Some of these interventions were discrete and new, whereas others were concerned with making existing provision work better. Sometimes this was done by developing local infrastructure to better support ongoing activities.

CS was intended to work with those furthest from the labour market in the areas designated, and as such it would have been difficult to observe an aggregate effect even without the economic position altering radically over the lifetime of the initiative. Local evaluations are able to provide some evidence relating to project activities, outputs and outcomes. However, in many instances lack of a baseline means it is not possible to determine the added value of CSP interventions. It is also difficult to discern, when looking at the data, whether the outcomes would have occurred anyway (i.e. a deadweight outcome which would have happened without CSP/DAF partnership support).

Some of the questions about the effectiveness and costs of CSP provision could have been answered more successfully if the tracking systems, in which some CSPs invested, had been used to their full potential. These systems were not ubiquitous and in general, where they did exist, they were utilised predominantly in an operational rather than strategic sense. This may have partly been down to the time available within the initiative to get the systems operational and where partnerships chose to focus their resources. Partnerships were also mindful that their tracking systems did not cover mainstream provision and also that some projects were only part-funded by CSPs, and that it would be difficult to separate out the CS element.

Central-local relations and appropriate geographical scales for intervention

Local partnerships were given the opportunity to manage welfare to work services in their local areas, operating within nationally determined eligibility requirements and practices. They were able to develop locally sensitive interventions to worklessness, often by complementing mainstream services with local wraparound provision and addressing gaps in mainstream provision. Some attempted to shape the provision in their area through co-commissioning, either with local arms of national agencies (such as Jobcentre Plus) or with other local partners. Most were positive about such experiences.

There was general acceptance among CSPs that interventions to address worklessness ought to be made at a range of different geographical levels according to the type of decision being made and/or the nature of the service being provided. CSPs and DAF partnerships thought that

engagement with individuals and groups most distant from the labour market was best organised and implemented at local level with partners in other policy domains. There was recognition that the city-region scale was more appropriate for engagement with employers.

Conclusions

There is little evidence of macro-level effects of CS and it would have been unrealistic and unreasonable to expect otherwise given the scale, focus, timescale and context within which the CS initiative operated. Partnerships provided plenty of evidence that they believed that the joined-up approach at local/sub-regional level is beneficial for services and their clients, but it is difficult to support this with evidence about 'the bottom line' – on numbers into jobs and costs vis-à-vis existing provision.

There is a great deal of positive evidence for process changes made by CSPs and DAF partnerships which have been positive for supporting workless individuals. There are numerous micro level individual and project success stories, and outcomes including:

• working together across policy domains, often with new providers and stakeholders;

• more joined-up approaches to tackling worklessness;

• greater ability to respond to new opportunities because of the foundations set by CS partnership working;

• the sharing of information between local partners and between local partnerships;

• nurturing new ways of working.

CSPs and DAF partnerships provided a focal point for activities to address worklessness, so helping to concentrate efforts in a streamlined way. They sought to create and establish coherent and accessible pathways to education, training and employment opportunities. In so doing they helped raise the self-esteem and aspiration of some workless residents.

Partnership working at local and sub-regional levels was enhanced when partnership working also took place at the national level. One of the main examples which was cited was the Fit for Work programme, which brought together DWP and the Department of Health.

Better partnership working was central to positive process and micro level outcomes. Partners themselves perceived positive outcomes from partnership working and from greater sharing of experience as partnerships matured. The evaluation also points to worklessness becoming more prominent in the policy agenda in CSP and DAF partnership areas and a growing appreciation of the value of working across policy domains. Progress was made in the alignment of funding streams. Overall, partnerships played a positive catalytic role in accelerating change and in helping other partnerships to work better, so placing those concerned in a better position to cope with policy change during the lifetime of the initiative and to take forward related challenges in the current policy context.

The experience of local and sub-regional partnership working in CS and DAF partnerships has wider relevance for the decentralisation agenda, localisation and the Big Society in highlighting some examples of good practice in local approaches to tackling worklessness and challenges faced in ensuring that nationally developed policies meet local needs (for more information see Section 3.3. and Section 6.3).

Lessons from the CS initiative that are of wider relevance include:

- the importance of giving initiatives time to make a difference given the scale of the challenges to be addressed;

- local baselines need to be set at the outset so that impact can be measured;

- the need for joining up between central government departments to best support sub-regional/ local initiatives;

- the need for national policy to work in the same direction as local policy, and vice versa – to reinforce each other's aims;

- the importance of 'managing expectations' from the outset, especially with regard to the extent of autonomy and the scope of any enabling measures;

- central government can play a helpful role by participating in ongoing debates and deliver guidance on key and complex issues that are important for enhancing partnership working;

- learning networks can be valuable mechanisms for organisational learning through the dissemination and sharing of good practice and lessons about local activity in partnership areas, both among partnerships themselves and to central government;

- recognition that different geographical scales are important for different types of interventions;

- discretionary funding can play an important role in helping partnerships to provide services to address local needs;.and

- the importance of looking at the role of demand as well as supply in tackling worklessness.

1   Introduction

This chapter provides an introduction to the City Strategy (CS) initiative and describes the scope of the evaluation report. First the background to, and policy objectives of, the CS initiative are set out (Section 1.1). Secondly, the main challenges and themes identified in the Phase 1 evaluation (Green *et al.*, 2010)[1] covering the initial two years of CS from April 2007 to March 2009, and emerging developments over the subsequent period to September 2009 are outlined (Section 1.2). Then the aims of the final evaluation are presented (Section 1.3), followed by discussion of key evaluation challenges, including the complex nature of the CS initiative in a fast-changing economic and policy context and the diversity of the 15 CS Pathfinders (CSPs) (Section 1.5). The methodology for the study is described in Section 1.5. Section 1.6 outlines the scope and structure of the remainder of the report.

1.1   Background to the City Strategy initiative

The CS initiative was first announced in the Welfare Reform Green Paper – *A new deal for welfare: Empowering people to work* – of January 2006.[2] The context was the growing concern about the persistence of pockets of entrenched worklessness in specific local areas, despite a prolonged period of sustained economic growth.

The CS initiative was intended to **combat worklessness in urban areas by empowering and mobilising local partnerships comprising major stakeholders** – including local authorities, employers, learning and skills councils, regional development agencies, primary care trusts, Jobcentre Plus and other agencies – **to work together to develop local solutions to improve economic regeneration through employment, skills and health, taking account of existing local partnership structures and patterns of deprivation.**

The **rationale for a partnership model** was that the intractability and complexity of issues to be tackled required a multi-agency approach to addressing them, and that the proliferation of agencies and quasi-state agencies at a variety of scales with responsibilities in regeneration, employment, skills, education, training, etc, required orchestration.

The underlying notion was that by aligning and promoting synergy between different services local partnerships could secure greater value, in terms of moving people into sustainable employment, from any given level of resource, through adopting more coherent approaches and reducing duplication. As such, the CS initiative represented a wider Government commitment to reform the welfare system by offering a greater degree of local flexibility to partners at local level, on the basis that tackling the most entrenched localised pockets of worklessness requires action appropriate to the needs of local areas and the individuals within them, as outlined in Figure 1.1.

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[1]   Green A. E., Adam D. and Hasluck C. (2010). *Evaluation of Phase 1 City Strategy*, DWP Research Report 639, CSO. Leeds. http://research.dwp.gov.uk/asd/asd5/rports2009-2010/rrep639.pdf

[2]   DWP (2006). *A New Deal For Welfare: Empowering People to Work*, Cm 6730, London, TSO.http://www.dwp.gov.uk/docs/a-new-deal-for-welfare-empowering-people-to-work-full-document.pdf

Figure 1.1   City Strategy process logic chain

Improve process		Raise performance		Increase impact
Develop shared understanding of local needs	➜	More effective service delivery	➜	More workless/ disadvantaged people achieving sustainable employment (and/or other positive outcomes)
Reduce gaps and overlaps in services and replace with a more coherent approach				
Align and realign funding and services	➜	Better resourced and aligned employability services across policy domains	➜	Achieve more (cost-) effective outcomes
More coordinated commissioning	➜	Secure extra resource through collective capacity	➜	Greater reduction in worklessness
		More and/or better value services		Increase in sustainable employment (and other positive outcomes)

Source: Green *et al.* (2010), Figure 2.2.

With **local and sub-regional partnership working** at its heart, the CS aimed to test:

• how best to combine the work of government agencies, local government and the private and voluntary sectors in a concerted local/sub-regional partnership to provide the support workless people need to find work and sustain and progress in employment;

• whether stakeholders can deliver more by combining and aligning their efforts behind shared priorities; and

• whether freedom to innovate and tailor services in response to local needs generates enhanced outcomes.

The intended **outcomes** were:

• to deliver a significant improvement in employment rates among those of working age, with a particular focus on the most disadvantaged;

• to ensure that such disadvantaged individuals were better able to find and remain in work; and

• to improve the skills of individuals to enable them to progress once in work.

Hence, the CS vision was **multi-faceted**. In practice, this meant that there was potential for different aspects of the vision to be prioritised by different people, at different times and in different places.

From responses to invitations to submit an 'expression of interest' to take part in the CS initiative and from specific nominations, 15 areas were selected to be pathfinders, initially for a two-year period from April 2007 until March 2009, although subsequently a two-year extension for a 'Phase 2' was announced.

These CSPs were:

- **England**:

    (1) Birmingham, Coventry and Black Country (BCBC);

    (2) Blackburn with Darwen;

    (3) East London;

    (4) Greater Manchester;

    (5) Leicester;

    (6) Merseyside (Liverpool City Region);

    (7) Nottingham;

    (8) South Yorkshire;

    (9) Tyne & Wear;

    (10) West London;

- **Scotland**:

    (11) Dundee;

    (12) Edinburgh;

    (13) Glasgow;

- **Wales**:

    (14) Heads of the Valleys;

    (15) Rhyl.

The 15 CSPs **varied** greatly **in size**: some encompassed several local authority districts (e.g. BCBC; East London, Greater Manchester; Heads of the Valleys, Liverpool City Region, South Yorkshire, Tyne & Wear, West London), while others are focused on a single local authority district (albeit many of them large cities) (e.g. Blackburn with Darwen, Dundee, Edinburgh, Glasgow, Leicester, Nottingham) and one covered five wards within a single local authority area (Rhyl). Subsequently, the coverage of some CSPs changed, taking account of changes in local authority boundaries (e.g. Tyne & Wear), changes in the focus of local and sub-regional partnership working (e.g. the Blackburn with Darwen CSP was extended to encompass the wider Pennine Lancashire sub-region) and initial plans to extend the geographical scope of the CSP (e.g. from Nottingham to encompass Nottinghamshire also). There were also some variations in the nature of spatial targeting and sub-group targeting applied by the CSPs, in the nature of governance arrangements, and in the relative emphasis on project delivery or strategic concerns and their public or private sector ethos[3] (see Table 2.1 in Green *et al.*, 2010[4]). The flexibility built into the CS initiative allowed CSPs to develop and grow in different ways.

In 2009, two areas in Wales – Mon Menai and Swansea Bay – in receipt of Deprived Areas Fund (DAF) monies were invited by the Department for Work and Pensions (DWP), in a move supported and facilitated by the Welsh Government, to submit a business plan for administration of the DAF by **DAF partnerships**. As outlined in Section 2.2.3, the DAF partnerships had control of the DAF allocation

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[3]   Albeit most had a public sector ethos.

[4]   Green *et al.* (2010) *op cit*.

to take a flexible approach to moving economically inactive people nearer to work. The Phase 2 evaluation brief involved consideration of the experience of these DAF partnerships alongside the CSPs.

1.2   Overview of the Phase 1 evaluation

The Phase 1 evaluation outlined partnership in practice in the first two years of the CS initiative and outlined key features of CSP activities. It also presented evidence of the impact of CS and challenges and issues going forward. In summary, it demonstrated that although they started at different points (given local variability in the existence and nature of local partnership structures which could be built upon), all CSPs created partnerships which continued to evolve, generally in the direction of greater focus, during the first two years of the CS initiative. Absence of key partners taking an active role in partnerships presented difficulties for CSPs, but none of the partnerships became moribund, which could have been the case. Central core teams and strong organisational and individual leadership played a key role in driving partnerships forward, although in some instances difficulties were experienced in translating strategic decisions into actions.

Tensions between centralising and localising forces were apparent. More limited enabling measures than initially envisaged by the local partnerships limited freedom of action and caused frustration, while central control of much government policy curtailed the ability of CSPs to create truly local strategies. Difficulties of data sharing also presented challenges. In terms of data sharing much preparatory work was done by DWP to develop memorandums of understanding to facilitate such activity, but this work was stalled in light of high profile incidents involving losses of government data. Nevertheless, CSPs recognised that CS partnership working was starting to foster a longer-term process of cultural change, with partners from traditionally different policy areas coming together and/or working together in new ways in a more coordinated fashion, with greater appreciation of different organisational perspectives. The CS initiative was positive in helping prioritise worklessness on the policy agenda of local/sub-regional partners.

The role of CSPs was generally accepted to be to support mainstream provision, to plug gaps and to offer supplementary services, so that local services were improved and were better tailored to local needs. Partnership working helped to stimulate thinking about how to improve synergies between different activities in employment, skills and related policy domains. All CSPs used the opportunity to assess welfare provision in their areas, and to deliver evidence-based interventions. Most concentrated primarily on supply-side interventions, rather than on employer engagement. Some progress was made towards alignment of funding, although 'territorialism' among some partners – which was symptomatic of a more general tension between competition and cooperation, and historical and structural factors impeded progress in some instances.

More generally, economic, policy, political and organisational changes outside the control of CSPs contributed to contextual uncertainty and had an ongoing influence on CSP development and activities, as changes in priorities as a response to recession and a range of new policies and initiatives were enacted. All CSPs struggled to meet their targets for benefit reduction after the onset of recession and the subsequent increases in worklessness, and in the context of a difficult labour market. Measuring the effect of CS through quantitative investigation proved difficult, and questions of attribution and added value to some extent remained unanswered.

1.3 Aims of the evaluation

This evaluation is concerned with exploring how local/sub-regional CSP consortia and DAF Partnerships in Wales have come together to develop a shared vision and set out a business plan to work in partnership to support workless people in finding and progressing in employment. It is also about looking at their experiences of combining and aligning their efforts behind shared priorities and tailoring and implementing services to meet local needs in areas of persistently high worklessness.

Key questions relating to these **process** issues are:

• What is best practice for 'good partnership working and greater autonomy' with regard to worklessness support?

• Does being a CSP/DAF partnership area improve the chances of 'good partnership working and greater autonomy' with regard to worklessness support?

The evaluation seeks to identify key lessons relevant to future initiatives where sub-regional and local partnership working is employed to address worklessness.

Desired outcomes from CS are couched in terms of 'better worklessness outcomes'. Indicators of these could be enhanced employability, a reduction in people claiming out-of-work benefits, an increase in employment rates and more sustainable employment. Key evaluation questions relating to **outcomes** are:

• Does local/sub-regional partnership working contribute to better worklessness outcomes?

• Does greater autonomy result in better worklessness outcomes?

Answers to these questions and lessons going forward are presented in Chapter 6, based on assessment of the evidence in the preceding chapters.

1.4 Evaluation challenges

Evaluation is most straightforward when a policy involves a simple intervention, standardised across local areas of similar size defined in the same way and targeted at a particular eligible group, with a single clear goal which is easy to measure. The CS initiative fulfilled none of these criteria:

• it was a complex initiative within a fast-evolving policy context in which changes in the welfare reform agenda and new initiatives in employment, skills and related domains had implications for CSP activities;

• it concerned a diverse set of CSPs operating across sub-regions and local areas ranging greatly in size (as outlined in Section 1.1); and

• it involved non-standardised interventions and new ways of working, with multiple goals relating to behaviour and outcomes (as set out in Section 1.3).

In **process** terms, the CS initiative was mainly about establishing a framework for more effective cooperation between key stakeholders from the public, private and voluntary sectors; aligning funding streams and coordinating activity so as to remove unnecessary competition and duplication of effort; and adding value to existing provision and delivery, rather than being mainly concerned with 'new interventions'. For all these reasons it was difficult to delineate. Even for those personally involved it was difficult to know where CS activity began and ended.

Generating quantitative **outcome** measures of the success of the CS initiative is not easy either. To determine a counterfactual to measure what would have happened in the absence of the CS initiative is not straightforward because the CSP areas were chosen explicitly due to their atypical employment and benefit profiles. Even where positive outcomes have been achieved in changes in workless benefit claimants and employment in absolute or relative terms, it is difficult to know the extent to which they are attributable to the activities of CSPs, alongside changes in the wider economy or the impact of other policies operating in the same areas and with the same sub-groups.

1.5   Methodology

Evaluation is the process of generating systematic evidence relating to policies and initiatives in regard to how those policies have been implemented and delivered and what the outcomes and impacts were. It is a key step in determining the extent to which a policy is meeting its objectives. As set out in the Phase 1 evaluation there are different types of evaluation, notably:

- **ex ante evaluation** – which refers to an assessment of the likely consequences of policy before implementation (what might be expected to happen);

- **formative or process evaluation** – which is concerned with the way that the policy was actually implemented and delivered and asks questions such as how, why, and under what conditions does the policy intervention work, or fail to work; and;

- **ex post, summative or impact evaluation** – this asks questions about the impact of policy on specific targets.

All three types of evaluation are of relevance to the CS initiative and to CSPs.

The national evaluation of the CS takes the form of a **meta-evaluation** in which evidence from a number of sources is collated, assessed and synthesised. The main sources drawn upon for this report are:

- **Local evaluations** commissioned by CSPs – these take a variety of forms and have different foci.[5]

- **Documentary evidence** – including strategy documents, business plans, and reports, notes and news posted on CSP and other websites;

- **Electronic surveys** of CSP and DAF Partnership key contacts and partners on a range of issues, including partnership working, aligning and pooling of funding, tracking systems and central-local relations.

- **In-depth** interviews with key partnership contacts (covering both strategy and delivery) on key topics (as noted above), emerging issues and concerns.

- **Case studies** of particular projects\activities.

- Material from workshop discussions and presentations at the CS Learning Network (CSLN) (see Chapter 3 for further details) which was a forum for organisational learning and the dissemination of good practice among local partnerships and to central government.

- **Monitoring reports** submitted by CSPs and DAF partnerships to DWP, generally on a quarterly basis.

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[5]   Some focused on process issues, others were also concerned with outcomes and involved analyses of data from tracking systems and benefits data from Nomis, and some provided case studies of particular projects.

- **Interviews with national stakeholders** – providing a perspective on CS and related activities from central government and devolved administration perspectives.

- Publicly available *data on benefit claims and employment rates* available via Nomis.[6]

1.6 Scope and structure of the report

The remainder of this report sets out the findings from the evaluation of the CS initiative. There is a particular focus on the second two years of the initiative, but assessment and reflections draw on the four-year life of the initiative in formal terms, and developments to early October 2011.

The report is organised as follows:

- Chapter 2 is concerned with economic and policy developments over the lifetime of the CS initiative. It highlights the implications of recession and subsequent economic fragility for attempts to address worklessness. It also focuses on the shifting organisational and policy context for the operation of the CS initiative.

- Chapter 3 addresses local and sub-regional partnership working. Following an introduction outlining the importance and nature of partnership working it considers the work of partnerships in the aligning and pooling of funding and resources. It seeks to identify features of successful/ effective partnership working and the added value of CS partnerships. Barriers to partnership working are discussed also, and the role of information sharing in partnership working is assessed.

- Chapter 4 assesses evidence of the impact of CS on worklessness at local level. Approaches to, and difficulties of, measuring impact are outlined. CSPs' aspirations for, and experience of, utilising tracking systems to monitor outcomes are discussed. The main focus is on progress made towards increasing employment rates and reducing benefit counts.

- Chapter 5 considers central-local relations, devolution and localisation. It traces the evolution of central-local relations over the lifetime of the CS initiative and assesses the experience of co-commissioning, with a focus on lessons for current policy and future sub-regional/local initiatives. Appropriate geographical scales for intervention are discussed in the light of the CS experience. The role of CS in the development and implementation of locally delivered initiatives is assessed also.

- Chapter 6 reviews and assesses the evidence presented in previous chapters in light of the high level 'process' and 'outcome' research questions associated with the CS initiative. It distinguishes between scant evidence for macro-level effects and a great deal of evidence for positive changes at the micro level. Looking forward, it highlights longer-term lessons arising from the CS experience.

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[6] The National Evaluation Team was unable to secure access to individual-level longitudinal data from the Work and Pensions Longitudinal Survey.

2   Economic and policy developments over the lifetime of the City Strategy initiative

The context for City Strategy (CS) changed both in terms of the wider economic situation and also with regard to the policy agenda, including a change in government at Westminster in the final year of the initiative. Despite these changed circumstances, which presented challenges to CS Pathfinders (CSPs), it is important to identify lessons from the experience of CS which are germane to wider debates about localisation within the welfare-to-work arena. Hence, this chapter sets the context for more detailed discussion of the CS experience in subsequent chapters.

2.1   Economic change

CS was conceived at a time when the economy was growing. Despite that growth there remained localities where worklessness was entrenched. CS was designed to combat this by targeting the local communities with the lowest employment rates and also by investing in those furthest from the labour market such as hard to help groups or those who had been on long-term incapacity benefit. At the start of CS up until autumn 2008, economic performance at Great Britain level was good, and this was partly reflected in the reductions in benefit claimant numbers which were observed across the CSP areas (as outlined in Chapter 4).

Since the **recession** hit, the numbers out of work increased dramatically (as discussed in Chapter 4). Early in the recession, some commentators had predicted a 'middle class recession' anticipating the areas which would be hardest hit to be London and the South East. As it has turned out, these claims did not prove wholly accurate. Certainly there were highly-qualified individuals with previously uninterrupted work histories who found themselves out of work, but as with previous recessions it was those with poorer skills who suffered most (Hasluck, 2011)[7]. This is not uncommon reflecting the fact that employers will try harder to retain those with higher skill levels, particularly if these skills have been acquired at the company's expense. Furthermore, those with higher skills levels are able to 'bump down' and carry out some of the lower level skilled tasks as a temporary measure to ensure continued employment. Given the above there are concerns that the recession may exacerbate pre-existing inequalities, and for areas of high worklessness to be worst hit.

The recession has had implications for CSPs' activities and also for evaluation of their success and the success of the initiative more widely:

* Benefit reduction targets , expressed in absolute terms, became more difficult to achieve.

* Because of the recession and the fact that initial targets became much more challenging, the targets for the second two years (i.e. from April 2009 to March 2011) were set in relative terms (as outlined in Chapter 4) and greater emphasis was placed on narrowing the gap between the worst performing wards and the average. Despite the shift to focus on relative performance, the

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[7]   Hasluck C. (2011) *Low Skills and Social Disadvantage in a Changing Economy*, UK Commission for Employment and Skills, Wath-upon-Dearne and London.

targets slipped down the priority list – CSP representatives and national stakeholders preferred to talk about other aspects of the initiative, such as partnership working or the localisation agenda.

- Recession hit first in the private sector and some CSPs focused their attention to a greater extent than formerly on placing workless people in jobs in the public sector and in social enterprises. As time went on, the recession and associated spending cuts also hit the public sector causing job losses and freezes in recruitment.[8] At the formal end of the initiative the public sector cuts had yet to be fully realised in terms of the job losses which will emanate from the reduced funding. Contraction in public sector employment was particularly relevant for CSPs because, as for many (but not all) local areas with relatively high levels of worklessness, the public sector accounts for a large proportion of total employment (see Beatty *et al.*, [2010][9] and Green [2011][10] for further discussion).

- Those who have most recently left employment are expected to be the ones who are most likely to quickly re-enter the labour market based on the 'inverse-queuing principle' as those who have been out of the labour market for a long time become relatively less attractive to employers compared with those who have recent work experience. This situation may increase the risks of long-term unemployment for some groups and individuals.

- Youth unemployment and the scarring effect which it could exert on a young person's career became more relevant to CSPs as large numbers of school, college and university leavers were workless.[11] In general, CSPs focused more attention on young people than had been the case formerly.

- CSPs faced a choice as to whether to concentrate on those furthest from the labour market or to try to help those who were more job ready. In the main, CSPs continued to work with those furthest away, a strategy which may not generate short-term results in terms of numbers into jobs.

- Due to the fact that immediate employment prospects of the long-term workless became poorer, skills and training became more important for when the economy begins to grow more strongly.

The changed economic climate certainly presented challenges for CSPs; absolute targets became virtually impossible to hit and maintain from autumn 2008 (see Chapter 4 for further details – including the replacement of absolute targets with relative targets) and CSPs were faced with the challenge of deciding how best to focus their resources when the numbers of short-term unemployed increased sharply.

In addition to the shifting economic situation, during the lifetime of CS there were also many important policy changes which resulted in changes to the welfare-to-work agenda and the policy context under which CS operated. The policy context is discussed in Section 2.2.

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[8] It is true that large proportions of Future Jobs Fund employment was located in the public sector, but employment created through this is outweighed by its temporary nature and the cutbacks across the public sector as a whole.

[9] Beatty, C., Fothergill, S., Gore, T. and Powell, R. (2010) *Tackling Worklessness in Britain's Weaker Local Economies*, CRESR, Sheffield Hallam University, Sheffield.

[10] Green A.E. (2011) *Spatial Inequality and Skills in a Changing Economy*, UK Commission for Employment and Skills, Wath-upon-Dearne and London.

[11] One of the ways in which youth unemployment was targeted was through the Future Jobs Fund (see Section 2.2 for further details), which was coordinated in many areas by the CSP (see Chapter 3).

2.2   The changing policy context for the operation of City Strategy

2.2.1   Introductory overview

Along with the economic challenges posed by recession, CSPs also faced challenges because of the shifting policy context under which they operated.

Welfare reform as conceived in a broad sense was one of the main programmes of the previous Labour Government and is also recognised as the key reform being introduced by the Coalition Government. These reforms brought about changes to the way in which services were delivered to out-of-work benefit claimants, but they also brought about changes to benefit categorisations and also to the balance between the rights and responsibilities of benefit claimants. Overall, the changes meant tackling worklessness among those on inactive benefits, who traditionally had very little contact with Jobcentre Plus offices and little, if any, expectation placed on them as regards making preparations for work, came more to the fore. Reforms aimed at producing a more active benefits regime, placing greater responsibility on individuals to be actively seeking work, or otherwise taking steps to prepare for the world of work. Examples of the latter might be such things as skills training or, for those furthest from the labour market, accessing confidence-building sessions to then allow progression into skills-based training.

One of the clearest examples of the changed policy landscape came about in the final year of the four-year initiative with the General Election of May 2010, and the Coalition Government's priority of reducing the budget deficit[12], which in turn had implications for resources – for both central government departments, associated agencies and local authorities. The demise of the regional tier of governance in England and restructuring of agencies in a range of policy domains served to alter not only the personnel, but also the dynamic of some partnerships. Although the Coalition Government has talked about the 'revolutionary'[13] aspects of their policy reforms – and the payment by results and 'black box' design of the Work Programme (WP) marks a step change – there are some aspects of the approach which can be traced back to previous administrations. During the time of the preceding Labour Government there were shifts in policy which affected the context for CSPs; in short the context may overall be described as a **blend of continuity and change**.

The following discussion addresses the questions of how well the local partnerships coped with the changes they faced, and whether it was the **volume of change** or **specific policy initiatives** that proved most problematic for them.

2.2.2   Timeline of key strategy documents and associated policy changes

The key policies and delivery shifts that occurred in the period immediately preceding the CS initiative and during its lifetime are shown in the form of a time line (in Figure 2.1).[14] The list of policy and delivery changes is illustrative, rather than exhaustive, and documents the most major changes, particularly those which have had an impact on the CS initiative. This serves to illustrate the **continual development and flux in the welfare-to-work arena**, with which CSPs needed to engage.

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[12]   HM Treasury (2010) Spending Review 2010 Cm 7942, TSO, Norwich.

[13]   For example, when launching the programme, Employment Minister Chris Grayling commented: '*The Work Programme will tackle the endemic worklessness that has blighted so many of the country's communities for decades. It is revolutionary in the way it tailors support to jobseekers' individual needs and pays organisations primarily for getting people into sustained employment.*' (http://conservativehome.blogs.com/platform/chris_grayling_mp/ accessed 22/07/2011)

[14]   Adapted from City Strategy Learning Network (2010) *Learning the Lessons from City Strategy*, Rocket Science, London.

Figure 2.1   Timeline of key policies, drivers and delivery shifts (adapted from City Strategy Learning Network, 2010)

	2006	2007	2008	2009	2010	2011
Policy and Drivers	Leitch Review of Skills – Employment and Skills Boards	The Freud Review of Welfare to Work		The Houghton Review		Big Society
	A New Deal Empowering People to work	Review of sub-national economic development and regeneration				Decentralisation and localism
Delivery Shifts/ Programmes		Pathways to Work	DWP Commissioning Strategy	Flexible New Deal – Phase 1	Flexible New Deal – Phase 2 (abandoned)	Work Programme
		Working Neighbourhoods Fund (CLG)	Raising Expectations and Increasing Support: Reforming Welfare for the Future – 3 levels of devolution	Recession responses – Future Jobs Fund		
			City Strategy Pathfinders			
			DAF Partnerships in Wales			

Some of these policies and delivery shifts were important in setting and/or changing the strategic and policy environment in which the CSPs operated. The implications of some of these policies and delivery shifts, and whether they were helpful or problematic for CSPs, are set out below. For instance:

- The **Leitch Review of Skills** emphasised the role of skills development in combating worklessness and set out a role for the Employment and Skills Boards which played an important role in some CSP areas.

- **The review of sub-national economic development and regeneration** (in England) contained the announcement of proposals for the development of Multi Area Agreements (MAAs) – which would allow groups of local authorities to agree collective targets for issues of economic development, and of statutory sub-regional arrangements to enable a permanent pooling of responsibilities for economic development policy areas. Many CSPs in England spent time developing proposals as to how they could develop into the employment and skills arm of MAAs and Greater Manchester subsequently received statutory city-region status.

- Likewise, the **Houghton Review** was helpful to CSPs making the case for greater interventions for those furthest from the labour market and in arguing that worklessness should be pushed higher up the policy agenda, with local authorities and other interest groups working in partnership to tackle it. The Houghton Review also recommended that a 'challenge fund' should be put in place to create temporary employment for long-term claimants in the most vulnerable economies; this came into being as the Future Jobs Fund, where some CSPs took responsibility for coordinating and implementing bids.

By contrast, the **Working Neighbourhoods Fund (WNF)**, which replaced the DAF in England in Phase 2 of the CS initiative, posed some difficulties as money which had formerly been allocated to CSPs was allocated to local authorities with high levels of worklessness. Although CSPs sought to influence the spending of the WNF alongside other funds, this was easier in some areas than in others (as outlined in Section 3.2). While allocation of the WNF money to CSPs was never an option, the change in the way DAF money was allocated presented a challenge for those CSPs affected, that would not have arisen if it had not been for this specific delivery shift.

The **DWP Commissioning Strategy** in 2008 set out the delivery shift towards larger and longer contracts, organised around a group of 'top tier' providers managing complex supply chains. **Flexible New Deal (FND)** was subsequently delivered through this model. Concerns arose for CSPs when the geographies for commissioning were not coterminous with CSP areas. Several CSPs worked closely with central government in preparing for the delivery of FND Phase 2. This proved positive – for CSPs and those involved with commissioning in central government – and there was some disappointment and frustration that Phase 2 of FND was not implemented.

The most fundamental shift in policy came with the announcement in 2010 of the WP, which would be **the** programme for dealing with long-term unemployed and inactive groups. Importantly, for the discussion of central-local relations in Chapter 5, the WP form of localisation is different from the localisation embodied through CS. The CS model of localisation was facilitated through local partnership working and the alignment of funding streams designed to tackle worklessness (as discussed in Section 3.2). With the WP the onus is on payment by results. The WP brings a greater emphasis on **competition** in the welfare-to-work arena, whereas **cooperation** among local actors was much more important for CS. In short, the WP represents a different way of doing things. It is aimed at producing a locally sensitive service (as was CS), but the way in which this is organised is different. Moreover, due to the WP the relationship between the CSPs and central government changed. Instead of liaising with DWP at national level, local partnerships' main relationships shifted to Jobcentre Plus, which was tasked to ensure that successful contractors understood the nature of

the local areas in which they operated and brought a range of operators around the table to ensure that this was achieved. The WP represents a new start for welfare to work. It is not being brought in to run alongside existing programmes. Key programmes for the previous government were terminated.

Structural changes to the institutional arrangements in which CSPs operated include the abolition of the Regional Development Agencies (RDAs) in England[15] which had the mandate to promote economic development and regeneration and improve employment prospects. CSPs had worked closely with RDAs, and in some cases the RDAs had provided an important source of funding for the CSPs.

Some of the main responsibilities which were previously handled by the RDAs in England were transferred to Local Enterprise Partnerships (LEPs). This was outlined in the Coalition's programme for government:

> *'We will support the creation of Local Enterprise Partnerships – joint local authority-business bodies brought forward by local authorities themselves to promote local economic development – to replace Regional Development Agencies (RDAs). These may take the form of the existing RDAs in areas where they are popular.'*

> (HM Government, 2010).[16]

The rationale behind this move was to provide a format for local authorities and businesses to work together to promote local economic development in functional local economic areas. The particular focus of LEPs is on facilitating growth, and foremost concerns are with enhancing productivity rather than addressing worklessness. Alongside the change of scales so that CSPs may be working with multiple LEPs rather than a single RDA, CSPs faced the task of rebuilding relationships as personnel changed. As noted in Chapter 3, partnership working relies as much on the personalities as it does the structures. The LEPs took time to get embedded, and at the same time CSPs had to deal with planned changes in funding for skills and reorganisation in the health service.

Overall, the main thrust of the changes to policy outlined above has been inspired by the belief that some decisions should be moved away from Westminster to a more local level. In general, the CSPs felt that through their local and sub-regional partnership arrangements and dialogue with DWP (and other central government departments at the CS Learning Network (CSLN) (discussed in Section 3.5)) they were better equipped to deal with ongoing policy changes than they would have been otherwise, so placing their areas at an advantage vis-à-vis areas without such partnerships.

2.2.3   DAF partnerships in Wales

The Deprived Area Fund (DAF) was operational across Great Britain at the start of the CS initiative. DAF was devolved to CSPs (see Section 3.2 for further discussion), and in areas not covered by CS, DAF was managed by Jobcentre Plus. Although DAF was incorporated into the WNF in England[17], it continued in Scotland and Wales. In 2009, partnerships in two areas in Wales which received DAF were invited by the Department for Work and Pensions (DWP) (in a move supported and

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[15]   By the end of March 2012 at the latest.

[16]   HM Government (2010) *The Coalition: Our Programme for Government*, Cabinet Office, London. Available at:
http://www.direct.gov.uk/prod_consum_dg/groups/dg_digitalassets/@dg/@en/documents/digitalasset/dg_187876.pdf

[17]   The WNF replaced the Neighbourhood Renewal Fund (NRF) in England and also incorporated the DAF to create a single fund at the local level.

facilitated by the Welsh Government) to submit a business plan for administration of the DAF by DAF partnerships. These partnerships operated in the Swansea Bay and Mon Menai[18] areas. In both cases, the partnerships pre-existed the award of DAF; they had been outlined in the Welsh Government's spatial plan.

Recognising similarities and differences between the CSPs and the DAF Partnerships in Wales this evaluation is concerned with the experiences of the two models. In common with CS, these DAF partnerships had control of the DAF allocation to take a flexible approach to moving people nearer to work. DAF partnerships brought together key local stakeholders with an interest in economic activity, but also like CS sought to widen those involved in the partnership membership to incorporate those whose primary focus lay elsewhere, but nevertheless were concerned with the problem of worklessness, often as providers of other services which workless people were heavy users.

Unlike CS, the DAF partnerships did not receive seedcorn money to enable them to embed their partnerships or to pay for dedicated support for partnership coordination. The two partnerships were also on a smaller scale than most of the CSPs, and in the main did not seek to lever additional funding (at least during most of their formal lifetime); the main purpose of the partnerships was to organise and to spend DAF monies in a way which would add to the services which were already provided. The narrow focus of the partnerships on DAF monies may have been a consequence of the reduced time frame for these partnerships; they operated for two years and this placed an immediate pressure on them to get projects up and running in a short time frame.

So the model for the DAF partnerships in Wales was similar to that for CS, though the scale varied considerably from most CSPs. The DAF partnerships were given a shorter timescale to operate which coupled with the smaller geographical scale, may have resulted in a more operational, as opposed to strategic, focus. The experience of the DAF partnerships is instructive as it is another example of local actors being given responsibility for funding in a way which places local actors at the heart of decision making. It also placed funding with agencies/bodies which might be more able to access some of the harder to help groups compared with a statutory body such as Jobcentre Plus. In both DAF partnerships, the emphasis was predominantly on small scale projects to assist particular groups of economically inactive people towards employment, with a particular emphasis on involving the voluntary sector.

2.3   Overview

The most significant change facing the CSPs during the lifetime of the CS initiative was the onset of recession after a prolonged period of economic growth. The CS initiative was conceived and commenced in economic circumstances very different from those that the partnerships faced within about 18 months of the formal start of their programmes of activities. The recession changed both the demand for labour and the supply of labour from which employers could recruit. It also made the achievement of benefit reduction and employment rate targets much more challenging.

Throughout their lifetime, the local partnerships were faced with changes in the policy and partnership landscape in which they were operating and needed to adjust to these changes. It is difficult to determine whether the volume of change experienced was very different from

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[18]   Across the Swansea Bay partnership, thirty-seven wards were eligible for DAF support across three local authority areas (Swansea six wards, Carmarthenshire eleven wards, Neath Port Talbot twenty wards). Across Mon Menai eight wards were DAF eligible, five in Anglesey and three in Gwynedd.

that experienced over other four-year periods, but those individuals with substantial experience of working in local authorities and other parts of the public sector commented less about the sheer volume of change than partners with less experience of working for or with public sector organisations. For those with less experience, the volume and pace of change was seen as a key challenge. Some of the shifts in strategy and delivery represented continuities with what had gone before and others were more fundamental changes. Those that shared the ethos and went 'with the grain' of the CS initiative were helpful, adding to the impetus of CSPs' activities. Others were much less so and complicated the role of partnerships in orchestrating the joining up of funding streams and of partners' activities, and in developing local services to wraparound mainstream initiatives. In most instances, the more fundamental policy changes were regarded as frustrations, as opposed to fundamental blockages to the work programmes of the CSPs. In general, the experience of partnership working through the CS initiative was viewed as being advantageous in adjusting to change, in part because through partnership working there was a broader experience and knowledge base on which to draw. The policy changes also had implications for the balance between cooperation and competition, and between localisation and centralisation. These are recurring themes in subsequent chapters.

3   Local and sub-regional partnership working

This chapter explores City Strategy Pathfinders' (CSPs') and Deprived Area Fund (DAF) Pathfinders' experiences of local and sub-regional partnership working. Following a review of the importance of partnership working in policy and practice (Section 3.1), the chapter presents and assesses evidence on experiences of partnership working drawn from documentary evidence – including monitoring reports submitted by City Strategy (CS) and DAF partnerships to Department for Work and Pensions (DWP) and local evaluation reports, as well as interviews with, and electronic surveys of, partners and key contacts.

Key themes discussed in this chapter include the work of partnerships in aligning and pooling of resources as part of an effort to improving welfare-to-work provision by reducing duplication and identifying and plugging local gaps in provision (Section 3.2), identifying features of successful/ effective partnership working at local and sub-regional levels (Section 3.3), barriers to partnership working and how they may be overcome (Section 3.4), and the role of information sharing in partnership working (Section 3.5). The chapter concludes with a review of self-ascribed features of CS partnerships and an overview of key messages regarding partnership working and its role in effecting cultural change in the way in which worklessness has been and is tackled (Section 3.6).

3.1   The importance of local and sub-regional partnership working

Over the last two decades, **partnership has become a defining characteristic of policy** in Britain and other advanced economies, particularly in relation to combating social exclusion and area regeneration.[19] This has resulted from recognition that such issues, including worklessness, are too severe and complex to be resolved by any one agency or organisation acting alone; hence a multi-agency approach is required. The need for orchestration of a multiplicity of agencies and quasi-state agencies at a variety of spatial scales with responsibilities in fields relevant to tackling worklessness has added further impetus for a partnership approach.

In the case of CS it was envisaged that local partnerships would enhance the effectiveness of attempts to help people into employment by jointly determining key priorities for the local/sub-regional area, by aligning funding and activities and by working in a more integrated way. More specifically, common challenges that CSP partnerships needed to overcome included lack of coordination in the provision and planning of services; multiple and confused points of contact for residents and employers; a lack of personalised focused provision with few referrals between providers and no system tracking or supporting an individual's progress through the system; and disjointed employer engagement.

As such **partnership working lies at the heart of the CS initiative**, and has tried to test whether employability support that:

• is designed and implemented locally; and

• operates as much as possible on the basis of joint working between local partners;

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[19]   For example, see Geddes M. (1997) *Partnership against poverty and exclusion: local regeneration strategies and excluded communities in the UK,* Policy Press, Bristol.

Can be more effective than uncoordinated local initiatives or centrally designed programmes without enhancement by local 'wraparound' services.

The bidding guidance for CS consortia was explicit in inviting local partners with a shared interest in raising local employment rates and improving the local economy to form consortia to improve support for workless people by working together and aligning their activities. It was expected that partners would include local authorities, employers, Learning and Skills Councils (LSC), Regional Development Agencies (RDAs), Primary Care Trusts and Jobcentre Plus, and that account would be taken of existing local partnership structures when developing proposals. This underlines the place of CS as one of many partnership initiatives, and the necessity for the CSPs of taking account of what had gone on before. In practice, there were similarities in key partners across CSPs: most notably relevant local authorities (or from a representative grouping thereof in the case of some multi-agency CSPs), Jobcentre Plus, regional LSCs (in England), RDAs and regional/national government where relevant (notably in Wales and Scotland). Other representatives included the Connexions service (in England), further education colleges, and representatives of community and voluntary sectors and employers (either through local employer coalitions, large employers and/or representatives of small business). In the Phase 1 evaluation of CS it was noted that partnership with private sector employers could best be described as 'patchy', but in Phase 2 representation of employers had generally improved. This highlights the recognition by local partnerships of the need to focus on both labour market demand and supply issues in a strategic approach to tackling worklessness and represents an important achievement, especially given that in a recession it might be expected that employer resources would be particularly difficult to capture.

As highlighted in the evaluation of Phase 1 of CS and outlined in Section 1.1, the CSP areas differed markedly in size and scale. In most cases, the CSP areas remained constant in size throughout the lifetime of CS, but there were some exceptions (see Section 1.1). In Blackburn with Darwen the scope of interest of the partnership extended beyond Blackburn with Darwen to the area covered by the Pennine Lancashire Multi Area Agreements (MAA), while in accordance with the original Business Plan, the Nottingham CSP was extended to include Nottinghamshire. These two cases mark a tendency over time towards a greater emphasis on sub-regional partnership working. There was a clear recognition by local partnerships in England that the MAA process was helpful in tackling worklessness in a way that the previous Local Area Agreement (LAA) process focused on individual local authority areas could not by focusing on broader functional economic areas. The ability of some CSPs to 'grow' geographically is indicative of the success of the policy and of the partnerships concerned. Although all CSP partnerships were involved in both strategy and delivery, in broad terms the larger CSPs tended to have a greater strategic emphasis than smaller ones, while the latter (and also the DAF partnerships) had a greater emphasis on delivery with a project-based approach.

The experience of local and sub-regional partnership working in CS and DAF partnerships discussed below has wider relevance for the decentralisation agenda, localisation and the Big Society, in highlighting some examples of good practice in innovative local approaches to tackling worklessness and challenges faced in ensuring that nationally developed policies meet local needs.

3.2   The work of partnerships in the aligning and pooling of funding and resources

A key feature of the CS initiative was that it was **not principally about new money**, but rather was about making better use of existing resources dedicated to addressing worklessness, employment and skills issues at local and sub-regional levels. The financial resources available to CSPs included direct funding, funding directed to CS from partners, and additional funding secured from other sources for CS.

The direct funding from DWP for CSPs comprised:

- 'seedcorn' money – split evenly across CSPs to be used in a flexible way to kick start the development of consortia, to help build capacity and support the planning process (£5m); and

- 'reward' funding – again split evenly across CSPs to be used in a flexible way, (up to £5m was available).

By far the main source of DWP funding which CSPs controlled at the outset of the initiative, was the DAF – a flexible pot of money from DWP, intended to add value to current mainstream services offered by Jobcentre Plus, allocated to deprived areas (at ward level) across Great Britain. The size of the DAF was roughly proportional to the number and size of disadvantaged neighbourhoods within the CSP area, such that the larger CSPs received more DAF funding than smaller ones. The total funding received by CSP areas was to be £32m in 2007/08 and £33m in 2008/09). Importantly, in November 2007 the Government announced a new Working Neighbourhoods Fund (WNF) in England (as discussed in Section 2.2.2), incorporating DAF (along with the Neighbourhood Renewal Fund (NRF)), to come into effect from 2008/09[20], as part of a non-ring-fenced general Area Based Grant paid to local authorities to tackle worklessness and low levels of skills and enterprise in their areas. In Wales and Scotland DAF remained a separate funding stream; and it was this funding stream that the two DAF partnerships in Wales controlled.

The direct funding for CSPs from DWP was comparatively small relative to the scale of the worklessness challenge faced. Hence of crucial importance for CSPs were:

- funding directed to CS from partners;

- additional funding that CSPs were able to lever/secure from other sources; and

- the extent to which CSPs were able to influence other sources not directly under their control (including mainstream funding).

Aside from DWP funding, CSPs were able to draw on various sources of funding. For instance:

- In Greater Manchester, RDA funding provided the main source of funding of CS activity and provided revenue for projects delivered. As well as RDA and DWP funding, CSP projects in Greater Manchester were supported by WNF, Department of Education funding channelled through Connexions and NHS funding.

- Likewise, in South Yorkshire, the RDA was an important source of funding, alongside the European Social Fund (ESF), DWP seedcorn, European Regional Development Fund and the Future Jobs Fund.

- In Rhyl grants were secured from the Welsh Assembly Government's Department for Children, Education, Lifelong Learning and Skills (DCELLS) for training and skills development projects (some of which were focused on particular sectors) and the CS was successful in bidding for the Future Jobs Fund and the Fit for Work Service.

- In Tyne & Wear the DWP seedcorn and DAF, RDA Single Programme, ESF Innovation and Transnational and the Future Jobs Fund were directly controlled by the CSP, whereas the CSP exercised some influence over WNF, ESF, Coalfields Regeneration, Lottery Funding and mainstream.

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[20]   CSPs in England continued to receive DAF funding until March 2009, when their original two-year funding agreements ended. From then on the DAF that would have been directed to CSPs in England was diverted to the WNF. Although the WNF was allocated to local authorities, the local authorities were reminded of the existence of CSPs and the CSPs were encouraged to engage with their local authorities.

- In the case of West London, the amount of direct expenditure by the CSP between 2006 and 2011 was around £4.03 million (with around 80 per cent of this from DWP in DAF, Seedcorn and Reward funding), and a further £7 million of funding was levered in. Yet in 2006/07 it was estimated that spending on employment and skills provision in West London (by organisations such as Jobcentre Plus and the Learning and Skills Council) was around £200 million.

This latter case underscores the importance of the role of CSPs in trying to co-ordinate and in **influencing** what was happening locally, so as to ensure that existing resources were deployed more effectively. One CSP key contact suggested that CSPs needed some money to deploy on delivery so that they were 'taken seriously', but that having 'too much money' could get in the way of doing 'new things' and 'innovation' because delivery, often carrying forward conventional approaches, would become the primary focus.[21]

So **how successful have CS and DAF partnerships been at aligning and pooling funding and resources?** For this assessment:

- aligning refers to bringing different funding and resources 'into line' with each other so that they can be used alongside each other in a supportive fashion; and

- pooling refers to merging funding from various sources into a single pot for common use.

The **context** for CS activity in aligning and pooling resources was a complex delivery landscape of providers and funding streams for employability services, with potential for duplication and wastage through a lack of cohesion and connectivity, while at the same time leaving gaps in provision.

Across the CSPs there was **widespread recognition of some potential advantages of aligning and pooling of funding and resources**. These included:

- to achieve costs savings;

- to rationalise activity by reducing duplication;

- to enhance linkages between providers – including across policy domains;

- to achieve economies of scale across geographical areas;

- to fill gaps in provision; and

- to enhance efficiency.

In relation to 'achievement of cost savings' and 'economies of scale' and also 'enhancing efficiency' examples were cited in partnerships spanning multiple local authorities of economies of scale and enhanced efficiency in tendering and savings in costs of procurement by working on a cross-partnership rather than an individual local authority basis. Several partnerships cited this in relation to tendering for the Future Jobs Fund. The corollary was that in some other instances opportunities had been lost by a failure to consider new approaches to contracting and resorting instead to conventional 'tried and tested' procurement procedures.

With regard to 'reducing duplication' there were some differences of perspective between partnerships. Some sought rationalisation of a 'fragmented delivery landscape' through having fewer delivery organisations. Others placed less emphasis on reducing duplication by cutting the number of providers, but rather sought to gain efficiencies by better marshalling a large number of

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[21]   This comment is interesting, not only because of what it says about the amount of money that is helpful for partnership working, but also because it suggests that too great a focus on delivery may stifle process innovation.

suppliers into 'supply chains'. For the latter, reducing duplication did not equate with minimisation; on the grounds that 'duplication in theory' (i.e. provision targeted at the same group in the same area) may be no bad thing if one type of provision is not working in practice. In other cases, the foremost strategy for tackling the issue of duplication was to tackle the issue at the outset and by 'engineering alignments' and creating links by making the need to liaise and link with the services of other providers a condition of funding agreements. The DAF partnership in Swansea Bay, for example, placed priority on ensuring a robust referral service from DAF projects to other agencies and mainstream provision, and set a referral target (which was exceeded) to measure such activity. This approach seemed to work well in terms of avoiding duplication and 'filling gaps', helping develop good links between new projects and existing provision, heightening awareness of mainstream support services, and ensuring alignment with other employment and skills provision.

More generally, enhancement of linkages between providers and the filling of gaps in provision was facilitated by having key funders around the partnership table and maintaining a dialogue with sub-regional organisations. In West London, for instance, it was noted that prior to CS commissioning had been a top-down process with little or no coordination between the main funders, but by means of partnership working and the influencing role of the CSP – sometimes through input into tender specifications and commenting on bids, as well as by sharing information on the local context – it was possible to help shape services to better address local needs.

Although there was widespread recognition of potential advantages of aligning and pooling funding, in practice, **the extent to which emphasis was placed on the aligning and pooling of funding and resources varied between partnerships**. There were also variations in emphasis between partners within the same partnership, such that priorities of some partners were not always shared by others. Three types of **partner behaviour** within a partnership regarding the aligning and pooling of funding may be distinguished:

- full alignment and pooling – 'here is £X for the partnership to allocate and spend';

- consultation and alignment – 'we'll discuss with you how we spend our money, but we'll continue to spend it ourselves'; and

- independence, having taken account of the broader context – 'we'll listen, but you [i.e. the partnership] can't tell us what to do – we'll continue to invest in our own way'.

In theory and in practice, alignment was more difficult in multi-authority CSPs where alignment and pooling had to be across different geographical and political boundaries, as well as between agencies operating within the same local authority area. In general, two models are identifiable at opposite ends of a continuum – with partnerships placed at any point between:

- a **strategic** emphasis on pooling and aligning funding and resources; and

- an **operational** emphasis on aligning and spending available funding.

The scale of the CSP appeared to be an important factor in placement on this continuum. In practice, a tendency was evident for larger partnerships (i.e. those covering multiple local authority areas or single very large local authority areas) to take a more strategic outlook, while smaller partnerships tended to have a more operational emphasis, albeit with such activity facilitated by the adoption of a 'pathway'/'pipeline' model of provision of a suite of different services along such a 'routeway' to employment.

Overall, it is clear that **greater emphasis was placed on alignment than on pooling**. In practice, the aligning and pooling of funding was 'difficult' (in the words of one interviewee) – the latter especially so, and some CSPs achieved the former but not the latter. Yet even in the case of the latter, it was still possible to aid synergy across different funding streams through the 'pooling of ideas and opportunities' and the 'sharing of strategies' through partnership working.

Alignment was also difficult because of the 'dynamic landscape' in which partners and partnerships were operating (as discussed in Section 2.2.2) and by the fact that funding streams did not become available in a 'neat sequence'. This led some of those CSPs with 'high aspirations' regarding the aligning and pooling of funding at partnership level, at the outset of the CS initiative, to become more pragmatic in the light of experience. It also helps to explain the attraction of a 'consultation and alignment' model for smaller CSPs and DAF partnerships operating 'close to the grass roots' in a 'responsive' and 'flexible' manner.

The ease of the alignment and pooling of funding varied according to whether funding was allocated to the partnership or to partners and also by types of funding. It was easier to align and pool funding that was:

• awarded to the partnership – rather than to individual partners;

• discretionary – rather than non-discretionary; and/or

• flexible.

The award of DAF funding to partnerships was especially advantageous – both as a 'catalyst' for partnership working and in terms of the 'flexibilities' it offered. In East London, the availability of discretionary funding allowed existing employability and skills provision to be expanded and new innovative approaches to be tried, as exemplified by the Single Points of Access and outreach based in Children's Centres and community organisations. This resulted in a localised customised approach to clients who are less likely to use or benefit from mainstream provision. Moreover, the allocation of DWP discretionary funding to individual boroughs led to different local (i.e. borough level) approaches. For example, the defining element in the Hackney approach was the decision to partner with Registered Social Landlords and social housing providers, who made initial contact with workless residents, registered them and referred them on to appropriate job brokerage partners and specialist agencies. By contrast, in Newham, additional discretionary funding was used to scale up existing activity. In Tower Hamlets, existing provision was widened in focus, with greater cross-departmental working and joining up of connected services. This demonstrates the way in which **CSP discretionary money enabled innovation, through freedom to try out new ideas in a way that suited local needs**. The discretion also extended to CSPs being able to work with partners of their own choosing, rather than having to work with specific providers.

Pooling of funding allocated to partners tends to be more challenging because of:

• lack of alignment in timelines associated with different funding sources;

• bureaucracy – especially if several local authorities are involved; and

• constraints on pooling funding when instructions as to how funding should be delivered are dictated nationally.

Some CSPs in England suggested that there might have been a case for pooling a small proportion of the WNF monies allocated to constituent local authorities. For example, in the Liverpool City Region, despite a strong emphasis by the CSP on aligning resources across agencies and geographies to generate better value for money, WNF monies were not spent on a collective basis; rather individual local authorities saw it as 'their money', so they were entitled to 'their share'. This highlights a tension between cooperation and competition in the operation of the CS initiative. Such a situation (not necessarily confined to WNF) can lead to too many local authorities providing similar services, so losing out on potential economies. In East London, for example, opportunities for aligning resources were missed – in the case of WNF this was managed and allocated in an isolated manner, and in some cases this was not aligned with CSP DAF objectives.

This raises the issue of how realistic it is to expect local authorities (and other partners) to cede control of their own resources to a broader partnership, such that some of their resources might be allocated elsewhere (i.e. to other areas within the broader partnership). In general, bureaucratic and political reasons militated against this – especially in those instances where local authorities were also direct deliverers of employability services. In some partnerships, such partners who were also direct deliverers bid successfully for partnership funds, but in other instances they 'lost out' in open competition. The operational 'need to attribute funding to targets' for 'payment by results' also militated against pooling of resources. While the 'outcomes' of different funding streams are often similar (i.e. moving individuals into employment), one interviewee noted that 'I contributed to getting someone into work' is less strong than 'I got someone into work'.

There were diverging opinions on how the **volume of discretionary funding available** influenced propensity to consider pooling and alignment of funding:

• some survey respondents argued that the greater the volume of funding available to partners, the lesser the incentive to consider pooling – because each partner could concentrate on using their own funding to achieve their own objectives;

• other respondents considered that the smaller the volume of funding available, the greater the difficulty and the lesser the propensity to consider pooling because partners would be less inclined to adopt a potentially 'risky' strategy of giving up 'control' over funding.

The latter opinion was the most prevalent in summer 2010, although by spring 2011 there appeared to be a greater feeling that the budget situation had made partners more willing to focus on their core business, coordinate with partners and aim to realise efficiencies and avoid duplication. In the Liverpool City Region, the credit crunch and constraints on public sector finances reinforced the view that a city region approach was needed to work collectively to design better solutions to persistent problems and align resources across agencies and geographies to generate better value for money.

'Practice' and 'culture' were also important considerations shaping opinion here, and more generally. If partners were practising aligning and pooling before a reduction in the volume of funding, then they would be likely to continue, whereas if they were not, it is unlikely that a change in material circumstance would make them change practices. The 'outlook' and 'mindset' of key individuals in local partner organisations were recognised generally by partnership members as being important in 'setting the scene and the tone' for discussions about alignment and pooling of funding. 'Trust' is of fundamental importance here. Personalities influenced the culture for strategic and operational decision making. It was also the case that 'joint working nationally' helps 'joint working locally'. One of the positive examples cited in this respect was the Fit for Work programme, which had brought together the DWP with the Department of Health.

There were some examples of large and medium-sized CSP partnerships using monies allocated at a partnership level for co-commissioning – i.e. buying in extra resource targeted at particular areas and/or groups from mainstream programmes (see the discussion in Section 5.3 also). Those that took this approach were generally positive about doing so, and the associated efficiency savings on procurement exercises, on the costs of engaging with claimants and on obviating the plethora of local initiatives. In Dundee, for example, there was working on co-commissioning of Lifeskills, Get Ready for Work and Training for Work with Skills Development Scotland, and in Edinburgh there was a clear move towards integration of commissioning activity across a range of funding streams that were formerly separately managed.

On a wider stage, national programmes took precedence when considering the alignment and pooling of funding; partnership and partners' resources are aligned with the mainstream, not vice versa. Under DWP co-commissioning arrangements (outlined in Chapter 5), Greater Manchester

CSP was able to shape the investment specification, be part of the decision-making process for awarding the contract, and have a clear role in relation to managing successful providers. Bespoke performance information was provided and helped to facilitate this role. Nottinghamshire also entered a co-commissioning arrangement, which in turn helped facilitate better relationships with central government. Likewise, other CSP partnerships noted that working with DWP colleagues on co-commissioning of Flexible New Deal (FND) was positive; there was general disappointment that policy changes meant that the expected benefits of this work were not realised. There were also concerns about the replacement of the special 'direct relationship' of the partnerships with DWP, which work on FND had extended, by Jobcentre Plus Customer Service Directors as the primary point of contact.

Ongoing changes in **context** had implications for attempts to align and pool funding and resources. Partnerships indicated for maximum benefit to be derived from such activities a necessary foundation was good information exchange and prior notification of forthcoming initiatives/programmes. Some survey respondents and interviewees expressed disappointments here, citing examples of partnerships' funding provision to 'fill gaps' which subsequently duplicated other funding streams/mainstream provision. One likened the situation to 'trying to do something in the dark': on the one hand the response might be to 'hold off' commissioning new provision for fear of subsequent duplication, while on the other hand there was an imperative to act quite swiftly to address needs and ensure that funds were spent within given time frames.

Partnerships' **central core teams** played a key role in navigating this changing context through coordination with key partners (including with Jobcentre Plus, DWP, etc) and in **orchestrating the alignment and pooling of funding and resources**. One interviewee noted that the partnership's central team had *'helped us to look across local authorities – which would not have happened otherwise'*. This also helped to facilitate the development of joint strategies. Another indicated that local authority partners were happy for the central team to 'take the lead' in strategic discussions with DWP and other key agencies to enhance prospects for the alignment and pooling of funding, allowing them to focus on operational issues (i.e. it facilitated an efficient division of labour and responsibility).

Central teams also played an important role in 'collaboration for greater voice' – so 'punching above their weight' – in consultations and in tailoring provision in ways in which most individual local authorities/other partners would have been unable to do. They helped to coordinate capacity in leveraging in of more significant opportunities than were available to any single partner. In several instances, they were instrumental in leading multi-local authority partnership-wide bids for initiatives such as the Future Jobs Fund and Fit For Work Service. While in the early part of the CS initiative, some central teams received a degree of criticism from some local partners due to the perceived cost of this 'overhead', appreciation of the important role of central core teams in leading and administering funding bids, coordinating employment and skills work, ensuring a more consistent offer to individuals and employers, increased over the lifetime of the CS. Tellingly, an evaluation finding for one of the DAF partnerships was that there would have been advantages in having a dedicated (full-time) manager/co-coordinator and that this would have helped engender links between DAF projects and make the whole more than the 'sum of the parts'.

3.3   Features of successful/effective partnership working

Measuring effective partnership working is difficult because achievements of partnerships are not only influenced by the quality of the partnership, but also by the starting point or 'base case', the influence of different styles of local governance over many years, and economic and political factors. The small number of CSPs and the diversity of partnerships (as outlined in Chapter 1) and their ongoing evolution militated against any attempt to derive an 'index of partnership working' for

measuring effectiveness.[22] In any case, derivation of indicators and interpretation of any composite index would be difficult.

Previous lessons indicate that features of effective partnership working include:

- strong political and effective leadership at the most senior level;

- the use of visioning processes as a focal point for consensus building among partners;

- translation of vision into political, strategic and operational objectives;

- inclusion of key stakeholders within the partnership;

- high quality human resource at the centre of the partnership; and

- organisational cultures supportive of partnership working.

Chapter 1 outlined some of the main features of CSP partnerships, of the key players involved in partnerships and trends over time. An outline of the changing composition and governance arrangements for partnerships is not the main focus of attention here, suffice to say that although many of the same organisations were represented across the different partnerships, there were also variations in leadership and approach across and within partnerships. An example of diversity in leadership and delivery approach is provided by South Yorkshire, where delivery of strategy was devolved to Work and Skills Boards in the four constituent local authorities making up the CSP area. Local authorities took a leadership role in Sheffield and Doncaster, whereas in Barnsley this role was assumed by Jobcentre Plus and in Rotherham by the private sector. The federal approach within the South Yorkshire CSP allowed each local authority to meet to shape local solutions to meet local needs and this was reflected in different delivery approaches, with:

- Sheffield developing a number of demonstration projects;

- Doncaster emphasising the stimulation of enterprise as part of the employment and skills agenda;

- Barnsley promoting strong links with the voluntary sector; and

- Rotherham adopting a one-stop shop approach.

This contrasted with a more centralised city-region approach in some of the other CSPs covering multiple local authorities.

Another difference in emphasis between CSPs which was evident in Phase 1 but continued in Phase 2 was that between:

- a strong focus on programme delivery; and

- an emphasis on developing new products and promoting change management through the employment and skills infrastructure.

While these may be envisaged as two ends of a continuum, with most partnerships occupying a position somewhere in between, arguably the second approach was closer to the process change model envisaged at the outset of the CS initiative. While the first approach perhaps gets closer to a direct focus on services for workless people, a danger is that it would be possible to revert to more delivery along conventional lines, rather than taking opportunities to test new ideas. Hence, the latter approach may be more 'innovative'.

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[22]   An example of an attempt in Scotland to operationalise and interpret such an approach suggests that this is difficult.

One theme emerging from interviews with some of the national stakeholders was that the degree of innovation in CS was limited. This contrasted with the view of most local partnerships, who felt that they had been innovative. This difference in viewpoint could reflect the fact that local partnerships may have classed as 'innovative' processes or interventions that they were previously unfamiliar with and/or which were 'new' to their area, albeit such processes and interventions may have been operationalised elsewhere. On the other hand, national stakeholders did not see such processes and interventions as 'innovative'. This reflects their different stances: national stakeholders adopt a perspective over a wide area and a longer time frame when making assessments about what is 'innovative', whereas the local partnerships are focusing on their own local areas and making an assessment of what is 'innovative' in light of their local context.

Key themes emerging from Phase 1 of CS were reiterated by the experience of partnership working in Phase 2. These included the importance of:

• a strong central team (as discussed in Section 3.2 and elsewhere);

• drawing partners from the public, voluntary and private sectors – with an increasing recognition of the gains in terms of both perspective and clout to get things done of involving high profile business people/employers; and

• trying to focus the Board on a strategic overview, leaving implementation and delivery details to sub-groups.

It should also be acknowledged that an impressive general feature of most CSPs and DAF partnerships, which contributed to the effectiveness of most partnership working, was the commitment and goodwill of key staff. Buy-in from key stakeholders was also crucial to success and its absence could stall progress.

In the remainder of this section, results from an electronic **survey of partners** from CSPs and DAF partnerships[23] undertaken in late summer 2010 are used to provide insights into the experience of partnership working over time, and selected quotes and comments from interviews with partnership key contacts and from local evaluation reports are used to illustrate and endorse the survey results. In the first part of the survey respondents were asked 15 questions, each taking the form of a statement, on aspects of partnership working relating to:

• Engagement: culture and commitment.

• Additional value, impact and innovation.

• Integration and influence.

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[23] Each CSP and DAF partnership was asked to supply the names of six contacts with suitable knowledge to complete the survey; (some partnerships supplied more than six contacts). It was requested that the partners be drawn from as wide a range of experience as possible, and that one contact from Jobcentre Plus and at least one from a local authority should be included. 76 responses to the survey were received representing a response rate of 65.5 per cent.

They were requested to record their current level of agreement with that statement on a five-point scale from 'strongly disagree' to 'strongly agree'. For each statement respondents were asked to gauge the level of change on that particular dimension on a five-point scale from 'strongly disagree' to 'strongly agree'. Respondents were also asked to make comments or provide examples to illustrate their response. Table 3.1 presents the mean score on each statement[24] and also a ranking on 'change over time' – with rank 1 indicating the greatest improvement.

The first key point evident from an examination of mean scores is that generally **respondents were positive about partnership working**. For all statements, the aggregate view[25] was that the situation had improved over time. There was only one statement with which the respondents in aggregate were not in agreement: 'Partners prioritise partnership objectives over organisational objectives when conflicts arise (score 2.64)'.

This links to the themes of cooperation and competition outlined above. Some comments which were made in relation to this statement related to the fact that, with a few exceptions, individuals would prioritise their own organisation over the partnership because it is not the partnership responsible for paying the individual – for example:

> *'Partners are always loyal to their own organisation and objectives as their organisation is their paymaster.'*

The primary pursuit of organisational and/or national objectives could mean that partners were unable to prioritise sub-regional/local partnership ones. Other comments related to the fact that partners had their own targets, so that if these were being met, then there was little incentive to be so involved with the partnership. However, there were other instances where it was considered that partners may maintain involvement in the partnership for protection of self-interest rather than for promoting collaborative work.[26]

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[24]   Obviously the mean scores disguise the range in responses. While the range of responses provides insights into the diversity of views – and for most statements there were a range of responses from strongly disagree to strongly agree, the mean scores are of interest since they capture the overall strength of agreement/disagreement on each of the statements.

[25]   As recorded by mean scores; (these mean scores are not presented here).

[26]   This was perceived to be a greater problem where partners were involved in substantial direct delivery of employability services.

Table 3.1   Mean scores for statements relating to partnership working issues

Statement	Engagement: culture and commitment	Additional value, impact and innovation	Integration and influence	Mean score	Rank of change over time
The partnership facilitates effective ongoing dialogue with individuals in key local organisations			✓	4.33	1
The partnership has a clear shared vision	✓			4.01	3
The partnership is successful in facilitating the development of innovative approaches to address local issues		✓		3.94	2
The majority of partners are clear about their individual roles and responsibilities within the partnership	✓			3.85	7
All partners are appropriate for the partnership and there are no key gaps in membership		✓		3.75	9
The majority of partners take an active role in driving forward the partnership agenda	✓			3.69	6
The partnership is successful in leveraging additional resources to tackle worklessness and enhance employability		✓		3.69	4
Partners identify opportunities to mainstream partnership objectives into their own organisational strategies	✓			3.63	5
The partnership's Business Plan is being implemented on schedule		✓		3.61	13
The partnership is successful in facilitating the aligning and/or pooling of budgets to make more effective use of existing resources			✓	3.44	8
It appears that partners feel mutually accountable for the success of the partnership	✓			3.43	10
The financial resources under the partnership's control have been expended in full in a timely fashion		✓		3.42	14
The partnership is successful in influencing the spend of other organisations whose funds are expended in the partnership area			✓	3.27	11
The partnership is successful in influencing the spend of partners' own funding streams			✓	3.17	12
Partners prioritise partnership objectives over organisational objectives when conflicts arise	✓			2.64	15

Source: National Evaluation Team Partnership Survey, 2010.

Note: Mean scores have a possible range from 1 to 5. The closer the score is to 5 the greater the degree of agreement, and the closer the score is to 1 the greater the degree of disagreement. A score of 3 is indicative of neither agreement nor disagreement.

The statement yielding the highest positive response[27] was:

- The partnership facilitates effective ongoing dialogue with individuals in key local organisations (score 4.33).

Comments illustrating this positive state of affairs included:

> '... the partnership has added some value by ensuring that communication channels are opened with other possible organisations who can help the employment and skills agenda.'

> 'There is a strong infrastructure supporting cross organisation dialogue through work groups, networking events and training events.'

> 'The huge improvement from City Strategy is the strength of local relationships.'

However, the fact that mean scores on other statements concerning integration and influence were lower, albeit still positive, highlights the challenges involved in translating dialogue into influence regarding spending decisions and alignment of budgets (as discussed in Section 3.2).

All of the mean scores for the change over time were positive.[28] The lowest ranked statement was again that relating to prioritising partnership objectives over organisational objectives.[29] Cross-tabulating the 15 original statements against the degree of change on each statement indicates a substantial degree of correlation: respondents who answered positively for the statement were more likely to state that the situation had improved while those who disagreed with the statement were more likely to suggest that things had become worse, or had stayed the same.[30]

The responses which the statements generated fit in with other information received when talking to the partnership contacts as part of the series of telephone interviews at different stages throughout Phase 2 of the CS initiative. What came through strongly is that most felt that **shared vision and commitment** were the prerequisites for successful partnership and everything else proceeded from there. Associated comments often highlighted improvements in collaborative working and the catalytic effect of the partnership – for example:

> 'Collaborative working with most partners has improved; there are examples of partners sharing information, developing projects and understanding respective roles more.'

> 'Partners are becoming more used to planning strategically from a city region perspective. All may have varying local priorities, but we are now able to recognise our areas of common focus more readily.'

> 'City Strategy has acted as a catalyst to enable partner organisations, who formerly worked in isolation to their own agendas, to contribute to projects where a number can be involved both in funding and providing support. This has resulted in economies of scale, avoiding duplication and providing credibility.'

These quotes are illustrative of the fact that for some partners CS was sharing ideas about new ways of addressing existing challenges, and about integrated ways of working which became embedded in their own working practices. However, a minority of respondents commented on the sheer number of partnerships in existence was a challenge – as illustrated by the comment that:

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[27]   All respondents gave a positive or neutral response to this statement.

[28]   Albeit it should be borne in mind that changes are not necessarily uni-directional. On balance, however, the responses indicated that matters had improved over time.

[29]   Here the mean score was only marginally positive.

[30]   Conceptually it is possible to disagree with a statement, and at the same time say that the situation had improved significantly, but this is unlikely.

'The pressure on everyone in terms of time for partnership activity is significant. There are too many partnerships anyway with similar agendas.'

Disaggregation of responses for single authority partnerships compared with multiple authority partnerships revealed that single authority respondents answered more positively than those from multiple authority partnerships. A very tentative conclusion could be that those in single authority partnerships found some of the features described in Table 3.1 easier to address than those working in multiple authority partnerships.

An overall assessment of evidence from the survey, interviews, monitoring returns and local evaluation reports indicates that the **added value of partnership working** as part of a CSP or DAF partnership included:

- **Fostering the grounds to work together across policy domains and providing the opportunity to work with new providers and stakeholders**: The CS initiative provided the arena, focus and resources to convert 'ambition' to work across policy domains into 'activity'. In CSP-wide partnerships, and in more local partnerships in CSPs spanning multiple local authorities, which operated on a federal basis, local authorities and partners from employment and skills, education, housing and health came together in different ways to work together strategically and on delivery. In some instances, synergy across policy domains was enhanced through the co-location of services – as in the case of multi-agency services in the Discover Opportunities Centre in Dundee.

- **Joined-up and new approaches to tackling worklessness**: Several local evaluations noted that the main partners were more 'joined up' towards the formal end of the CS initiative than they were at the outset. For instance, in East London the CSP was seen as the architect for more client-focused modes of intervention, while in Edinburgh one of the ways in which the enhanced 'joining up' of main partner organisations was manifest was in a clearer and more strategic focus on working with young people.

- **Greater agility in mobilising resources and responding to opportunities**: CS partnership working enabled partners to mobilise more quickly than had been the case formerly, thus ensuring integrated inputs into national policy processes.

- **The sharing of information**: The opportunity provided by the CS initiative and DAF partnerships to share information (discussed in greater detail in Section 3.5) and gain new knowledge was fundamental to the new ways of working outlined above and to assessments of what approaches and interventions worked well and less well.

- **Nurturing innovation**: In general, partners were positive about partnerships' success in facilitating the development of innovative approaches to address local issues (see Table 3.1)[31]. In the Liverpool City Region, for instance, examples of innovation through the CSP's Partnership Enabling Programme included introducing new approaches to delivery (epitomised by taking an advisory database of employment, skills and other services, moving it to the internet and extending it to cover the whole sub-region). However, a minority of survey respondents expressed disappointment at the lack of innovation.

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[31]   This statement was ranked third out of the 15 statements included in the electronic survey, and was ranked in second position on improvement over time. However, not all responses were positive and some respondents expressed disappointment on this front, also bemoaning the lack of local flexibility which they believed would have allowed more to be achieved.

Overall, while partnership working is a dynamic process[32], the evidence suggests that it generally improved over the course of the CS initiative.

3.4   Barriers to partnership working

The **survey of partners** referred to in Section 3.3 asked respondents to categorise each of 15 potential barriers to partnership working as 'no real problem', an 'irritant', a 'barrier' or a 'serious barrier'. Table 3.2 shows the profile of responses regarding the severity of different potential barriers to partnership working, ranked in descending order on the overall severity accorded to each barrier.

Most frequently identified potential barriers were:

• Policy inconsistency/conflict at national level.

• Economic change: recession.

• Fragmentation of funding.

• Rigid eligibility rules/lack of flexibility in use of funding streams.

• Silo thinking.

Table 3.2   Severity of potential barriers to partnership working

Potential barrier	No real problem (row %)	Irritant (row %)	Barrier (row %)	Serious barrier (row %)
Policy inconsistency/conflict at national level	15.1	26.0	37.0	21.9
Rigid eligibility rules/lack of flexibility in use of funding streams	11.0	34.2	34.2	20.5
Economic change: recession	20.6	23.5	30.9	25.0
Silo thinking	15.3	30.6	37.5	16.7
Fragmentation of funding	11.4	32.9	45.7	10.0
Lack of incentives for regional and national partners to work at a local level	29.7	17.6	32.4	20.3
Partners' experiencing tensions between organisational identity and partnership identity	17.6	39.2	32.4	10.8
Lack of information sharing between partner organisations	27.4	31.5	27.4	13.7
Fragmentation of service providers	22.2	43.1	29.2	5.6
Lack of management information	36.1	26.4	22.2	15.3
Policy inconsistency/conflict at local level	27.5	36.2	30.4	5.8
Lack of shared vision	46.5	22.5	21.2	9.9
Lack of synchronicity of partners' planning cycles	30.1	52.1	13.7	4.1
Staff changes within organisations	29.6	53.5	15.5	1.4
Organisational restructuring among partners	30.6	37.5	23.6	8.3

Source: National Evaluation Team Partnership Survey, 2010.

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[32]   As one survey respondent noted: 'It fluctuates!'

Supporting comments made by respondents provide some insights into the nature of challenges experienced. It is notable that policy inconsistency at national level was seen as a greater challenge than policy inconsistency at local level.[33] Here the introduction of new initiatives and the withdrawal of others, as well as the change of government in May 2010 (as outlined in Chapter 2), contributed to perceptions of policy inconsistency at national level. However, any partnership with a formal lifespan of four years would have had to deal with a range of policy changes. Arguably, the 'orchestration' role of CSPs – working across policy domains and geographical boundaries – meant that a greater proportion of all policy changes, than would have been the case normally, impacted on their activities. There were some complaints that WNF was 'fragmented and inefficient' because of its focus on local authority areas rather than broader CSP areas, while in the context of recession and new policies it was noted that '*the impact of new DWP initiatives has caused duplication and confusion*'. Policy changes following the 2010 General Election also had impacts on plans and associated funding streams, as indicated by the comment that: '*We had a good robust funding package for the next two years but this has been throw up into the air.*' The emergence of new partnerships, such as Local Enterprise Partnerships (LEPs) also impacted on some CSPs where geographical coverage of the LEP was different from that of the CSP, (despite lobbying activities to keep the same footprint): '*Due to current policy changes particularly around LEPs we are struggling to continue the work as previously planned.*'

Issues relating to eligibility rules and lack of flexibility on particular funding streams were identified as concerns throughout the lifetime of CS, as highlighted in Section 3.2. Like policy inconsistency at national level, this was a factor outside the direct control of the partnerships. Another of the major barriers – fragmentation of funding – was one that partnerships sought to address through the aligning and pooling of funding. To some extent this necessitated addressing silo thinking. The other barrier in the 'top five' was economic change. Clearly, the recession made it more difficult to meet worklessness and employment targets (as discussed in Chapter 4). Alternatively, or additionally, respondents may have considered recession as an important barrier because it caused greater guardedness among organisations about their own funding streams (see the discussion in Section 3.2).

At the opposite end of the spectrum, 'organisational restructuring among partners', 'staff changes within organisations' and 'lack of synchronicity in partners' planning cycles' were least likely to be perceived as serious barriers. Presumably this reflects the fact that these factors can affect all organisations and were something that partners get used to coping with. Even so, staff churn did not help in joining up across policy domains, given the importance of the personal element in building and maintaining relationships. While highlighting this as a barrier, there was also recognition that this was to some extent a normal 'fact of life', rather than a feature specific to the CS initiative.

Some of the statements on barriers tended to polarise opinion. The statement on 'lack of management information' is a good example of this. This is likely to reflect the fact that some partnerships chose to invest heavily in developing systems which would deliver more comprehensive management information, while others did not see this as a priority (see Chapter 4 for further discussion). In turn, this highlights that in addressing local concentrations of worklessness, partnerships faced some similar generic barriers, but the relative severity of some of these barriers varied depending on the approaches adopted by the different partnerships.

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[33]   This reflects the fact that the strategic direction of national agencies could create barriers to developing local solutions to address worklessness when the local emphasis was on 'wrapping around' national policies which then changed, and/or when attempts at cross policy domain working at local level were hindered by targets of national agencies operating in another direction.

3.5   The role of information sharing in partnership working

Partnership working is lubricated by the sharing of management information (MI) and tacit information **within** partnerships and also by information sharing **between** partnerships.

Within partnerships, information sharing could take various forms, including the:

* sharing of MI;

* development of products with a specific objective of sharing information more widely;

* formal sharing of information between lead officers/other staff in different organisations;

* sharing of tacit information.

Each of these is considered in turn below.

The role of **MI** and tracking systems is explored further in Chapter 4. In general, those partnerships that adopted tracking systems reported that their usefulness increased over time. The benefits of such systems included:

* the rationalisation of client registrations and assessments by sharing information between partners;

* using systems to analyse 'blockages' in employability pathways – in Dundee CSP, for example, a job readiness tool was developed to stop individuals being referred to the next stage before they were job ready; and

* delivery partners could be issued with performance reports at regular intervals and such reports could be used by the partnership to flag up emerging issues and to examine differential performance between service deliverers.

Development of **products** included directories of employment service providers and West London's Employability Performance Ratings. The idea of the former type of products was to codify and disseminate knowledge on services available, while the latter sought to improve the market by helping people to identify high performing employability service providers.

Formal information sharing within partnerships took place in a variety of arenas. In CSPs spanning multiple local authorities, information was often shared in Lead Officer Group meetings. In this way, experiences and insights were shared and cross-fertilised between organisations. Increasing knowledge of what was going on elsewhere could reduce possibilities for duplication and enhance potential for resources to be directed towards types of interventions known to be effective.

Importantly, partnerships also engaged in **informal information sharing**.[34] In some instances, co-location of services facilitated informal information sharing, with staff from different service delivery areas easily coming together face-to-face to discuss issues relating to the employability of individual clients and how the services needed might best be sourced. Such informal information sharing could reduce the tendency for individual organisations to hold onto clients because of the relationships built up between partners and confidence in partner organisations to move clients forward. Whether co-located or not, informal networking inside and outside of partnership meetings enhanced the understanding of each others' activities strategically and operationally, as well as knowledge of 'what works'. One partner interviewee described such information sharing as 'very important and useful'.

The **City Strategy Learning Network (CSLN)** was established at the outset of the CS initiative as a mechanism for organisational learning through the dissemination and sharing of good practice

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[34]   In practice there is a continuum between formal and informal information sharing.

and lessons from local activity in CSPs, both among themselves and to central government.[35] As outlined in the Phase 1 evaluation (Green *et al.*, 2010[36]), the organisation of the CSLN and nature of its activities developed over the lifetime of CS (and beyond). At the outset department for Work and Pensions (DWP) took a stronger lead in shaping discussions, and in general the CSLN acted as an advocate between DWP and CSPs over issues such as enabling measures. National stakeholder interviewees identified the CSLN as being a useful forum for challenge for central government. Over time the CSPs took a stronger role in shaping the agenda for CSLN meetings, albeit including speakers to lead discussion on new/impending policy developments. The CSLN has sought to facilitate more cross-CSP sharing of experience. Sub-groups of CSPs came together to discuss specific themes of interest. There was also increased informal networking between CSPs outside formal meetings. This concentrated on the sharing of experiences with CSPs facing similar issues (e.g. CSPs spanning multiple local authority areas often gravitated towards other large CSPs to discuss key issues), on particular topics and requests for advice on how other CSPs were dealing with particular challenges. In this way the CSLN facilitated information sharing between CSPs.

From May 2010, less resource was devoted to the CSLN and the CSLN continued its activities both virtually and through face-to-face meetings without DWP contractor facilitation, but inviting DWP personnel and selected others to attend. Some of the comments from participants at the formal end of the CS initiative in March 2011 highlight the value of the CSLN:

> *'The opportunity to openly discuss new approaches, learn from each other and offer valuable support to each other is underestimated. I think for me the support offered by the group to give me confidence to challenge my local partnership to adopt new ways of working and delivering was particularly useful.'*

> *'I strongly feel that our local approach has really benefited from the skills and experiences of all the partners we have worked with at a national level.'*

> *'I have found the sharing of good practice and exchange of ideas invaluable and would like to continue this.'*

At the time of writing, the CSLN is continuing virtually, at the initiative of the partnerships, supplemented by occasional physical meetings.

3.6   The essence of partnership

The evidence presented in preceding sections indicates that **most partners were positive about the work of their partnership**. There was good involvement from most partners and partnerships built up a sense of shared responsibility around core objectives.

The survey of partners conducted in late summer 2010 asked respondents to supply two words which they felt best captured the essence of their partnership. This question generated a vast amount of different terminology. These words are presented below as a 'word cloud' in Figure 3.1, with the font size corresponding to the frequency with which each word was mentioned and the colour codes indicating whether the word has positive (blue), negative (red) or more ambiguous (purple) connotations.

The overwhelming majority of descriptors selected by respondents were positive terms, indicating that partnership working was commonly perceived to have contributed to the achievement of

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[35]   The role of the Learning Network in providing a mechanism for pathfinders to come together and share best practice, and to help foster innovative approaches was set out in DWP (2007) *In Work, Better Off: next steps to full employment*, Cm 7130, TSO, Norwich, http://www.dwp.gov.uk/docs/in-work-better-off.pdf

[36]   Green *et al.* (2010) op cit.

positive outcomes. The most popular terms were words such as 'committed' and 'collaborative', though 'innovative' also featured prominently – indicating that the respondents felt that the partnerships were doing something different or fresh;[37] (as outlined in Section 3.2, the availability of DAF, and in some cases further funding, enabled partnerships to test approaches that they would not otherwise have had the capacity or rationale to pursue). 'Developing' was also a word which was used often, suggesting that CS partnership working was perceived as a direction of travel and partners were thinking about what will happen in the future to the relationships and the structures which have been instigated.

The size of the word 'collaborative' is indicative of the focus and direction provided by CSPs in promoting partnership approaches – both at strategic level across neighbouring local authorities and across different policy domains in delivery partnerships tackling worklessness. This was also endorsed by the conclusions of local evaluation reports highlighting that one of the biggest legacies of some CSPs is that they have given added focus and direction to encourage partners from different local authority areas and policy domains to work together. In many instances, CS acted as a catalyst to create new linkages in the local area/sub-region which would otherwise not exist. Fostering new ways of working in partnership lie at the heart of the CS approach and the evidence suggests that it contributed to cultural change in inter-organisational working to tackle worklessness.

Figure 3.1   Word cloud of partnership descriptors

Source: National Evaluation Team Partnership Survey, 2010.

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[37]   This is in contrast to the majority view expressed by 'national' level stakeholders.

4   The impact on worklessness at the local level

In this chapter the emphasis shifts from process to outcomes through a central focus on the impact of the City Strategy (CS) initiative on worklessness at the local level. First issues relating to the measurement of impact are discussed and the difficulty of measuring the impact of CS is outlined (Section 4.1). The second section focuses on monitoring outcomes and issues and experiences relating to the use of tracking systems are discussed (Section 4.2). Thirdly, statistics measuring progress towards increasing employment rates and reducing benefit counts are presented (Section 4.3). The final section provides reflections and an overview (Section 4.4).

4.1   Measuring impact

The impact of the CS initiative can be measured in a number of different ways, depending on which of its stated aims are afforded priority. Accordingly this evaluation has considered some of the processes which have been altered by CS and the likelihood of lasting cultural change on the welfare-to-work landscape which has resulted from CS. This chapter, however, considers a narrower definition of impact and examines the extent to which CS can be said to have been a success in terms of the benefit claimant levels and employment rate changes in the CS Pathfinders (CSPs) which constituted their targets set by Department for Work and Pensions (DWP).

When CS was conceived it was, as noted, a time when the economy was growing, yet despite this, pockets of entrenched worklessness remained in many urban areas. CS was, in part, a reaction to this. CSPs were given targets for employment rates and for benefit level and rate reductions (see Section 4.3 for details).

Looking at the performance of CS by inspecting employment rates and benefit levels does not necessarily provide the evidence of performance that is required to make the assessment as to whether the CS initiative and indeed individual CSPs have been successful.

There are a number of issues which impede such an analysis and assessment of success:

• the problem of distinguishing what constitutes CS activity;

• the question of whether changes can be attributed to CS or to some other process;

• the lack of any obvious counterfactual;

• the absence of individual level data; and

• margins of error on survey data and population estimates (for measuring employment rates and benefit proportions)

As outlined in Section 1.4, evaluation is most straightforward when a policy involves a simple intervention, standardised across areas and targeted at a particular eligible group, with a clearly defined and easily measurable single goal. CS does not fulfil any of these criteria. CS was a complex initiative, operating across sub-regions and local areas which vary in size from a few wards to multi local authority groupings, and involved non-standard interventions and new ways of working. Goals related to behaviour and outcomes, hence presenting a challenge for evaluation.

It is difficult to know what constitutes CS and where CS activity starts and ends. Since CS is primarily about new forms of working and coordination of pre-existing services, as well as plugging gaps, it becomes very difficult to work out which parts of a customer journey may have resulted directly from, or been indirectly affected by, CS activities and which have not.

Furthermore the areas selected as CSPs were areas which had long established issues with worklessness and accordingly had received numerous interventions over the years to address these problems. It is often not clear therefore whether a person entering a job has achieved that position as a result of CS, or whether they have achieved this because of another non-CS intervention. In short, it is difficult to **attribute** an outcome to a specific intervention when an individual may have been the subject of numerous types of support and help.

As well as questions about attribution, even if an individual can be shown to go through a range of CS interventions and support, it is difficult to assess whether this is a **deadweight outcome** – that is something which would have occurred anyway in the absence of the support. CS could produce different rather than additional outcomes in the case where disadvantaged clients were placed into work through the efforts of CS; the position would have been filled anyway, so the outcome is not additional, but it is a different outcome. Again, this is something which cannot be measurable with the information available.

One way in which the deadweight effect can be estimated is to compare the CSPs with a similar area which was not part of the CS initiative to establish a **counterfactual**. Again, given the nature of CS, this is not a simple task. Areas which did not have CS operating in them were unlikely to have a complete vacuum of non-mainstream support. Nor are other labour market conditions likely to be replicated by non-CS areas. Despite difficulties with the exercise, a comparator area was constructed by summing benefit figures for a range of non-CS local authorities with low employment rates (see Green *et al.*, 2010), This comparator area, first defined in the Phase 1 evaluation[38], is utilised in the analyses presented in Section 4.3.

Even if it were possible to separate out the different effects and to establish a counterfactual and produce estimates of deadweight, analysis is hampered by the practical problem of not having access to individual level data. In the early stages of the evaluation of CS, it had been hoped that the evaluation team would have access to the Work and Pensions Longitudinal Study (WPLS) which contains individual level data. As it turned out, it was not possible to secure access to these data and after some considerable time and effort, DWP advised that the evaluation would have to proceed without these data.

Without WPLS, the only type of data which easily accessible to the evaluation team was the publicly available DWP benefits data and Annual Population Survey (APS) employment rate data, which are downloadable from Nomis. Observing effects relating to CS in the aggregate data is difficult. Given that CS activity did not encompass all of the activity in a CSP area and the fact that so many other interventions were operating simultaneously, even if CSPs were remarkably efficient in getting people back into work, the size of the effect would most likely not be large enough to give a robust result as macro factors dominate.

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[38]   Some minor changes were made to the definition of the comparator area between the Phase 1 and Phase 2 evaluations, taking account of changes in local authority boundaries.

4.2   Monitoring outcomes

CSPs had a remit to coordinate welfare-to-work services within their sub-regions/local areas. As outlined in Chapter 3, they worked with different funding streams and with a number of strategic partners and various delivery partners towards achieving their aims. Due to this varied picture some CSPs considered that it would be advantageous to draw together client information in a single **tracking system** to cover all CSP interventions and activities.

CSPs were required, by the terms of the funding they received, to monitor the outcomes from the projects which they coordinated. The way in which the CSPs chose to do this varied, with some investing in Management Information **(MI)/tracking** systems which sought to compile evidence from all the projects under their direction in a consistent fashion, whereas others chose to monitor outputs on a project-by-project basis. CSPs which chose to have tracking systems made the judgment that the strategic and operational benefits which would be achieved by greater knowledge of client populations and the way in which they accessed the various services would offset the cost of installing and running such a system. Other CSPs made the opposite judgement, considering that the costs in time and resources incurred in investing and running such systems would not be worthwhile, especially given the partial nature of CSP activity in addressing worklessness in the local area/sub-region.

Different contracts issued by CSP and other partners had different reporting requirements. At a minimum, contracts required the service providers to provide the numbers of individuals engaged on the project/programme and the outputs and outcomes from these clients. All the contracts required this, though across the funding sources different additional requirements were sought. Some service providers had their own systems of recording MI, which they deemed adequate for the requirements of the funding. However, a number of different providers, each with their own recording methods, makes standardising more difficult. CSPs had to make a decision about whether they thought there was benefit in having a client tracking system to cover the whole of their operations. As intimated above, the decision for CSPs was mainly motivated by practical concerns; most agreed that it would in theory be a good idea to have more and better information. As well as doubts about whether investment in such a system would be cost-effective in resource terms, given the likely benefits which would be derived from the data, CSPs cited issues around data sharing as being one of the main barriers to proceeding with a tracking system.

There are two issues relating to **data sharing** which CSPs felt were relevant. First, because tracking systems hold personal data on individuals, the issue of what is legal in respect to data sharing becomes pertinent. CSPs cited some confusion about the legality of passing data between providers and sharing data within the partnership. In the context of general confusion about what was and what was not possible in this regard, both DWP and Improvement and Development Agency (IDeA) released guides (DWP, 2010; IDeA, 2010)[39] to assist and provide clarification for local authorities and local partnerships as to what steps should be taken to comply with data sharing legislation.[40]

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[39]   DWP (2010) DWP Guide: Data sharing to tackle worklessness, DWP.
       http://www.dwp.gov.uk/docs/datasharingguide.pdf
       IDeA (2010) Tackling Worklessness: Good Practice in Data Sharing, IDeA.
       http://www.idea.gov.uk/idk/aio/19221282

[40]   The Liverpool City Region, along with Kent and Leeds, took part in a data sharing and worklessness national pilot intended to look at ways of sharing data legally and safely to improve services and examine possibilities for wider application. A key outcome from this exercise was that scope exists for greater information sharing between partners at local level, without having to resort to legislative change and/or time consuming input from central government departments to provide data.

The fact that these guides were seen as necessary underlines the lack of understanding which was prevalent at the time. It is possible for providers to pass information to the partnership, and in some cases among themselves, when the systems rely on the principle of **informed consent**. The wording may have varied from partnership to partnership when CSPs implemented tracking systems, but what was key was that clients signed up to a statement of consent to the effect that they agreed to their details being shared across the partnership to facilitate provision of a better service, and sometimes also for the data to be used for research purposes.

Secondly, CSPs realised at an early stage that should they use a tracking system, then this could not be populated by Jobcentre Plus data. It would therefore not be possible to identify all of the interventions clients may have received, or continued to receive, from Jobcentre Plus, and thus the 'customer journey' would be incomplete. Lack of Jobcentre Plus data would make it very difficult to do true estimates of cost per job. This lack of access to Jobcentre Plus data was seen by some CSPs as a major barrier to instigating a tracking system.

Slightly fewer than half of CSPs adopted a tracking system, along with the Liverpool City Region where a tracking system was under development at the formal end of the CS initiative.[41] A review was undertaken of reasons for why CSPs had or had not chosen to develop a tracking system. The main issues are discussed below.

The **ex ante rationales for having a tracking system** included:

- A comprehensive tracking system is able to show what types of services are provided and where for which group(s) of clients. Therefore a tracking system should be able to pick up where there are gaps in services, or on the other hand, where services are duplicated. These issues can then be addressed.

- A tracking system can reveal common routes through the welfare-to-work services. This can give insights into which types of provision may be best for which client groups. It may be possible to identify where there are points at which clients may be more likely to drop out of the programmes.

- Evidence can be quickly compared across the different programmes and the best and worst performing programmes can be identified.

- The CSP can identify the range of the client base which are accessing the services, and hence consider why some groups may be underrepresented. Good client information would include the standard variables, such as age, gender, ethnicity, qualifications etc, but could also be expanded to include information on barriers to employment or more subjective factors such as self-confidence or motivation.

- Providers can share client information among one another so that when a client is moved along the route to employment and comes in to contact with a different provider, the same client information does not need to be collected twice.

- A comprehensive system would be able to identify accurately the numbers using the welfare-to-work services. Individuals using multiple services would not be double counted.

- More comprehensive MI would enable CSPs to conduct more in-depth analysis of the various programmes and be able to show impact.

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[41]   In the Liverpool City Region progress was uneven across the constituent local authorities, partly because of ongoing cost savings and staff changes.

Conversely, **arguments for not having a tracking system** included:

- The cost involved; some partnerships had the view that the outlay on a tracking system would require a disproportionate amount of the budget given the overall size of the budget and the other spending plans of the partnership.

- Providers had their own systems of recording data from clients. Consequently, some CSPs anticipated resistance from providers if they were made to change their systems. If providers worked for CS and non-CS contracts, or in the case of larger providers, if data collection protocols were established nationally, this would be an additional obstacle.

- The client journeys would be incomplete without information from Jobcentre Plus programmes. Without this information it would be impossible to calculate the unit costs of getting people into work.

- The lack of additional impact of a tracking system; CSPs who made this argument believed that they knew about the locations and types of clients they were dealing with and the performance of the different programmes.

Turning to **reflections on the use of tracking systems**, for many CSPs the choice of whether to opt for a tracking system or not revolved around a likely cost benefit calculation. Few would regard the idea of greater amounts of MI as a hindrance, but the CSPs varied in how much benefit they believed could be extracted from the information. Crucial questions which CSPs sought to address when they were considering the options were:

- Does a tracking system produce useful MI?

- Does a tracking system provide a coherent mapping of customer journeys?

- Does it show where referrals are followed up or not followed up?

- Does it assist with caseloading?

As outlined above, one of the most crucial reasons for not adopting a tracking system was the non-availability of Jobcentre Plus data. CSPs had hoped that Jobcentre Plus client data could be transferred over to populate their systems, and thus provide an overview of all activity within an area. CSPs were advised by DWP that block data transfers of this nature were not permitted by primary legislation and hence these client details could not be shared. For those CSPs which did not have a tracking system, the fact that the picture would not be complete was cited as a major factor in their decision. Those which did have a tracking system conceded that Jobcentre Plus data would have been useful and would have improved upon what they had in place.

Where adopted, the main use for tracking systems by CSPs was to record and collate information about project and programme performance – notably outputs from projects, disaggregated by provider – on a regular basis. It was stated by several CSPs that it was the intention to use the information provided by the tracking systems to inform more strategic decisions about allocation of partnership resources. It was also stated by some that there was the potential to develop unit costs for getting people into work. An example of the use of MI to establish some estimates of the costs of job entry is exemplified by the Heads of the Valleys CSP, which implemented a tracking system. The cost per job in an interim analysis, produced in July 2010, was just under £3,000. This estimate was based on the overall cost of the programme over the total number of job starts, and as such provided an average figure for the cost of job entry for the first two years of the programme.[42]

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[42]   This type of estimate could have been produced without a MI system which could have broken down costs by type of client, location and service.

Evidence for the strategic use of the tracking systems is somewhat limited. Although CSPs stated that the systems could be used to document levels of provision, and from that take decisions about service provision, CSPs, in the main, did not utilise the tracking systems for much more than reporting against contract requirements and the simpler forms of performance monitoring. However, there were examples of the use of systems to identify where and for whom interventions were working well and less well, and which providers were performing well and less well, and to inform what remedial action was needed. Lack of staff time to devote to the task was one important consideration here, but allied to that there is a sense that the CSPs did not perhaps have a clear vision as to how the systems would work in practice and therefore did not have appropriate expectations of the added value. It was also the case that lack of time meant that most CSPs struggled to move beyond the more basic tasks within the time period of the CS initiative. The national evaluation looked at three examples of tracking systems in 2010 (Glasgow, Tyne and Wear and Leicester); arguably this was at a time before they had the opportunity to fully develop their plans and practices. More generally, the time limited nature of the CS initiative with respect to tracking systems is particularly important; some partnerships may have felt that investing in a system would not generate pay offs in the time available.

CSPs which implemented systems needed to consider whether they would buy **off-the-shelf systems** or would seek a **bespoke solution**. Leicester CSP, for example, chose a bespoke system, whereas other CSPs, such as Tyne and Wear went for the solutions delivered by Hanlon. The Tyne and Wear Hanlon system allowed automatic reporting on programmes, caseloads, projects and funding streams, but went further than this. Client data were automatically referred across a network of approximately 200 providers. Moreover, the system extended beyond the clients of the services and included an employer engagement portal to assist with in-work support and progression.

The CSPs which instigated tracking systems made large strides in getting them operational. In multi-authority CSPs there was the challenge of bringing together the various local authorities as well as the numerous providers, and the issues of which local authority should be accountable for the data, and where the resource should be drawn from to undertake the work, also had to be resolved. Implementation issues resulted in some systems not moving as quickly as would have been desired and technical problems with some of the data transfers, and for some partners this was enough to stall progress and diminish confidence in fitness for purpose of the systems in some instances. In some CSPs there were ongoing issues about the administrative burden of inputting data into tracking systems.

In general, however, the strategic possibilities of tracking systems have been underutilised and this is disappointing. It would also have been useful to see if CSPs could use their data to generate estimates of cost, but, as noted above, this has not happened to any great extent. Those who were working with such systems suggested that they felt that the tracking systems were an improvement on what went before. As to whether the systems actually made a difference, or were cost-effective, it is difficult to come to firm conclusions. The test as to whether they have been effective may be how partnerships take them on after the end of the CS initiative, or if they choose to discontinue using them. In general, the value of these systems increases over time; as more material is placed on tracking systems it becomes possible to identify what constitutes a 'good' job outcome rate for different client groups. So the initial outlay in terms of buying the system and the effort required to ensure standardised input across providers may be burdensome, but this initial burden may be offset by later possibilities. For example, there is scope to use such systems to benchmark project performance not only against project targets but against the performance and unit costs of other projects. A small number of local evaluations went some way towards doing this.

4.3   Progress towards reducing benefit counts and increasing employment rates

CSPs were challenged by DWP to make some inroads into the benefit claimant levels and thus raise the employment rate. At the outset of the CS initiative DWP produced targets for benefit reductions in each of the CSPs, which were to be achieved after the first two years of the initiative. These targets were for the three main benefit categories (Jobseeker's Allowance (JSA), Incapacity Benefit (IB) and Income Support (IS))[43] and were calculated by projecting forward to March 2009 and then applying a 3 per cent reduction. IB and IS projections were based on previous performance, whereas the JSA forecasts, because of the unpredictable nature of the trends, were forecast as flat.[44] The predicted benefit reductions were then added in to predictions for the employment rates, which then produced the target for the employment rates.[45]

Progress towards these targets was reviewed in the Phase 1 evaluation (Green *et al.*, 2010) and some updated analyses are presented below.[46] Benefit figures were derived from DWP benefits data and reflect the real numbers in receipt of the benefit for a given geography, while employment rates were estimated based on the APS, and as such, contained an associated error term. Both data series were obtainable via Nomis.

Considering first the employment rate, statistics are presented for the 16-64 age group[47]. In June 2006, the employment rate for all CSPs was 67.7 per cent, compared with 68.1 per cent for the comparator area[48] and 72.4 per cent for Great Britain. Figure 4.1 shows that the employment rate for CSP areas remained below the Great Britain rate throughout the period to December 2010[49], when the respective employment rates were 65.7 per cent for all CSPs, 67.1 per cent for the comparator area and 70.3 per cent in Great Britain.

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[43]   As noted below, for Phase 2 four main out-of-work benefit categories were used.

[44]   Note that targets for benefit reduction were not defined by DWP for each of the three main benefits individually; rather the target was expressed as the sum of the three. DWP were not concerned whether reductions were achieved equally across the benefits or came disproportionately from particular groups. The way in which the targets were defined had potentially important consequences for the CSPs' chances of achieving them. As IB and IS predictions were based on past performance, for areas where there had been faster reductions in these populations, the target was more stretching than for those where the populations reductions had been slower. Especially in the case of non-active benefits it would be expected that rates of reduction would slow over time as the benefit population became a core of the most difficult to move into employment.

[45]   No employment rate target was set for Rhyl; because of the small size of the CSP it was not possible to produce sufficiently robust estimates.

[46]   These updated analyses make use of CSP area definitions at the end, rather than the start, of the CS initiative.

[47]   The initial employment rate target for CSPs was set for males aged 16-64 and females 16-59 as the 'working-age' groups. The definition had been changed by the time of writing and all available statistics had been altered to the 16-64 group. Employment rates are survey-based estimates, and are presented in Nomis with 95 per cent confidence intervals. These confidence intervals vary according to the estimate and the size of the population.

[48]   This is the comparator area defined for Stage 1 of the CS National Evaluation (with very slight adjustments to take into account changes in local authority boundaries and the coverage of CSP areas), which includes local authorities outside CSP areas with worse than average performance on worklessness indicators.

[49]   The latest data available at the time of writing relate to December 2010.

Figure 4.1   Employment rate aged 16-64, June 2006 to December 2010 – for all CSP areas, comparator area and Great Britain

Source: Annual Population Survey (via Nomis)
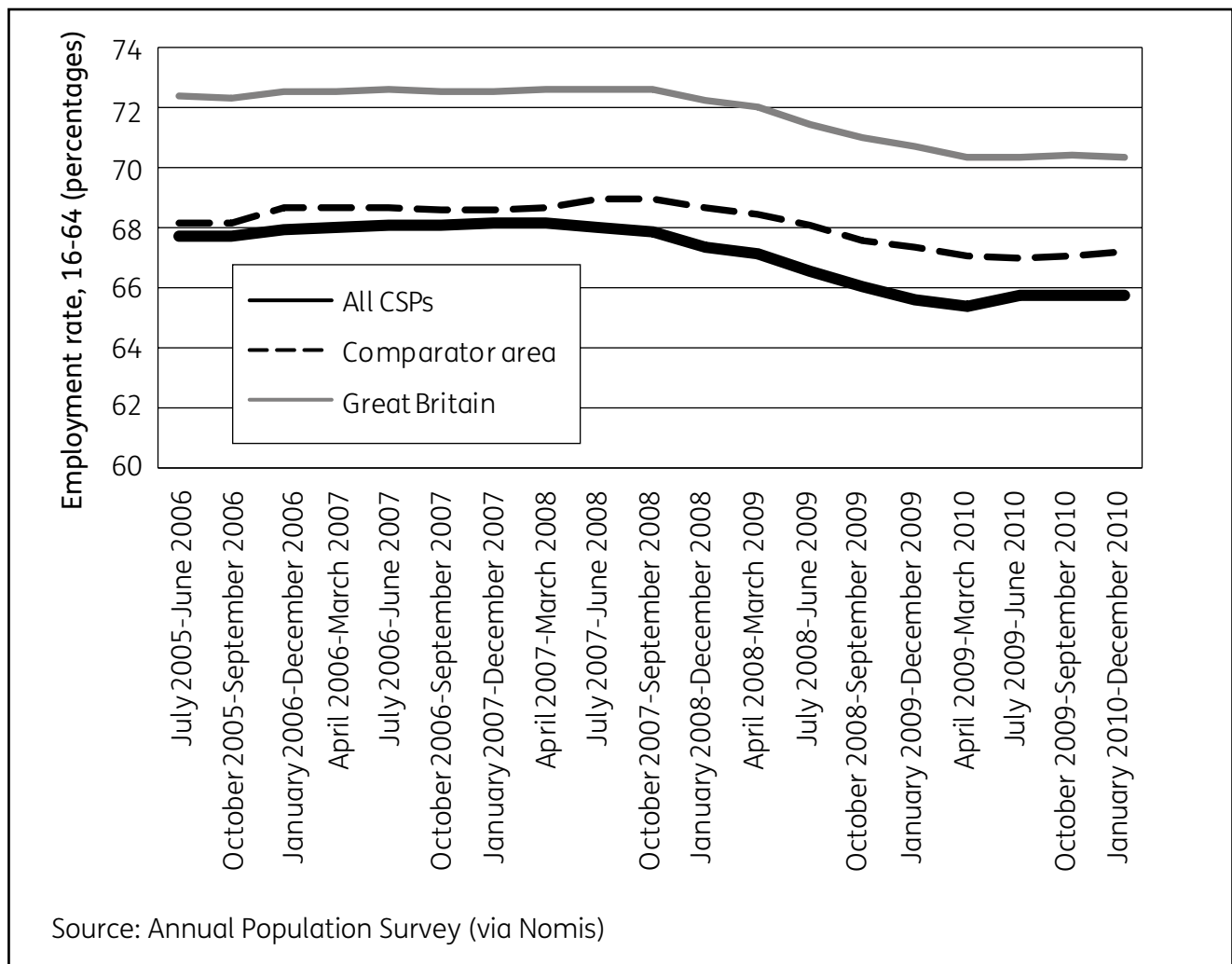
The gap between the employment rate across all CSP areas and Great Britain was 4.7 percentage points in June 2006 and 4.6 percentage points in December 2010. This is indicative of 'no change' between these two figures, whereas there was a narrowing of the gap between the comparator area and the Great Britain rate. However, Figure 4.2 reveals that CSP areas suffered disproportionately in recession (as measured by the employment rate indicator), but that the gap with Great Britain narrowed since the end of 2009. The 'all CSPs' experience disguises differences in trends between CSP areas. Dundee, East London, West London, Glasgow, the Liverpool City Region, Pennine Lancashire and South Yorkshire recorded a 'narrowing' of the gap over the period. Edinburgh also recorded a 'narrowing' of the gap, but from a higher employment rate than the Great Britain average. Birmingham. Coventry and the Black Country and Nottingham and Nottinghamshire CSP areas registered the largest widening of the gap. Factors such as the spatial variation in the impact of recession and the presence of higher education institutions are among the factors influencing spatial changes in employment rates, alongside people moving into employment. From a technical perspective it should also be noted that margins of error involved in measuring change using survey data are greater for small geographical areas than for than for large geographical areas.

Figure 4.2   Employment rate aged 16-64, June 2006 to December 2010 – gap with Great Britain for all CSP areas and comparator area

Source: Annual Population Survey (via Nomis)
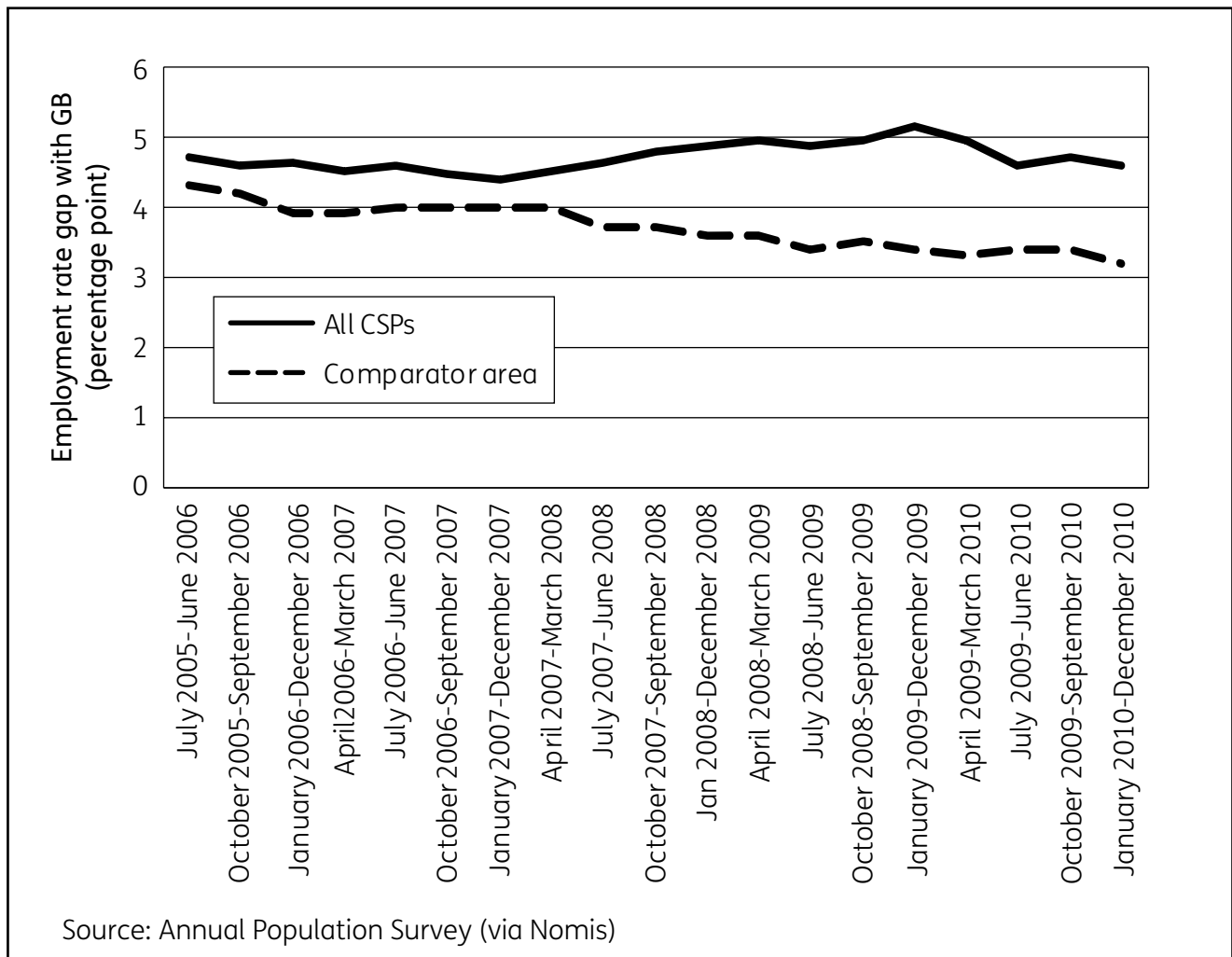
Turning to **benefit claimants**, statistics are presented for the four benefit groups included in the CSP target for reduction in benefit claimants adopted in Phase 2[50]. Across the CSPs, the numbers of benefit claimants was 1,680,930 in May 2006 and 1,628,895 in May 2007 (shortly after the official start of the CS initiative). By February 2009 (near the end of Phase 1), the benefit count had risen to 1,786,420, and by February 2011 (just before the end of Phase 2), the benefit count was 1,733,795. In Great Britain, the number of benefit claimants was 4,498,950 in May 2006, 4,488,270 in May 2007, 4,931,330 in February 2009 and 4,812,640 in February 2011.

Figure 4.3 shows the benefit counts indexed to 100 in May 2006 (around the time that targets were being set for Phase 1 of the CS initiative), to show the relative changes over the period from May 2006 to February 2011 for all CSP areas, the comparator area and Great Britain. This shows that the CSPs and the comparator area shared in the general rise in benefit claimants from mid-2008 through 2009, but that the relative change in absolute numbers was less marked than in Great Britain as a whole; (it should be noted that the same absolute increase in benefit claimants on a smaller initial base will result in a greater relative change than in an area with a large initial base (such as the CSP areas and the comparator area).

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[50]   i.e. job seekers, Employment and Support Allowance (ESA) and incapacity benefit claimants, lone parents, and others on income-related benefits.
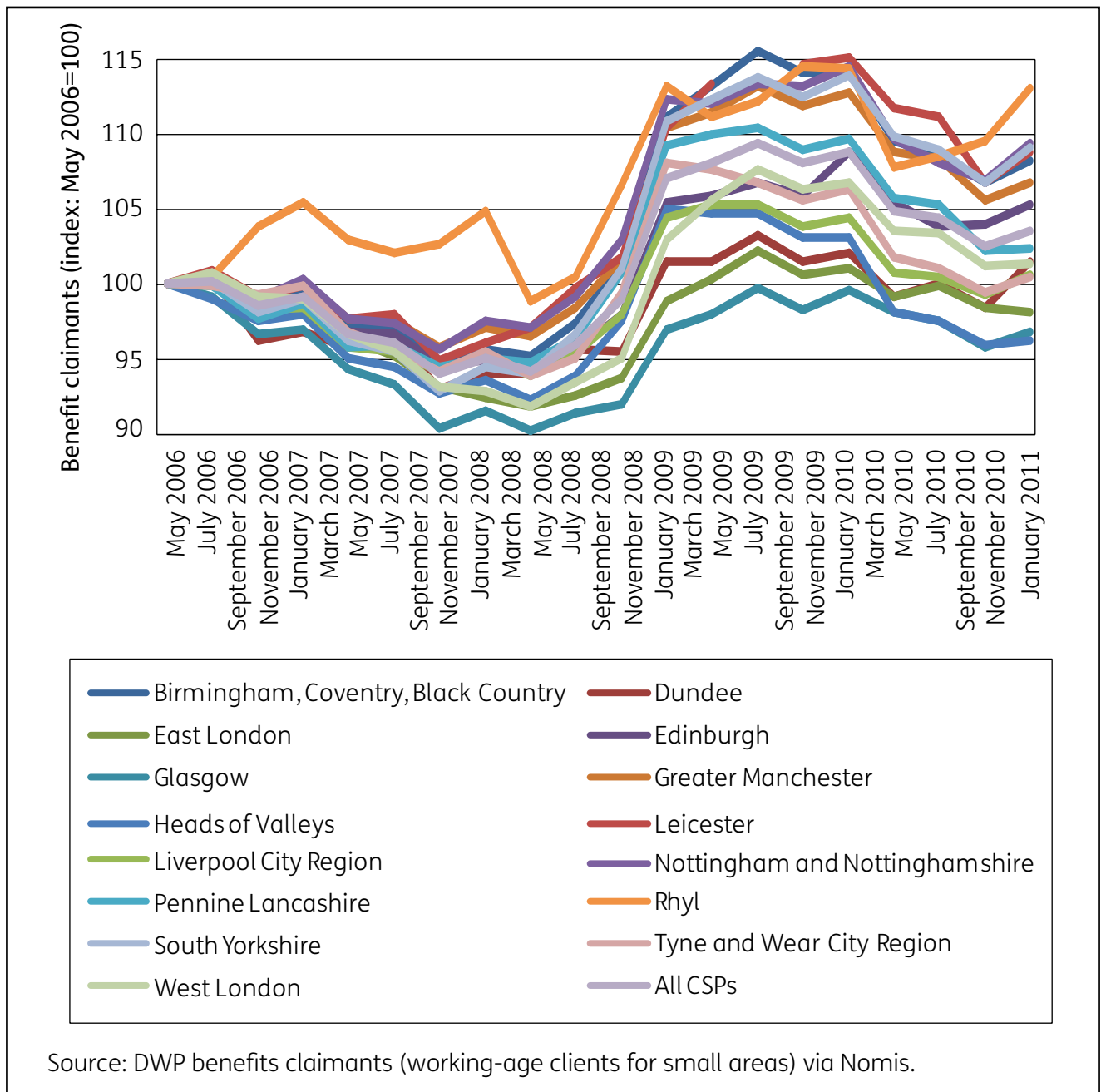
Figure 4.3   Index of count of benefit claimants (May 2006=100), May 2006 to February 2011 – for all CSP areas, comparator area and Great Britain

Source: DWP benefits claimants (working-age clients for small areas) via Nomis.
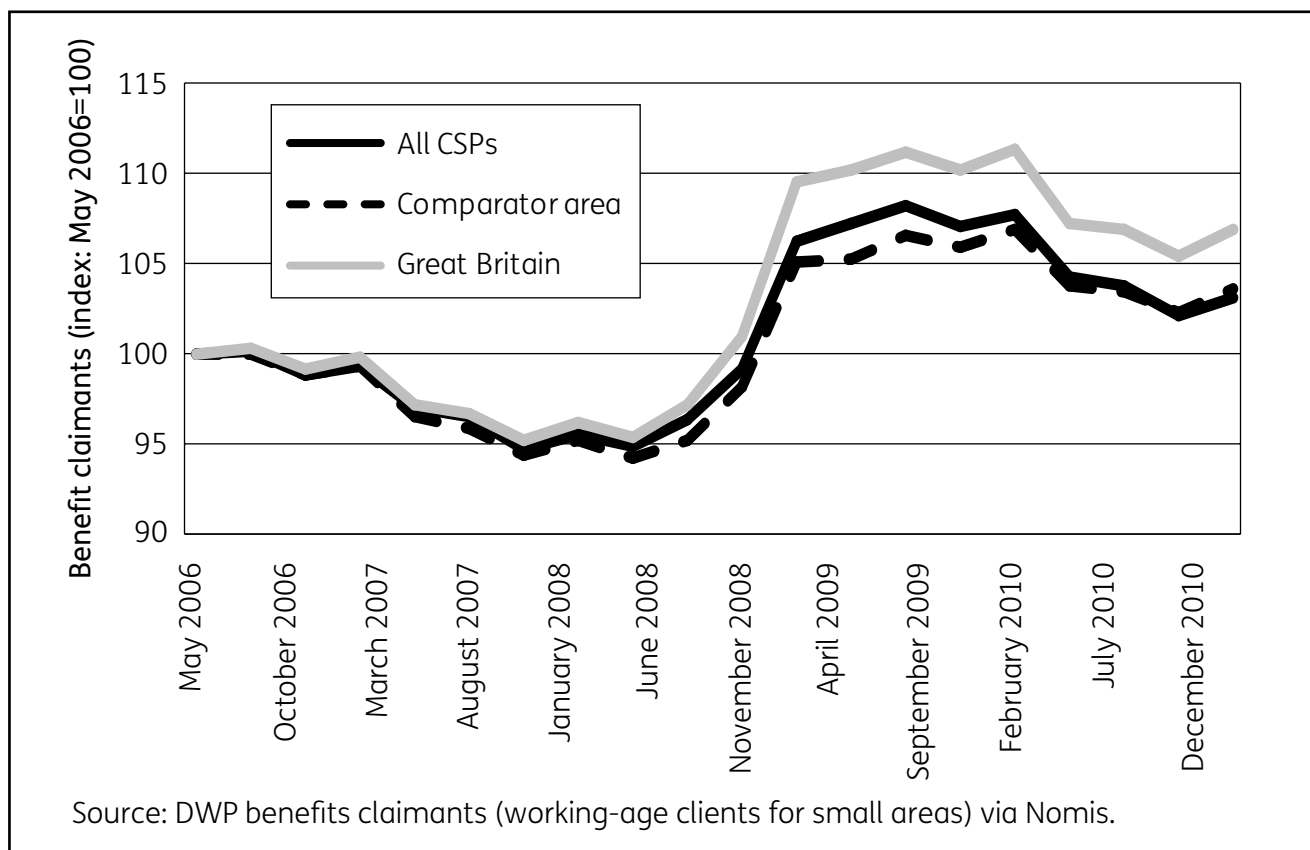
The major determinant of the benefit count in CSP area is the JSA count. When the benefit counts fell in the early stages of the CS initiative, this was largely due to reductions in the numbers on JSA. Similarly, when the benefit counts increased from August 2008, the main driver was a large increase in the number of JSA claimants. Given that a key aim of CS was to promote activity among those on inactive benefits to move them closer to the labour market, it is salient to note that disaggregation of benefit claimant statistics shows that although IB/ESA claimants account for a large share of the total numbers on out-of-work benefits, these numbers declined steadily throughout the time of the CS initiative. Movement between benefit categories may be a result of changes to eligibility conditions, rather than because of material change in circumstance.

Figure 4.4 shows the indices for each of the 15 CSP areas individually. It is clear here that while counts in all of the CSP areas were influenced by national level trends, there were marked variations in experience between CSPs. In East London, Glasgow and Heads of the Valleys, there were fewer benefit claimants in February 2011 than in May 2006. In the Tyne & Wear City Region, West London, Pennine Lancashire, the Liverpool City Region and Dundee the increase in the benefit count relative between May 2006 and February 2011 was less marked than across all CSPs. Rhyl, Nottingham and Nottinghamshire, Leicester, South Yorkshire and Birmingham, the Black Country and Coventry recorded the largest relative increases in the benefit claimant count. The differences outlined above reflect a number of different factors, including the spatially uneven impact of economic change and changes in population size and structure, and should not be ascribed solely to the efficacy of CS and other policy initiatives.

Figure 4.4   Index of count of benefit claimants (May 2006=100), May 2006 to February 2011 – for individual CSP areas

Legend:
- Birmingham, Coventry, Black Country
- East London
- Glasgow
- Heads of Valleys
- Liverpool City Region
- Pennine Lancashire
- South Yorkshire
- West London
- Dundee
- Edinburgh
- Greater Manchester
- Leicester
- Nottingham and Nottinghamshire
- Rhyl
- Tyne and Wear City Region
- All CSPs

Source: DWP benefits claimants (working-age clients for small areas) via Nomis.

The national benefit reduction targets set for CSPs in Phase 1 of the initiative were based on absolute numbers, as outlined above. For Phase 2 of the initiative[51] CSPs were asked to monitor progress in **relative terms**. At this time there were uncertainties about the length of the economic downturn and its impacts, and the DWP acknowledged that achieving targets should not be viewed as an end in itself, but that a central purpose of setting targets was to ensure that there was an appropriate focus on improving opportunities for disadvantaged people. The changes meant that CSPs were not working to the same targets throughout the period. However, it should be remembered that the overall objectives of the CSPs have remained fairly constant over the four-year period so alteration

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[51]   Guidance was issued to the CSPs in June 2009.

of the reporting framework or changes in the way in which the outcomes are recorded has not been associated with a change of focus of the CSPs[52].

First, CSPs were asked to monitor the percentage of the working-age population claiming out-of-work benefits[53] and were tasked with reducing the gap between the performance in their areas and the Great Britain average. Figure 4.5 shows the trend in the proportion of the working-age population on the main out-of-work benefits[54] for all CSPs, the comparator area and for Great Britain from May 2006 to February 2011. It is clear that throughout this period the proportion of the working-age population on the main out-of-work benefits remained higher in the CSP areas and in the comparator area than across Great Britain, and that the changing pattern of the trends are very similar across all areas. As noted above, a primary interest is in the gap between CSP areas and the Great Britain average. In May 2006, the gap between the percentage of the working-age population on out-of-work benefits in the CSP areas in aggregate and the Great Britain average was 3.5 percentage points, by May 2007, the gap had reduced to 3.4 percentage points and by May 2008 to 3.2 percentage points. Thereafter the gap remained relatively stable before reducing further to 3.0 percentage points by November 2010 and February 2011. This suggests slow, but steady, progress in reducing the gap between the performance of the CSP areas and the Great Britain average. Over the same period the performance of the comparator area[55] was very similar to that of CSPs. Figure 4.6 shows similar data for each CSP area individually. Here it is evident again that trends were similar across most CSP areas with the exception of Rhyl, where small numbers contribute to the volatility of estimates.

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[52]   In addition to the national indicators outlined in more detail below, CSPs were also asked to consider up to three local targets. DWP expected these local targets to be closely aligned to 2009-2011 Business Plans and, as in Phase 1, requested a target relating to ethnic minorities for those CSPs with significant ethnic minority populations.

[53]   Using National Indicator 152 from the National Indicator Set announced by the Department for Communities and Local Government in England and which became effective from 2008.

[54]   When the indicators were first set out, the working-age population was defined as men aged 16-64 years and women aged 16-59 years. The most recent data released relates to the revised working-age definition of 16-64 years and the back data series have been reconstructed on this basis. The 16-64 years working-age definition is used here to show the most recent data. (Note that CSPs would have been monitoring up to March 2011 on the basis of the previous definition of the working-age population.)

[55]   It is important to note here that many of the local authorities making up the comparator area were at this time also developing services to tackle the problem of worklessness in their local areas.

Figure 4.5   Percentage of working-age population on main out-of-work benefits, May 2006 to February 2011 – for all CSP areas, comparator area and Great Britain

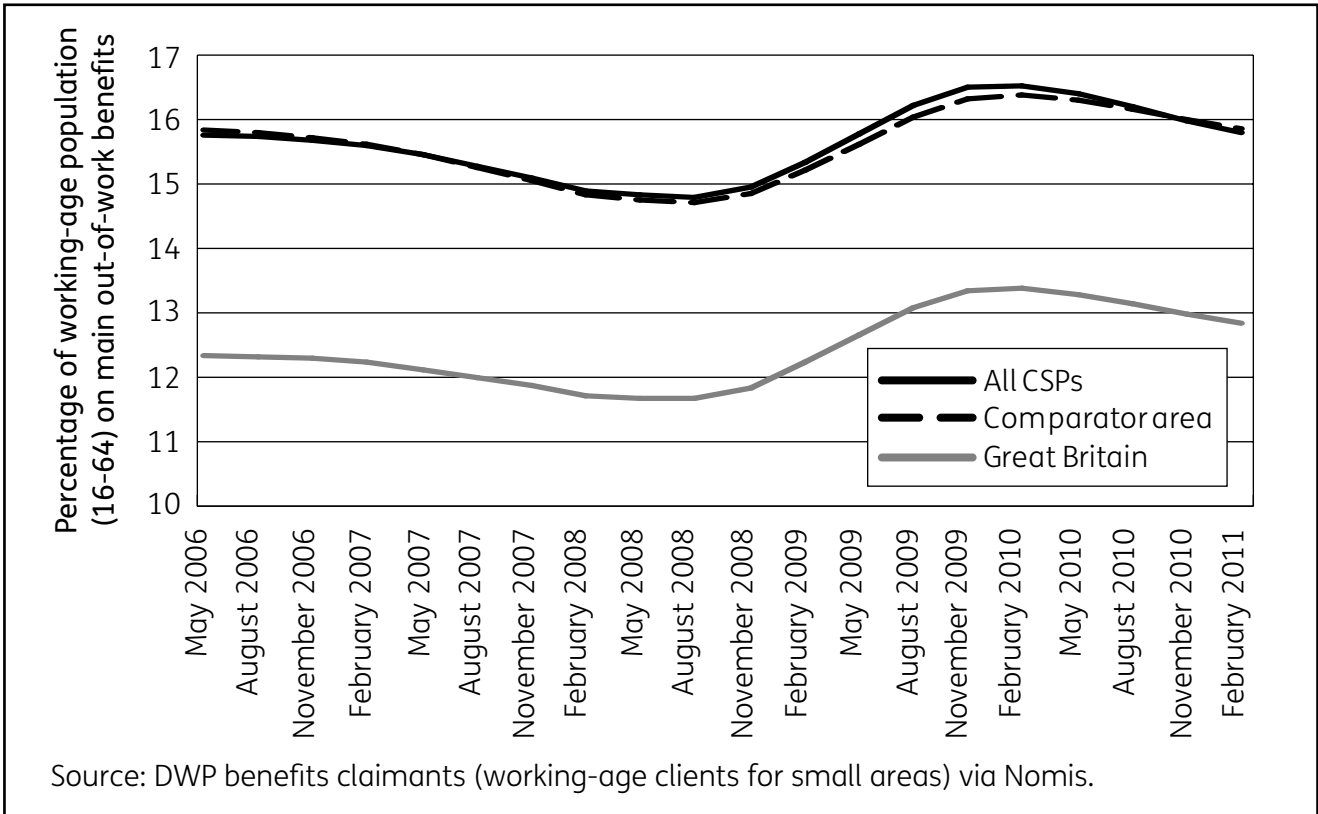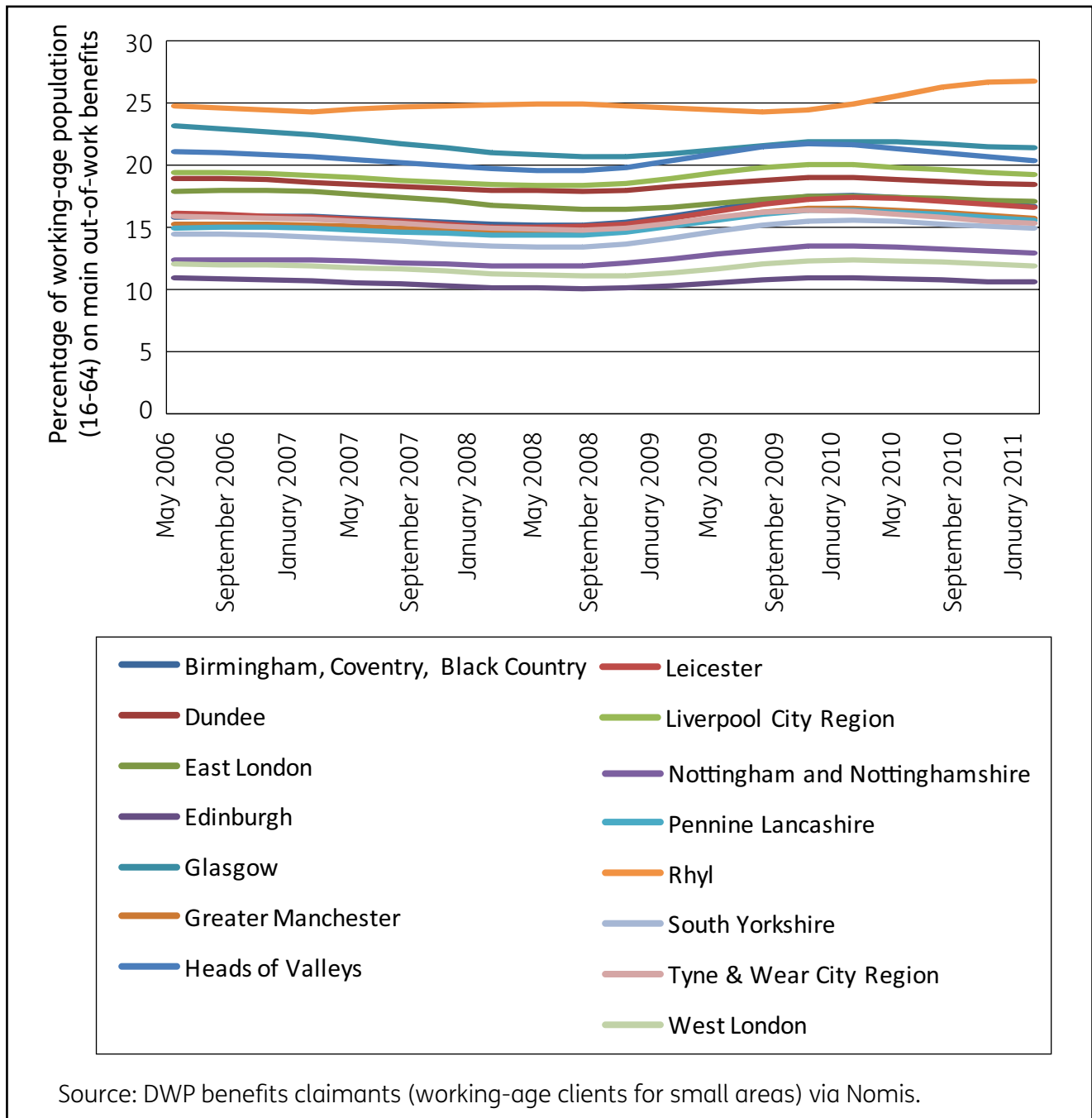Source: DWP benefits claimants (working-age clients for small areas) via Nomis.

Figure 4.6   Percentage of working-age population on main out-of-work benefits, May 2006 to February 2011 – CSP areas

Source: DWP benefits claimants (working-age clients for small areas) via Nomis.

Secondly, CSPs were asked to report on, but not set targets for, reducing the proportion of the working-age population on the main out-of-work benefits in the worst performing neighbourhoods.[56] A reduction in the proportion claiming out-of-work benefits in the worst performing neighbourhoods is deemed a success. In the context of a weak labour market such 'success' is difficult to achieve, yet 10 of the 15 CSP areas recorded a reduction in the proportion of people of working age claiming out-of-work benefits in the worst performing neighbourhoods between February 2007 and February 2011, albeit the reductions were relatively small[57]. Four CSP areas recorded an increase in the proportion of people in the worst performing neighbourhoods claiming out-of-work benefits, and in the remaining CSP area there was no change.

An alternative assessment of progress made here is based on the changing gap between the worst performing neighbourhoods and the rest of the CSP area.[58] Hence, an assessment was made of the changing gap between the worst performing areas and the rest of the CSP. This gives some insight into the changes which are happening, but interpretation is difficult and dependent on the context, such as whether the overall claimant ratio is rising, and the proportion of micro areas[59] deemed worst performing within the CSP. On this indicator (see Figure 4.7), 13 of the 15 CSP areas recorded a closing of the gap between the worst performing neighbourhoods and the rest of the CSP area between February 2007 and February 2011, in one area the gap was the same at the start and end of the period in question (although there were fluctuations in the interim) and in one CSP area the gap increased. Across each of England, Wales and Scotland analyses indicate that greater progress was made in reducing the gap between the worst performing neighbourhoods in aggregate in each nation and other neighbourhoods in aggregate in CSP areas than in non-CSP areas.

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[56] Using National Indicator 153, in England this focused on those lower level super output areas (LSOAs) with an out-of-work benefit claimants rate of greater than 25 per cent of the working-age population, with the baseline being set based on a four-quarter average between May 2006 and February 2007 (so taking account of seasonal variation). In Scotland and Wales the indicators were based on those wards with an 'out-of-work benefits claimant rate' of greater than 25 per cent of the working-age population (with the same baseline date). Thus the data series for England and for Scotland and Wales are not strictly comparable, and an 'all CSP areas' aggregate figure has not been compiled. Note that the definition of 'worst performing neighbourhoods' remains fixed over time, even though some neighbourhoods defined as 'worst performing' in the baseline subsequently may have experienced claimant rates below 25 per cent and areas not defined as 'worst performing' areas subsequently may have experienced claimant rates in excess of 25 per cent.

[57] In many cases the reduction was less than one percentage point, in the context of a proportion of the working-age population on out-of-work benefits of around 30 per cent.

[58] This measure provides some insight into the relative performance of the worst performing neighbourhoods over time. However, interpretation of inter-CSP area comparisons is not straightforward, with factors such as the proportion of neighbourhoods within the CSP area deemed to be 'worst performing' and overall trends in benefit rates influencing the size of the gap.

[59] Lower level super output areas (LSOAs) or wards.

Figure 4.7   Percentage point gap between in the proportion of the working-age population (16-64) claiming the main out-of-work benefits in the worst performing neighbourhoods and the rest of the CSP area by CSP area, February 2007 to February 2011

Source: DWP benefits claimants (working-age clients for small areas) via Nomis.
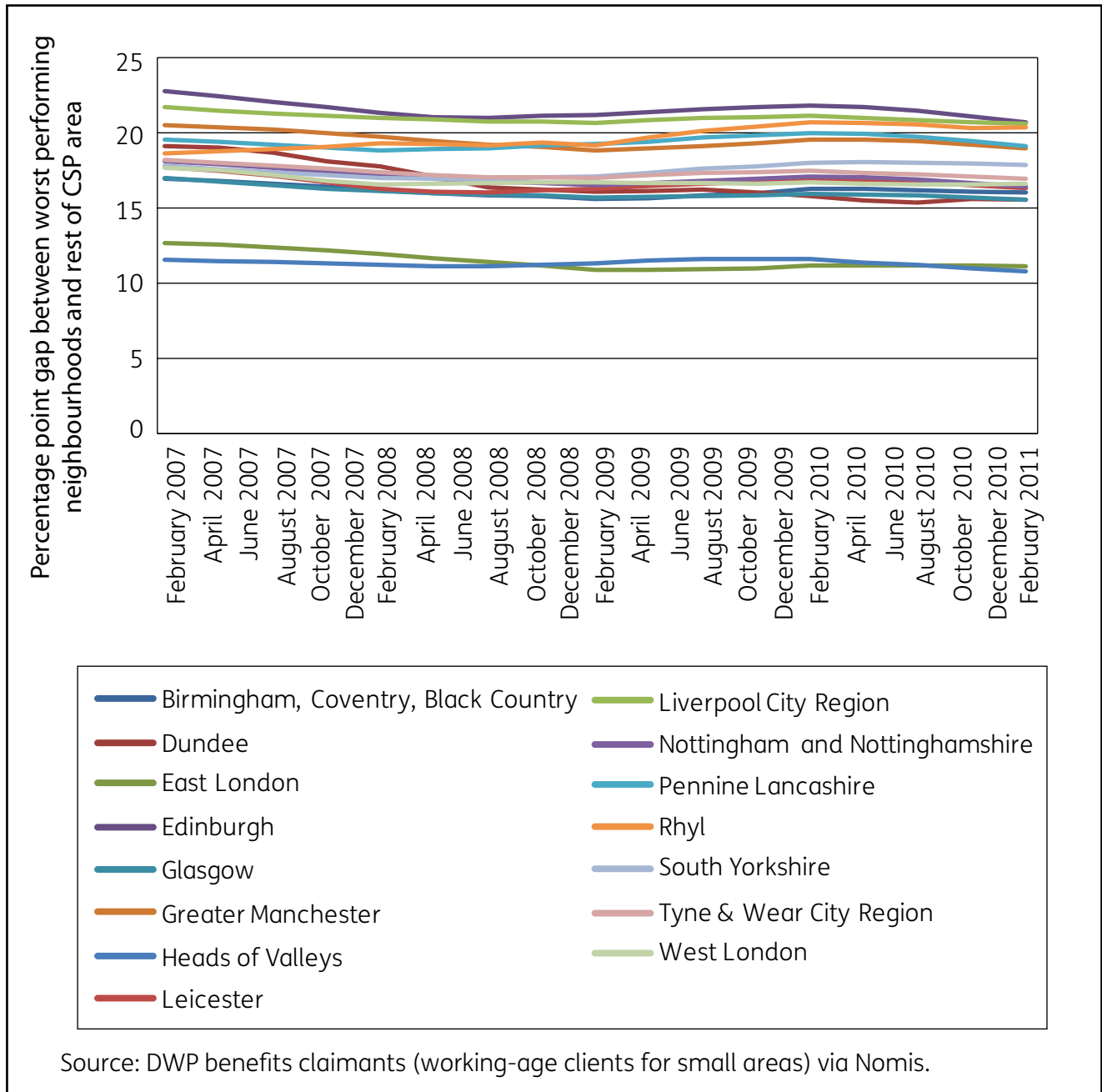
Arguably because of the recession, the concept of 'distance travelled' became more important over the lifetime of the CS initiative. If the worst performing neighbourhoods are to close the gap with the other neighbourhoods and the Great Britain average it is crucial that when economic performance improves that the people from these areas are not in a disadvantageous labour market position compared with others competing for employment. Therefore, measuring the outcomes of skills and training programmes is perhaps more relevant than ever.

4.4   Overview

The early discussion in this chapter highlighted some of the key challenges including additionality, attribution and distance travelled in measuring the impact on worklessness at local level of CSP activity. The picture has also been complicated by CS co-existing with other interventions and the wide geographical coverage of the various programmes.

This chapter has focused on one aspect of outcome from the CS initiative, namely the effect on the level and rates of worklessness within the CSP areas. At the aggregate level it is difficult to show that CS has had much of an effect on the levels of worklessness. This however, should not be taken as evidence that the CS initiative was unsuccessful. There are two main reasons why the evidence presented does not allow the question of success to be properly addressed. First, the activities of CS formed only part of the welfare-to-work landscape in the area. If CS managed to engage with only a fraction of the total benefit roll, and then a percentage of these made it into work, based on the relative sizes of the successes and the benefit total, it would be very difficult to find an observable effect. Secondly, as well as the numbers engaged in the various programmes, consideration must also be given to the needs of those who were engaged, and indeed the rationale and role for CS in the welfare-to-work landscape. CS targeted those furthest from the labour market; including people who may have been inactive for many years. CSPs also successfully engaged with people who had no current and little prior contact with the mainstream services. They could have been workless, but not claiming benefits. It is difficult to know what the costs and benefits are of working with groups such as these. Providers of services can point to many individual examples of people attending their courses, and having been helped by attending. However, this might not necessarily have resulted in a job outcome at the end of it. The idea of the 'distance travelled' by individuals cannot be captured by the methods employed here. It would have been necessary to have access to individual level data which tracked claimants through the various interventions and then possibly into work.

CS was designed at a time when labour market conditions were good, and despite the generally good conditions, there still existed pockets of entrenched worklessness. The figures which have been presented show that CSPs still had high levels of worklessness at the end of the initiative. More tellingly though, the aggregate figures show that the trends within the CSPs mirror what was happening in the wider economy. The gap between CSPs and the Great Britain economy for the proportion on out-of-work benefits remained fairly constant through the period of CS. Given the complexity of the situation, it is impossible to tell what would have happened in CS areas in the absence of the CS activity, but what the figures do suggest is that the wider health of the economy is the most important factor in determining the levels on benefits. Of course, activities such as CS have an important role to play in raising the skill levels and confidence levels of those furthest from the labour market, though it must be appreciated that this will not always result in job outcomes. The effect of these activities will be difficult to discern in aggregate figures such as the ones presented here.

For future initiatives, DWP need to consider carefully the types of information which needs to be collected, or which could be made available from data which exist already, in order for evaluation questions to be answered satisfactorily. To gather more robust quantitative evidence on impact, local baselines need to be set at the outset, with progress monitored against these on an ongoing basis. With the emphasis on spending money quickly and dealing with partnership governance issues, in most instances less attention was devoted to issues relating to evaluating impact than in hindsight might have been desirable. The issue of measuring local impact was complicated by the variable and diffuse nature of CSP activities. Arguably it should have been easier to baseline those CS activities which were delivering interventions to particular target sub-groups in particular sub-areas that were similar to mainstream interventions, and to calculate their value added, but

those activities concerned primarily with 'change management' and local employment and skills infrastructure development pose greater challenges.

The **existence** of national targets supported the attention that CSPs placed on particular sub-groups of benefit claimants in particular geographical areas. They also made explicit the objective of tackling worklessness. However, with recession the **levels** at which national targets were set for each local partnership became increasingly irrelevant, as claimant rolls rose rather than decreased. The replacement of absolute targets with relative ones for Phase 2 of the CS initiative represented an attempt to address this issue, although there are questions about the robustness of the denominators used in calculations at local level. The relative targets reiterated the focus on concentrating activity on 'narrowing the gap' between the worst areas and the rest. However, by this time many of the local partnerships were focusing foremost attention on process issues, and so, arguably, the targets were of minor relevance.

5 Central-local relations, localisation and devolution

This chapter introduces and discusses one of the key elements of the City Strategy (CS) initiative; the extent to which CS Pathfinders (CSPs) have been able to develop a truly local character to the services and interventions under their influence. As noted in Chapter 1 and discussed in other preceding chapters, the CS initiative was designed to reduce benefit rates and improve employment rates in some of the most economically disadvantaged areas of Great Britain. Yet, simultaneously, CS was also concerned with empowering local actors through local partnerships to develop solutions particular to the circumstances which they faced. This chapter examines the extent to which the CSPs and Deprived Areas Fund (DAF) partnerships in Wales were able to achieve locally sensitive services and looks at the ways in which this was done, the key challenges which they faced, and the nature of the interaction between centrally and locally planned services and the relationship between central and local actors. To do this it draws primarily on interviews and group discussions with key partnership contacts and with national stakeholders, an electronic survey with partnership key contacts on central-local relations, localisation, devolution and appropriate scales to address concentrations of worklessness, together with supporting information from a review of local evaluation reports and policy documents presenting evidence on the development of central-local relations, and the rhetoric and experience of devolution and localisation.

In the introductory section, key concepts are outlined (Section 5.1). The second Section (5.2) focuses on the evolution of central-local relations over the course of the CS initiative, and the third section (5.3) reviews the experience of co-commissioning. The rationale for interventions at different geographical scales is reviewed and lessons from the CS initiative regarding appropriate geographical scales for intervention and from the development and implementation of locally delivered initiatives are presented in Section 5.4. Section 5.5 provides an overview.

5.1   Introductory overview to key concepts

Key concepts relevant to the discussion of central-local relations presented in this chapter are:

- **Localisation** – the broad policy direction concerning making services fit local needs, often by the transference of power and responsibility to local actors.

- **Decentralisation** – the tendency to have decision making located at smaller geographical levels.

- **Devolution**[60] – the process by which powers are transferred to smaller geographical units.

- **Subsidiarity** – the principle that decisions should be taken at the smallest possible unit, unless there is a sound premise for taking them at higher units[61].

To some extent, these key terms are different parts of the same general idea involving the moving of decision making to local areas and communities.

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[60]   Devolution is used to describe a process, rather than it being description of a situation, under which full powers are given to the local level.

[61]   In the case of CS subsidiarity itself was context dependent: CSPs operated at different geographical scales.

It is useful here to consider the degree of influence and responsibility which the CS initiative gave over to local partnerships in terms of a continuum in which decisions are moved progressively to the local level. The key point in relation to the CS initiative is that a fully devolved benefits system was never on Department for Work and Pensions (DWP's) agenda, though there was a commitment to extend the range of responsibilities given to local partnerships. On a seven-point scale categorising various approaches to governance of employment policy[62], ordered so that the types become progressively more devolved from one (centralised delivery) to seven (full devolution of responsibilities), CSPs were typically at level five (recognition, promotion and enabling of a national network of local partnerships). This indicates that CSPs are positioned at a point on the spectrum between centralised and fully devolved delivery which is more towards the fully devolved end. This is characterised by CSPs having considerable influence in setting their own objectives while having national support, and being offered enabling flexibilities and a relatively hands-off approach to management.[63]

As outlined in Chapter 2, policy and operational changes within the welfare-to-work arena have been on a trajectory towards greater local flexibility in decision making. This reflects the view that while worklessness is a problem at a national level, the reasons for it vary from neighbourhood to neighbourhood and hence solutions are best developed locally.

Although the concepts/terms outlined at the start of this section are all part of the language associated with moving government away from the centre, there are differences in how this can be done and which elements of responsibility are transferred. In the case of the localisation agenda for example, leaving aside the nature of the powers and the responsibilities to be transferred, there is a debate to be had about which is the appropriate local body or local consortium to which powers should be transferred. The parameters of this debate were discussed at a Local Government Select Committee in January 2011. Employment Minister Chris Grayling made the following observations:

> *'Broadly, what we have not done is devolve responsibility to local government. A lot of the delivery of our programmes will be handled through the third sector, the private sector and local community groups. Local government certainly has a role in partnership with the DWP, but the essence of what we seek to achieve with our welfare reform programmes is more to capture the strengths of the third sector, the voluntary sector, in those communities than to devolve power to local government. I will explain why we have taken that particular approach when we talk about the Work Programme. That does not mean we are not looking to devolve responsibilities to local government. In some areas, for example the proposed changes to the social fund, clearly we look to move powers to local government, but it not quite as clear-cut as simply saying we are trying to take responsibilities out of the DWP and migrate them en bloc to local authorities; there is a mix[64].'*

Although CS was **not** an initiative designed to devolve to local authorities, it was the case that there was strong local authority representation on CSP boards and in the majority of cases the partnership was local authority led. As noted in Chapter 3, however, most partnerships successfully engaged representatives from the voluntary sector and the private sector in partnership boards and wider consortia.

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[62]   Atkinson I. (2010) *Governance Structures and the Devolved Delivery of Employment Outcomes*, DWP Research Report 678, CDS, Leeds.
http://research.dwp.gov.uk/asd/asd5/rports2009-2010/rrep678.pdf

[63]   CSPs were monitored, rather than micro-managed from DWP.

[64]   http://www.publications.parliament.uk/pa/cm201012/cmselect/cmcomloc/547/11012403.htm

Within the localisation debate, there is also a question of scalability and the appropriate size of local units. This itself shapes, but stops short of determining, how CSPs sought to manage the contracts in their areas and their approaches to important questions such as co-commissioning.

The shift towards greater local decision making and flexibility can be seen in policies which were instigated by the previous UK Labour Government, mainly, in the case of employment policy, through the creation of discretionary funds such as Working Neighbourhoods Fund (WNF) (as noted in Chapters 2 and 3) and continued with the flagship Work Programme (WP) of the Coalition Government. The drive to localise can be seen in the sphere of employment policy, but also in economic development policy and in social policy more generally. As outlined in Section 2.2, there are some important differences between CS and the WP, (scale, local partnerships versus prime-provider), private sector dominant versus public sector dominant, etc) but they do share the idea of moving away from a more centralised nationally standardised approach to one where there are differences by location. This is also reflected in greater local autonomy for Jobcentre Plus Districts.

It is in this context that CS must be placed, though it must be recognised that other elements were important in the CS initiative. Undoubtedly localisation of provision was important, but CS was also about other elements including, but not limited to: tackling worklessness in areas where it was persistent and high; reaching the hardest to help; encouraging a more active benefits regime as a forerunner of reform; and bringing wider involvement from other services not traditionally so concerned with the welfare-to-work agenda.

CSPs expected freedoms and flexibilities by DWP so that local solutions could be tested. This is in keeping with the statement in the 2006 DWP Green Paper *A New Deal for Welfare: Empowering People to Work* that: *'A key aim of this initiative will be to provide a solution that offers the maximum degree of local flexibility, so that local areas can provide local solutions to local problems'.*[65] In the original round of business plans to DWP, many CSPs suggested they would be seeking 'enabling measures' which would allow them to suspend or modify national regulations relating to payment of benefits, eligibility for programmes and other mainstream support for workless people to support the aims of, and be consistent with, the local strategy[66].

The issue of the 'enabling measures' certainly occupied a great deal of time and energy for CSPs in the early stages and it is the case that many CSP key contacts did feel that what was delivered to them was not what they had understood would be forthcoming. DWP, on the other hand, acknowledged that tighter and clear parameters could have been set out so that expectations could have been managed more successfully. This would have avoided the situation whereby 'asks' were not possible where they required a change in law to effect. A fuller account of the enabling measures can be found in the evaluation of the first phase of CS (see Green *et al.*, 2010) so it does not merit full re-examination here, only to note that both CSPs and DWP can acknowledge that this element provided some early problems in their local:central relationships[67].

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[65]   DWP (2006) *A New Deal For Welfare: Empowering People to Work*, Cm 6730, London, TSO, p. 78. http://www.dwp.gov.uk/docs/a-new-deal-for-welfare-empowering-people-to-work-full-document.pdf

[66]   The DWP (2006) Green Paper had stipulated both that: 'The consortia will be required to operate within the new national benefits structure, including the proposed conditionality arrangements for new claimants' (p. 77), and that: 'Once the new benefits structure is in place, the Government will consider proposals from pilot areas to trial a range of conditionality structures and incentive structures for existing claimants' (p. 77-78).

[67]   It is also noticeable that in 2011 the language shifted from 'asks' to 'deals'.

It remained relevant, however, because the context in which CS operated was determined nationally, and for freedoms and flexibilities to be granted, they:

- needed to be possible without legislation change;

- required no extra cost; and

- needed to be in line with other government policy.

Local partnerships were given the opportunity to manage the delivery of welfare-to-work services within their own areas, but were required to operate within nationally determined eligibility requirements and practices.

In the 2008 DWP White Paper *Raising Expectations and Increasing Support: Reforming Welfare for the Future – 3 Levels of Devolution*[68] there was a commitment to devolve power to local communities and three levels of devolution were set out whereby progressively greater levels of autonomy would be granted to those sub-regional partnerships who demonstrated the requisite performance:

- Level 1 (consultation): giving partnerships more influence over contract specifications, full use of flexibility available within contracts and improved communication between suppliers and local bodies.

- Level 2 (co-commissioning): funding streams may be arranged in innovative ways to support shared commissioning of services – as in wraparound services within DWP contracts.

- Level 3 (greater devolution): devolving delivery and contracting responsibility to sub-regional partnerships – with money and control given to the local area and DWP and other parts of central government specifying only the outcomes to be achieved.

The three levels of devolution were directly relevant to CSPs, which were expected to move along the route of achieving greater levels of autonomy from central government. Some CSPs achieved Level 2 and some had ambitions to move further, but the third level did not come to fruition due to policy change.

In practical terms, many CSP staff saw the key to providing a localised service as providing a **wraparound** service which went beyond Jobcentre Plus provision, both in terms of client base and also in depth of provision; it could be more intensive and/or aimed at those furthest from the labour market. The key therefore to providing a localised welfare-to-work service was therefore for CSPs to work across policy domains (as outlined in Chapter 3) and to spend funds (such as DAF, WNF, Employment and Support Allowance (ESF), etc) to plug gaps in services, either geographically or by customer group, so that those furthest from the labour market could begin to take steps to getting back into work.

5.2   The evolution of central-local relations

Central-local relations improved over the lifetime of the CS initiative. Initially, both sides were perhaps unsure of the role which the other expected them to play. Some evidence for improved relationships comes from a survey conducted of CSP representatives in early 2011. The majority of respondents agreed that relationships between central government and local partnerships had improved through the experiences of CS, but even though relationships had improved, respondents also thought that DWP could have done more to allow partnerships to develop truly localised

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68   DWP (2008) *Raising Expectations and Increasing Support: Reforming Welfare for the Future.* Cm 7506. TSO, Norwich. http://www.dwp.gov.uk/docs/fullversion.pdf

services. They had mixed perspectives on the extent to which CS had given local actors greater freedoms to commission local services, deliver local services and tailor local services to local needs.

Certainly national stakeholder interviews in summer 2010 (which included interviews with DWP) suggested that there had been a 'mismatch in expectations' in the early stages with CSP having ambitions for flexibilities greater than those which were granted, or were indeed possible to grant. As noted above, it was acknowledged that better communication at the outset as to what was and what was not possible would have helped both CSPs and DWP be clearer as to the scope of the initiative. Despite this improved relationship, and the appetite from many partnerships for greater local autonomy underscored by the general view from a survey of CSP key contacts that 'services developed and commissioned at the local level are different in character to those developed and commissioned centrally' and that 'solutions to worklessness are best developed locally', several national stakeholder interviewees expressed some 'disappointment' at the 'lack of innovation' particularly in terms of new untried and untested approaches to addressing worklessness.

Central government learned a number of lessons from the closer working relationship with the CS and DAF partnerships. Local and sub-regional partnerships demonstrated that they were capable of planning and delivering welfare-to-work services. Central government gained a greater understanding and appreciation of the role which local actors can play in the welfare-to-work arena; specifically through outreach and engagement of clients, some of whom will have had little or no dealings with the mainstream bodies. Moreover, the partnerships demonstrated that there was an appetite for local actors to get together round a table and get involved in the planning and delivery of services in their areas. This activity produced a greater appreciation for the role which local knowledge can play.

As well as some of the benefits of greater local involvement in services, central government also gained a greater appreciation of some of the challenges which partnerships face. Partnerships take time to bed down and there is a time lag between moving from partnership creation to service planning to delivery. This is important given the original two-year time scale of CS and the same time scale for the DAF partnerships. Another key learning point is that aligning funding streams at local/sub-regional level is not a straightforward task, especially when there are different eligibility rules, planning cycles, etc.

Learning also took place in the partnerships regarding the nature of the relationship between central government and local/sub-regional partnerships. Despite initial optimism about what was possible, through their experiences with enabling measures, the partnerships were reminded that change from central government can be difficult to achieve. In some instances, however, the lack of movement from central government on freedoms desired meant that partnerships were forced to become more innovative in terms of how they might use existing resources and work within the legislation, rather than within a different benefits arena.

CSPs certainly appreciated the elevated position which partnership status afforded them. This enabled an inside route to DWP officials to put across views and have some input into the policy making process, though arguably influence was less than the partnerships would have liked.

CS promoted learning for both central government and for local partnerships, through a closer working relationship. However, with the General Election of May 2010, the subsequent ending of CS, and the announcement of the WP, the relationship between partnerships and CSPs became less relevant for both parties, at least in immediate terms, although an appetite for continuing dialogue remained (as discussed in Section 3.5).

5.3   The experience of co-commissioning and lessons going forward

Through partnership activities it was clear that CSP representatives considered they were in a stronger position to be able to respond to new opportunities which arose throughout the lifetime of the partnership. The Future Jobs Fund (discussed in Chapter 3) was perhaps the main example of this, but the partnerships were also in a stronger position in regard to generating new resources or leveraging additional resources to fund their activities. One route through which some partnerships sought to do this was through the co-commissioning of services.

As noted in Chapter 2, CS was conceived at a time when DWP were beginning to cede more influence and responsibility to local areas. CSPs clearly saw the more devolved models as being the most desirable, and, as noted above, some aspired to be granted the greatest degree of responsibility (the third level of devolution). Some CSPs were more enthusiastic about these possibilities, and wanted to move faster, than others. With this background, co-commissioning (the second level of devolution) became more of an issue for those who wanted to move to the third level more quickly.

Co-commissioning of services can take a variety of forms depending on the context. Co-commissioning may be undertaken with local agencies or local arms of national agencies. It can be narrowly defined in terms of within the 'traditional' welfare-to-work arena, or it can be more widely defined to extend the nature of the types of services which are available.

Co-commissioning with a local arm of a national agency such as Jobcentre Plus was relatively rare; however, those that had taken this route were able to articulate clear reasons why this was seen as advantageous. Co-commissioning was seen as a viable option to reduce overheads and set up costs by buying service at greater volume. However, it was also recognised that there was a question of balance between buying service at volume and the principle of developing solutions which were local in character and based on the requirements of smaller population units. Therefore co-commissioning across larger geographies might be more appropriate when 'light-touch' interventions are required, and can be evidenced by volumes, rather than when more specialised support is required for smaller numbers of clients.

Co-commissioning was also entered into as a means of partnering with other agencies, which traditionally may not have delivered services directly linked to getting people into work. One clear example of this was work which was developed by partnerships with local health services to share costs of commissioning services for groups who were facing health difficulties as a pre-barrier to employment.

Co-commissioning was not pursued by all CSPs; it was not felt to be worth the time and resources for the return which it would generate. It was worthwhile though for partnerships to 'influence' the services which were commissioned (i.e. the first level of devolution), rather than committing additional resources to the process. Through dialogue, some partnerships had advanced their agenda to steer the nature of provision without having the obligation of contributing any monies to the pot. The influence in this case must necessarily be weaker, but some considered this balance between obligation and return to be better suited to their circumstances.

Partnerships which did pursue co-commissioning had an intuitive sense that the process resulted in cost savings and was a more effective way for them to manage resources within the partnership. What partnerships did not develop, however, during the formal lifetime of the CS initiative, was the framework with which to estimate the cost savings which came about through co-commissioning.[69]

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[69]   At the time of writing some research is underway examining this issue in two CSP areas.

In terms of lessons for the WP, the relationship that developed between central government and partnerships will be different from the relationship between central government and WP providers. There are pointers which WP providers can take from the CS experience, and the CSPs developed certain knowledge which would benefit the WP providers. CSPs developed knowledge of the complexity of the provision in their areas, and an understanding of the strengths and weaknesses of the different providers in the area. As outlined in Chapter 3, West London CSP, for example, developed a performance rating framework to assess how well providers were delivering services. Although West London went further than most other CSPs in this regard, even without such a framework, CSPs monitored the performance of providers through the management information (MI) provided for each intervention. At a more general level, CSPs developed a good idea of the sorts of programmes and interventions which are likely to be successful in different contexts. Moreover, CSPs developed programmes and wraparound services targeted at particular client groups and in particular localities and through this gained an understanding of 'what works'.

The above elements are examples of where knowledge or skill has been developed through the CS experience, however, WP providers can also learn from elements which were not done so successfully, or were given lower priority than could have been the case, by CSPs. For example, WP providers would do well to give higher priority to issues of employer engagement. CSPs did try to engage with employers and over time this issue did receive higher priority (as noted in Chapter 3), but more could have been done. Those CSPs which did establish more effective links with employers were able to have a more complete pathway to employment. However, the protocols developed by CSPs in relation to employer engagement may not be directly transferable to the more competitive context of the WP, vis-à-vis the more collaborative approach of the CS initiative.

5.4 Appropriate geographical scales for intervention and the development and implementation of locally delivered initiatives

As noted above, one of the main drivers for the CS policy, at the time it was conceived, was that despite the UK economy performing reasonably well, pockets of worklessness remained entrenched in certain communities and localities. Policy debates sometimes characterise interventions as being people-based or place-based[70]. Some scholars conflate people-based with supply-side and place-based with demand-side measures, but this is not helpful. It is more useful to think of people-based as determined by the characteristics of the individuals and place-based where eligibility is determined by geography and/or where there are specific place-based challenges[71]. CS was ostensibly about geographies and targeting of the most deprived wards and neighbourhoods, but within that there were elements which were defined by individual characteristics. Many CSPs chose to target resources towards specific customer groups, having identified these groups through interrogation of local area data. Hence, in practice, a mix of spatial and sub-group targeting was adopted.

Through interviews with CSP representatives the issue of the appropriate scale for intervention was examined. From these discussions, it was clear that many CSPs thought that to pursue a properly local policy, DWP needed to be serious about the principle of subsidiarity.

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[70]   Griggs J. Whitworth A., Walker R., McLennan D. and Noble M. (2008) *Person or place-based policies to tackle disadvantage? Not knowing what works*, Joseph Rowntree Foundation, York.

[71]   Such as transport, access to training, etc.

It proved difficult to find clear evidence regarding what constituted the most appropriate geographical scales for intervention. Generally, CSP contacts accepted that interventions ought to be organised and made at a range of different levels according to the type of decision being made or the nature of the service to be provided. As one interviewee noted:

> *'In some respects it is too obtuse to talk about "worklessness services" as these cover a range of different interventions. There are some interventions which are best organised at the very local level, such as outreach, and these benefit most from the involvement of community and voluntary sector organisations. There are other services, such as working with learning providers or significant employers, which are better organised at the level of the labour market. Both approaches are sensible and complementary.'*

Most CSPs and the two DAF partnerships considered that they should focus particularly on dealing with those who were some distance from employment and required intensive support, often through a range of local wraparound provision. Although Jobcentre Plus engaged in outreach activities in some areas, CSP and DAF partnership representatives clearly thought that engagement with these groups was best organised at the local level through a body which did not have the badge of Jobcentre Plus, and the association with benefits. As one CSP interviewee explained:

> *'Well local partners I think here, in particular the register of social landlords. We've got some very good ones here that do want to improve their areas, particularly with the high concentrations of workless, the voluntary community sector have stronger links. It's because they're not viewed as authority organisations. With DWP/Jobcentre Plus there was a fear factor of benefits being taken away... to being a health organisation and working with non-Government organisations, although publicly funded, there's more trust.'*

> ...so there are issues about trust and sanctions are off-putting?

> *'Yes, particularly we noticed for IB claimants, they didn't really want to be identified, they didn't want Jobcentre Plus to know that they were talking to people about work or skills. That's changing now as people are starting to be reassessed, but for people they are big steps.'*

One of the initial main aspirations of CS was an employment rate of 80 per cent and therefore activating the benefits regime was a key part of this. As noted in Chapter 2, reforms subsequently went further along this path and activation and greater conditionality were introduced for client groups who had previously few obligations placed upon them. CS played a crucial role in the run up to these reforms by engaging with these clients in a way which was seemingly most acceptable to them.

CSP representatives stressed that although it was desirable (and indeed functionally necessary) for decisions to be taken at a range of levels, the key to success was **how the decisions taken at the different levels fitted together**. CSPs' decisions and strategies had to work within the national policy framework, and there were sound reasons for this. However, as highlighted in Section 3.3, the CSPs experienced some difficulties when national policy changed.

Interviews with national stakeholders tended to support the views expressed by CS representatives that decisions should be taken at a range of different scales. There was considered to be a core role for national intervention and oversight, while the rationale for local intervention was considered greatest for those who are harder to help – given the need to work across different functional policy domains at local level.

Many learning points have come about from the CS experience of implementing local interventions, and there have also been lessons which have emerged from the DAF partnerships in Wales; (many of these lessons are similar, but some apply more in the case of the DAF partnerships). The timescale of the operations in the DAF partnerships was a total of two years, compared with the CSPs initial two years, which was subsequently extended for a further two years.

The lack of time available provided a huge impetus for DAF partnerships to get on and spend the money which they had been allocated, when perhaps a more strategic view could have resulted in a more effective distribution of these resources. Moreover, the way in which the partnerships were constructed meant that the assessment of bids involved a process of joint assessment. This certainly added to the time taken to get projects off the ground. In addition to that the evaluation observed some instances of unequal influence among the partnership members in the bid consideration stage. Some partners may not have felt that they had the 'expertise' when compared with others, and were then happy to be guided by the partners with the greater experience in the welfare-to-work arena.

The DAF partnerships, perhaps more so than CSPs, remained 'truer' to the spirit of experimentation which informed the idea of DAF. The DAF partnerships on the whole, perhaps because of the need to get money spent quickly, tended to go for a suite of smaller scale projects which allowed them to develop a range of different interventions and projects aimed at addressing the needs of a range of different claimants groups in particular places. Many of the interventions which were developed were more in the spirit of CS in that they were aimed at the claimant groups with the greatest needs. This may not have generated large gains in terms of people actually getting into jobs, but certainly developed confidence and life skills for a great number of clients who went through the various interventions.

5.5   Overview

CS was based on an ethos of cooperation and there were demonstrable gains from this. CS allowed partners, both locally and with the centre, to share knowledge and to gain insights on perspectives of how they each approached the tasks in hand, and the issues which they faced, and this helped in the development and implementation of locally delivered initiatives.

CSP key contacts were in general agreement that 'through CS central government added value to local partnership activities', albeit that 'central government confused the context in which City Strategy operates by the introduction of contradictory policy interventions'. There was disappointment and frustration among CSPs that local freedoms were more constrained than initially envisaged, but nevertheless there were positive outcomes underpinned by local information sharing and working across policy domains, as summed up by comments from discussions with CSP key contacts:

> *'Overall CS may not have delivered on the experiment that people had suggested, but actually it's had some very strong local wins. It has changed behaviour to a certain extent, it's created infrastructure.'*

> *'Local partners are now doing things they wouldn't do otherwise. It is important that these local messages are not lost. CS has had an impact on working locally.'*

Importantly, CS and DAF partnerships were about local-local relations, as well as central-local relations. Certainly the local and sub-regional partnerships helped in the development of these relations, both formally and informally.

As outlined in Chapter 3, CSPs in many cases attempted to transfer the knowledge which they gained through their experiences to the WP providers, both through prospectuses for the WP bidders and subsequent dialogue. It remains unclear as to how much of the CSP knowledge and expertise will be taken on by the WP providers. CS allowed partnerships to develop interventions, albeit within greater constraints than most local partnerships desired and expected initially, to test what worked and for which client groups in which localities. WP providers would benefit from this knowledge.

6   Conclusions

6.1   Introduction

This concluding chapter reviews and assesses the evidence presented in previous chapters in the light of the high level research questions associated with the City Strategy (CS) initiative.

CS was designed to test:

- **how best to combine the work of** government agencies, local government and the private and voluntary sectors in a concerted **local partnership** (consortium) – **to provide the support jobless people need** to find and progress in work; and

- **whether local stakeholders can deliver more by combining and aligning their efforts** behind shared priorities, alongside more freedom to innovate, and tailor services in response to local needs.

Hence, the CS initiative was concerned with both **process** and **outcomes**. In terms of **process** key high level questions are:

- What is best practice for 'good partnership working and greater autonomy' with regard to worklessness support?

- Does being a City Strategy Pathfinder, improve the chances of 'good partnership working and greater autonomy' with regard to worklessness support?

In relation to **outcomes** key questions are:

- Does local/sub-regional partnership working contribute to better worklessness outcomes?

- Does greater autonomy' result in better worklessness outcomes?

6.2   Assessment

6.2.1   Introduction

The discussion below addresses issues concerning the success (or otherwise) of CS and draws out associated themes and short- and medium-term learning points of broader generalisable relevance. Did CS, through partnership working, produce a more coherent and far reaching[72] offer for workless people? What difference did CS make?

In turn these questions raise further ones: Is it within the capacity of an initiative such as CS to make an objectively measurable change? To what extent are the objectives and activity of CSPs subjugated to macro-economic trends?

6.2.2   Headline messages

The need for the orchestration of a multiplicity of agencies and quasi-state agencies at a variety of spatial scales with responsibilities in fields relevant to tackling worklessness provided the impetus for the adoption of a partnership approach. **CS was a successful initiative in terms of building effective local/sub-regional partnerships to address challenges of worklessness.** The development of partnerships to include organisations which may not have previously dealt with workless individuals,

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[72]   In terms of extending to a greater number and range of workless people (perhaps including those who had not engaged previously with employability services).

but which may have operated services where workless clients were and are disproportionately high users, represented a step-change in how worklessness was conceived by many of those with responsibility for organising the local services through which it can be tackled.

One of the main markers of success is that all of the partnerships continued for the lifetime of the initiative, several continued their activities beyond the end of March 2011 and most looked at ways in which the knowledge and learning which were gained through the experience of being a CSP/DAF partnership could be taken forward. The continued existence and influence of partnerships highlights the fact that **CS raised the profile of worklessness as an issue** and that it has been pushed further up the policy agenda. Moreover, **the practices and local networking associated with the CS initiative have continued**, either formally or informally.

An overall assessment of the evidence indicates that the **added value of partnership working** as part of a CSP or DAF partnership included:

• fostering the grounds for partners to work together across policy domains;

• joined-up approaches to tackling worklessness at local level;

• greater agility in mobilising resources and responding to opportunities; and

• the sharing of information.

It was also clear that joint working at national level helped joint working at local/sub-regional levels.

This remainder of this section assesses the macro effects of CS, the nature of the available evidence base for measuring the impact of CS, and the micro effects of CS. **It is at the micro level that the positive effects are most apparent.**

6.2.3 Macro effects

There is **little evidence of macro-level effects** of CS. In general, levels of worklessness in CSP and DAF partnership areas have mirrored trends across Great Britain. But it would have been unrealistic and unreasonable to expect otherwise because:

• CS was **relatively small in scale** vis-à-vis the size of the worklessness challenge – while the CSPs varied in size, in most instances spatial targeting of activities meant that they focused their attention on only part of the CSP area and the resources under their direct or indirect influence were small in relation to the full gamut of resources in their areas for tackling worklessness. They did not, and could not, reach every workless person.

• CSPs and DAF partnerships concentrated primarily on the **economically inactive**, and within this group on the '**hard to reach**'. Yet the key driver of aggregate changes in workless benefit claimant rates is changes in the number of Jobseeker's Allowance (JSA) claimants. This means that policies focusing on JSA claimants would be more likely to be manifest in reductions in worklessness benefit rates than those focusing on the economically inactive. Successful activation of those on inactive benefits would be more likely to be seen in progress towards work, than in a job outcome. Measurement of such progress requires a different kind of evidence[73] from that provided by worklessness and employment rates.

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[73] Such evidence on 'progress towards employment' is not accessible across all CSPs to make such an assessment.

- The **recession** and subsequent **weakness of the labour market** has had a large impact on worklessness benefit rates[74]. It is likely that for a measurable impact on worklessness rates to be observed a positive or benign labour market context would be required.[75] CS operated in a much more hostile labour market context than was envisaged at the inception of the initiative.

- In a weak labour market the 'inverse queuing' principle means that those individuals in a weak labour market position – notably the long-term workless who were the target group for CS and DAF partnerships – get pushed further towards the back of the queue for jobs, with the most recently employed and employable individuals joining the queue at the front. So while in **absolute** terms the activities of CSPs and DAF partnerships might have improved the employability/work readiness/confidence/self-esteem of workless individuals without achieving job outcomes, the inverse queuing principle means that their relative position might have deteriorated. Of course, in some instances, the activities of partnerships in focusing on the long-term workless have resulted in moves from workless benefits into employment. In such instances, a key question for raising local/sub-regional employment rates in aggregate is whether such employment is additional, or whether it is at the expense of other individuals on workless benefits further towards the front of the queue of workless people who have not been the focus of CSP/DAF partnership interventions. Arguably there may be larger gains from moving a long-term workless individual into employment rather than an individual who has been workless for a shorter period when considerations of the scarring effects of long-term worklessness and the wider effects of the creation of positive role models in areas of concentrated worklessness.[76]

- Four years is a **relatively short timescale** over which to expect to see organisational, operational and cultural changes associated with CS making a macro-level impact. Moreover, CS was set up to address stubborn spatial concentrations of worklessness in the context of a prolonged period of labour market buoyancy of more than four years. In the context of a challenging labour market, a longer timescale may be required for achieving positive macro level changes.

- Is the initiative about **better management** of services delivered to local people, or is it about producing radically different interventions? Can the activities of the partnerships be expected to produce measureable results when they are focused on issues of employability? What might really make a difference to the number of job outcomes is major a major investment in the local area, such as a new shopping centre, to raise the overall **level of demand for labour**; (though CSPs and DAF partnerships can make workless people are in a better position to take advantage of these opportunities when they arise).

6.2.4   Reflections on the evidence base

When seeking to assess the impact of the CS initiative, it is salient to note that the areas selected as CSPs, or which could be selected as potential comparators, were areas which had long established issues with worklessness and accordingly had received numerous interventions over the years to address these problems. It is often not clear, therefore, whether a person entering a job has achieved that position as a result of CS, or whether they have achieved this because of another non-CS intervention. Hence, it is difficult to **attribute** an outcome to a specific intervention when an individual may have been the subject of numerous types of support and help. Likewise, even if an individual received CS interventions and support and moved into employment, it is difficult to assess whether this job outcome would have happened anyway in the absence of CS.

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[74]   Albeit not to such a large extent as in previous recessions (Green, 2011 *op.cit.*).

[75]   Even in such a context the attribution of a reduction in worklessness to CS vis-à-vis other initiatives and developments would be difficult.

[76]   There are also gains from preventing newly unemployed people from becoming scarred by long-term unemployment and/or inactivity.

It is also pertinent to note with regard to consideration of macro-level outcomes that the data presented in Chapter 4 on trends in worklessness is cross-sectional. **Longitudinal data** are necessary for gaining insights into the progress towards employment made by workless individuals.[77] The tracking systems implemented by some CSPs go some way to providing such a longitudinal perspective,[78] but in all cases these were **partial** (i.e. they covered only some interventions to address worklessness[79]). There can be an assumption that a move from an inactive benefit onto JSA represents an improvement in an individual's position in labour market terms; but it should be borne in mind that such a transition may be an artefact of change in benefit regulations.

In terms of the evidence base available for the evaluation of CS, this is a direct consequence of the nature of the initiative. Central government should be aware that for an exercise such as CS, whereby greater local freedoms are granted and local areas are empowered to take charge of more decision making, then the local partnerships will focus on what they see as most relevant to them. Accordingly, when it came to local evaluation the partnerships tended to select issues which reflected their priorities. These priorities may not have accorded with those of Department for Work and Pensions (DWP).

Furthermore, no specific fund was made available for local evaluation; partnerships had to find their own resources for this. The amount of resource and expertise in evaluation varied from partnership to partnership, as did the emphasis which local evaluation was afforded, although most commissioned evaluations. This resulted in an uneven evidence base. DWP could have been more directive about what they wanted from the evaluation and what material CSPs needed to supply. This approach however did not fit with the CS ethos of transferring responsibility to the local level. Practical concerns also inhibited provision of a local evidence base. If baselines were to be set, then this needed to happen at the outset, but that was also a time when CSPs were concerned with getting on with the day-to-day delivery of interventions (given the need to spend money quickly), and partnership building. For CSPs at this point in their lifetime, it was more important to set up delivery mechanisms, rather than devoting a great deal of thinking to how their activities might be evaluated at a later stage.

Only some CSPs invested in tracking systems. Where such investment was made, the potential of such systems for informing strategic decision making and answering local evaluation questions tended to be underutilised, and this is disappointing.

6.2.5   Micro effects and successes

There is a **great deal of evidence** for **process changes made by CSPs and DAF partnerships** which have been **positive for supporting workless individuals** and there are numerous **micro level** individual and project success stories and outcomes. This is not to deny positive outcomes from previous interventions and local partnerships, but rather that CSPs and DAF partnerships provided a **focal point** for such activity and gave it greater **impetus**, through helping to **concentrate efforts in a more streamlined way**.

In particular CSP and DAF partnerships have sought – either explicitly through establishing 'pipeline'/'routeway' models or implicitly through their work in aligning funding streams and engineering links between existing projects – to help create and establish coherent and accessible

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[77]   It did not prove possible to access any individual records from the Work and Pensions Longitudinal Study (WPLS) for analysis for this evaluation.

[78]   The National Evaluation team did not get access to any raw tracking data for analytical purposes.

[79]   They did not encompass mainstream Jobcentre Plus provision.

pathways to education, training and employment opportunities. Often these were in particular sectors (such as retailing and construction) and involved development of generic employability and sector-specific skills and work experience opportunities that might otherwise might not have existed, or if they had existed, might not have been clear. Individual case histories show that in so doing, they have helped raise self-esteem and aspirations of some workless residents in CSP and DAF partnership areas, and have signposted courses through which they might extend their skills so as to enhance opportunities for sustainable and better quality employment.

Central to positive process and micro level outcomes has been **better partnership working**. It is difficult to measure 'good' partnership working objectively, to assess partnership working in CSPs and DAF partnerships vis-à-vis similar areas, and also to measure improvements in partnership working. However, the qualitative evidence from the CS evaluation points to:

- **Partners perceiving positive outcomes** from both formal, and associated informal, partnership working associated with CSPs and improvements in partnership working over time.

- A **maturing** of partnerships as they evolved and greater informal sharing of experience between CSPs.

- **Worklessness becoming more prominent in the policy agenda** across partners from different policy domains – including health, housing, the probation service, etc.

- A growing **appreciation** of the value of working across policy domains.

- Examples of **sharing of knowledge** about local issues and challenges and of **ideas and experiences** of how they might be addressed.

- Some progress in formal **information sharing** between local and sub-regional partners.

- Examples of **alignment**, and to a lesser extent of pooling, of **funding streams** to generate efficiencies and to help fill gaps in provision – including through co-commissioning.

More concretely, better partnership working has been made manifest in[80]:

- **Co-location of services** (at Multi-Access Centres, Single Points of Access, etc) bringing together a range of providers all concerned with addressing the worklessness agenda at a single location, so providing a more joined-up and tailored service for individuals and facilitating sharing of information and understanding between staff working in different, but related policy domains.

- **Building links between services** through 'joint commissioning' and through making **referrals** between organisations part of funding agreements.

- **Building or enhancing the local infrastructure** to facilitate more effective local interventions.

- Implementing local **wraparound** services to complement other provision, in accordance with specific local needs.

- Successful **joint bids** between partners and across local authorities in sub-regional CSP areas for additional funding through initiatives such as the Future Jobs Fund and Fit For Work Service to address worklessness and employment issues.

- **Utilisation of improvements** in the **infrastructure and tools for partnership working** developed by CSPs, such as directories of local employment services and Performance Rating systems.

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[80]   Not all of these examples are apparent in all CSP and DAF partnership areas, but various combinations of these examples can be found in most.

• Establishment of **central core teams** to take a lead in orchestrating and servicing of partnership working, to spot potential linkages between activities, and to identify and act upon opportunities for joint working/funding.

In all these ways partnership working yielded benefits. CSPs and DAF partnerships have played a **positive catalytic role in accelerating change** and in **helping other partnerships to work better**. Importantly they helped to provide a platform that is and/or could be helpful going forward. Through their roles in **strategic leadership, influence, leadership, synergy** and **leverage** the partnerships had significant Strategic Added Value impacts. It can also be said that the partnerships' continued existence is evidence of success. None of the partnerships became moribund (as could have happened) and all managed to carry out a range of activities designed to tackle worklessness.

CS through promoting new approaches at local level, shows what can be achieved through working in a local partnership, highlights the **value in orchestrating partners at local/sub-regional level to shared ends**. Partners achieved better understanding of each other's aims and perspectives, and appreciated that working together can have an impact on the delivery of services.

6.3   Looking forward

In general, the CS initiative fostered a **collaborative ethos** between different partners and service providers. The qualitative evidence from partnerships and the quantitative evidence on progress towards the achievement of outputs, indicates that collaboration worked, but it worked differently: it worked better in some places than in others, and between some policy domains than between others. These differences may be attributed to the influence of key individuals in facilitating (or hindering) collaboration, and to contextual and historical differences between areas.

Looking ahead, the underlying ethos of the WP is more competitive – most obviously with two or three providers in competition in each Contract Package Area. The CSPs played an active role in providing information about local labour markets, local partners and local about interventions and activities addressing worklessness through providing prospectuses and facilitating meetings for WP bidders and potential suppliers. In this way the **CS experience has helped other players to take forward-related challenges**.

Many people involved in CS, whether directly or tangentially, have learned a great deal from the experience. Policy and organisational changes since the 2010 General Election and the formal ending of CS in March 2011 have meant that several individuals centrally involved in CS have moved on, while others are continuing in the same or similar roles to those that they previously held. In this way, the CS experience lives on – through work with local authorities, registered social landlords, housing associations, voluntary and community organisations, Employment and Skills Boards, Local Enterprise Partnerships (LEPs), etc. However, arguably, the opportunities to exercise the learning gained through participation in CS have diminished – at least in the **short-term**, because:

• There are **fewer funding streams** to align and pool, albeit those which remain need to be used to maximum effect.

• Work Programme (WP) and Universal Credit represent a **simplification of the policy landscape**. With rationalisation of funding streams and organisations there is less complexity to orchestrate.

Yet there are a number of **longer-term lessons** from the CS initiative[81] that are of wider relevance:

- It is important to **give initiatives time to make a difference** – the timeframe for CS was extended from an initial two years to four years – and while four years is a long enough period to make a difference – albeit partnerships cannot commence delivery at 'day one', the scale of the worklessness challenge in the CSP areas is such that in their business plans several CSPs recognised that activity would need to continue beyond the formal lifetime of the CS initiative.

- **Local baselines** need to be set at the outset in order that impact can be measured.

- There is a need for **joining up between central government departments** – given the existence of CSPs it would have been helpful to recognise them when allocating resources.

- There is a need for **national policy to work in the same direction as local policy, and vice versa** – to reinforce each other's aims.

- It is important to '**manage expectations**' – the debates and frustrations regarding autonomy and enabling measures in the first phase of the CS initiative[82] illustrate this.

- It is helpful for **central government** to participate in ongoing debate and to deliver **guidance** on key and complex issues (such as data sharing) that are important for enhancing partnership working.

- **Learning Networks** can be valuable mechanisms for organisational learning through the dissemination and sharing of good practice and lessons about local activity in partnership areas, both amongst partnerships themselves and to central government.

- **Different geographical scales** are important for different types of interventions – for example, the neighbourhood for outreach, and the sub-regional for employer engagement.

- **Discretionary funding** can play an important role in helping partnerships to provide services to address local needs.

- It is important to look at **the role of demand as well as supply in tackling worklessness**. Having focused primarily on supply issues, especially at the outset of the CS initiative, CSPs came to this realisation increasingly over time and have devoted greater attention to employer engagement. Given the 'payment by results' model of funding for the WP, it may be that the importance of stimulating demand and supporting individuals to sustain and progress in employment will become a greater imperative. The CS experience has demonstrated the importance of preparing and placing workless individuals in real jobs.

The CS initiative constitutes an attempt to foster labour market activation, by giving a local/sub-regional focus to addressing problems of worklessness, and especially pockets of entrenched worklessness. The CSPs were able to examine the existing mosaic of suppliers of employability services, and to help shape them and deliver them to a wider population of workless people. They facilitated a better understanding among local and sub-regional partners of what services were available.

Adverse labour market conditions and a limited timescale means that is difficult to discern any labour market level effects, despite numerous individual success stories. What the CS experience has demonstrated, irrefutably, is that more locally informed and based interventions are able to connect with, and gain the trust of, individuals who may (or may not) be on workless benefits, which allow them to engage with and explore the range of assistance and options available to them in a way in which, in general, local arms of national agencies have found it difficult to do hitherto.

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[81]   Albeit these lessons are not necessarily unique to the experience of CSPs and DAF partnerships.

[82]   Green *et al.* (2010) *op cit.*

The City Strategy initiative was designed at a time of national economic growth to combat enduring pockets of entrenched worklessness and poverty in urban areas by empowering local institutions to come together in partnerships to develop locally sensitive solutions. It was premised on the idea that developing a better understanding of the local welfare to work arena would allow partnerships to align and pool funding and resources to reduce duplication of services and fill gaps in provision.

City Strategy partnerships played an important role in orchestrating a multiplicity of agencies at a variety of spatial scales, with responsibilities in fields relevant to tackling worklessness. In general, they were successful in identifying gaps in existing service provision. They also had some successes in aligning funding sources so as to reduce duplication and achieve a more coherent services offer.

There is a great deal of positive evidence for process changes made by the partnerships which have been positive for supporting workless individuals. There are numerous micro level individual and project success stories and outcomes including:

- working together across policy domains, often with new providers and stakeholders;
- more joined up approaches to tackling worklessness;
- greater ability to respond to new opportunities because of the foundations set by City Strategy partnership working;
- the sharing of information between local partners and between local partnerships;
- nurturing new ways of working.

The partnerships provided a focal point for activities to address worklessness, so helping to concentrate efforts in a streamlined way.

DWP Department for Work and Pensions