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**Tackling Concentrated Worklessness: Integrating Governance
and Policy Across and Within Spatial Scales**

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**Tackling Concentrated Worklessness: Integrating Governance
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Abstract

Spatial concentrations of worklessness remained a key characteristic of labour markets in advanced industrial economies even during the period of decline in aggregate levels of unemployment and economic inactivity evident from the late 1990s to the economic downturn in 2008. The failure of certain localities to benefit from wider improvements in regional and national labour markets points to a lack of effectiveness in adopted policy approaches, not least in relation to the governance arrangements and policy delivery mechanisms that seek to integrate residents of deprived areas into wider local labour markets. Through analysis of practice in the British context, the paper explores the difficulties of integrating economic and social policy agendas within and across spatial scales to tackle problems of concentrated worklessness. The paper presents analysis of a number of selected case studies aimed at reducing localised worklessness and identifies the possibilities and constraints for effective action given existing governance arrangements and policy priorities to promote economic competitiveness and inclusion.

Introduction

The persistence and entrenchment of spatial concentrations of worklessness is a key characteristic of labour markets in the advanced industrial economies. Despite evidence of a decline in the aggregate levels of worklessness within many national economies up until the onset of the global economic downturn in 2008, a significant number of neighbourhoods and localities continued to display varying combinations of high levels of worklessness and low levels of economic participation. The failure of these areas to benefit from wider improvements in regional and national labour markets raises important issues regarding the effectiveness of recent policy approaches. Much of this policy activity has focused narrowly upon supply side measures seeking to enhance the employability of residents of such areas within formal labour markets. In contrast policy has paid much less attention to not only the nature and scale of the employment opportunities available to the residents of deprived areas within the context of wider local/regional economies, but also the governance challenges involved in integrating and co-ordinating spatially targeted responses.

This paper explores the policy and governance challenges involved in seeking to integrate residents of deprived neighbourhoods into local labour markets to reduce concentrated worklessness. In particular, it aims to consider two kinds of inter-connected challenges. The first involves the need to join-up and coordinate policies and governance organisations across different spatial scales, from the national, regional and sub-regional economic development and employment strategies down to more localised or neighbourhood level area based interventions. The second involves the compatibility and integration of those policies concerned with pursuing economic development and competitiveness objectives on the one hand with those concerned with social inclusion objectives on the other. The first section of the paper considers the nature of policy responses to the issue of concentrated worklessness and the challenges associated with the evolving structure of governance in Britain. The remainder of the paper analyses six selected case studies of localised attempts to tackle issues of concentrated worklessness. The results presented illustrate the possibilities and constraints for improved integration of social inclusion and economic competitiveness objectives within and across spatial scales, taking account of wider changes in the labour market and developing governance arrangements.

Governance challenges and policy responses to concentrated worklessness

Over the last thirty years, processes of economic restructuring have created new geographies of employment in the advanced industrial economies (Martin and Morrison, 2003). In particular, the combination of job losses in manufacturing and coal-mining sectors with job growth in services has contributed to polarisation in the

labour market and the growth of insecure low-grade employment. As a result, high levels of worklessness have become entrenched in certain groups (e.g. older men, single parents, ethnic minorities) and in certain areas that have become marginalised by dominant economic processes (Green and Owen, 1998; 2006).

Yet concentrations of worklessness only partially reflect the geographies of job loss and job growth. A series of interacting factors (e.g. poor local information networks, family fragmentation, educational underachievement, impacts of lone parenthood, limiting illness and short-term and interrupted work histories) produce a series of vicious circles that act to reproduce concentrated worklessness (Brennan et al, 2000; Gordon, 2003). These conditions can contribute to low aspirations, negative attitudes towards formal employment, a spatially constrained view of job and training opportunities, and a lack of confidence among the local population (Sanderson, 2006).

The need to address the problems associated with localised concentrations of worklessness has become an increasingly prominent feature of employment and spatial policy in the UK. Within a context of national policies that are seeking to shift from welfare to workfare regimes (Haughton et al, 2000), policy responses have been characterised by an emphasis upon employability and area based programmes. The focus upon improving employability reflects a dominant pre-occupation with supply side measures (McQuaid and Lindsay, 2005) that centre upon enhancing the ability of individuals to compete for and access available jobs through tackling the various

barriers to work that they face (e.g. skills, access to information, access to transport, the benefit system, childcare). Yet the relative weakness of mainstream policies to reach marginalised groups and areas has also produced a plethora of area based interventions that include both a general focus upon tackling concentrated deprivation and more specific initiatives targeted at worklessness (Imrie and Raco, 2003; Smith et al, 2007).

To date these approaches have demonstrated limited success in reducing significantly the scale of concentrated worklessness (CRESR, 2005; Casebourne et al, 2006; Dewson et al, 2007; Rhodes et al, 2007) for a number of interrelated reasons. First, in areas with high levels of worklessness there remain important issues relating to the extent of labour demand and the nature of the interaction between supply and demand given the changing sectoral and occupational structure of employment (Turok and Edge, 1999; Beatty *et al*, 2002; Green and Owen, 2006). Second, spatially concentrated deprivation is characterised by complex and multi-dimensional processes variably constituted within different places (Lupton, 2003; PMSU, 2005; Syrett and North, 2008). And third, whilst labour market processes are central to the mutually reinforcing cycles that produce areas of concentrated poverty, they are closely interrelated to other processes of change, not least the operation of sorting mechanisms within housing markets (Cheshire et al, 2003; Power, 2000).

Given the multidimensional and spatially variable nature of the problem of concentrated worklessness any response requires the involvement of multiple agencies operating

across and within spatial levels. Initiatives to tackle concentrated worklessness require a degree of integration of wider national regional and sub-regional economic development and employment strategies with more localised and neighbourhood level interventions promoting social inclusion and cohesion (North and Syrett, 2008). This situation not only presents difficulties in terms of co-ordinating activity vertically and horizontally within what are often complex and fragmented governance systems, but also in terms of combining different, and sometimes competing, basic policy goals.

The development of a focus upon tackling problems of concentrated worklessness evident under successive New Labour governments has taken place within an evolving governance system that has played a significant role in constituting the nature of the policy response. Within the longer term shift towards more flexible patterns of governance involving a diverse range of actors and agencies (Rhodes, 1997) there has been a significant 'rescaling of the state' leading to new and reconstituted scales of governance (Jessop, 1994; 2002). This has been perhaps most notable in terms of New Labour's devolution agenda, which has involved the devolution of power to elected bodies in Scotland, Wales, and Northern Ireland, the restoration of democratically elected government in London, and attempts to decentralise decision-making to a regional tier of organisations (Regional Development Agencies (RDAs), Regional Assemblies (RAs) and Government Offices (GOs)) in the English regions. As a result there is now greater differentiation in the governance arrangements throughout the UK relating to economic development and labour market policy than there was prior to 1997 (Goodwin et al, 2005; North et al, 2007). However these processes of rescaling

have compounded what were already complex and fragmented institutional arrangements (Fuller et al, 2004) and provide a challenging environment within which to co-ordinate interventions across and within spatial levels (Syrett and North, 2008).

Connected to issues of scalar co-ordination is the challenge of integrating economic competitiveness and social inclusion policy goals to tackle concentrated worklessness. This process is made difficult by governance and policy arrangements consistently splitting these into different policy agendas under the responsibility of different government departments. Within England, an ongoing tension is apparent between the regional economic development agenda now under the responsibility of the Department for Business, Enterprise and Regulatory Reform and the neighbourhood renewal and social inclusion agendas under the Department for Communities and Local Government. In Scotland and Wales too this tension is apparent in the search to establish effective governance arrangements. Here the roles of institutions responsible for economic development which pre-dated devolution have been either significantly reformed (e.g. Scottish Enterprise) or wound up (e.g. the Welsh Development Agency) and newer institutions responsible for the social inclusion agenda have been created and, in some cases, subsequently abandoned following political changes (e.g. Communities Scotland).

Although institutional arrangements within the UK now vary, what is evident is that the dominant aim of regional economic strategies in England and national economic strategies in Scotland and Wales has been to promote economic growth and

competitiveness and create a 'knowledge economy', based on high skilled, high value added sectors. The assumption here is that the benefits of economic and employment growth within the wider economy 'trickle-down' through markets for labour, goods and services to provide opportunities for those living in more deprived areas. Yet there is little evidence of this happening in practice. In consequence there has been an increased recognition of the need for a more direct linkage between employment opportunities and disadvantaged groups and areas, and the need for greater regional and local flexibility in governance arrangements to deliver these. Largely in response to central government pressure, the revised regional economic strategies produced for the English regions in 2006 gave more attention to those localities with high levels of unemployment and economic inactivity than previous versions. There was also evidence of improved strategic co-ordination around tackling worklessness, leading to regional employability strategies in some English regions and Scotland's national employability strategy ('Workforce Plus') which included a core element related to the spatial targeting of areas with the highest concentrations of worklessness. The need to develop more flexible and locally responsive employment interventions also became evident in England, notably in the introduction of the Department of Work and Pensions (DWP) City Strategies initiative in 2006, and in the findings of the major Treasury-led review of 'sub-national economic development and regeneration' (HM Treasury *et al*, 2007).

Despite these changes, governance arrangements within Britain provide considerable barriers to the integration of economic development and inclusion agendas within and

across different spatial scales. The persistence of spatial inequality and the differential development of new spaces of production and welfare means that in practice there are important local, sub-regional and regional variations in the management of local labour markets and the types of initiatives pursued (Cochrane and Etherington, 2007). The remainder of this paper examines a number of selected labour market initiatives in greater detail to identify the potentialities and constraints of such interventions to tackle meaningfully the employment needs of those living within areas characterised by high levels of worklessness and low levels of employment activity.

Integrating governance and policy in practice

The research findings presented here are based on the analysis of six case studies, purposively selected from across Scotland, Wales and four English regions (the North East, London, the South West and the East Midlands) as examples of innovatory practice under governance arrangements operating in 2006 to 2007. The national and regional contexts were chosen to reflect different models of devolved governance: administrative decentralisation within England (East Midlands, North East, South West); Mayor and elected assembly (London); devolved national assembly (Wales); and devolved national parliament (Scotland). As well as aiming to represent the diversity of approaches found under the different governance arrangements, the main criteria used in the selection of the case studies were first, a need to demonstrate a degree of partnership working between different levels of governance, and second, an attempt to link economic growth with tackling social exclusion. Selection against these criteria

involved consultation with a number of stakeholders (including RDAs, Government Offices, Sub-regional Partnerships and voluntary and community sector organisations) within each of the six study areas. Each case study initiative was researched by assembling and analysing relevant written material and conducting face-to-face interviews with key players having first-hand knowledge and experience of the location and community that the initiative aimed to benefit. This typically involved representatives of the local authority, the Local Strategic Partnership, Jobcentre Plus, the voluntary and community sector and employers. In addition, a focus group or individual interviews were held with a number of beneficiaries of each initiative to examine their experiences of the initiative and the extent to which it addressed their needs/situation.

The characteristics of the six selected case studies - Acumen Community Enterprise Development Trust (North East); Camborne Pool Redruth (CPR) Works (South West); Local Alchemy (East Midlands); Brent into Work (London); South Lanarkshire Routes to Inclusion (Scotland); and Want to Work (Wales) - are set out in Table 1. Although all displayed a strong place-based focus, being targeted at the people living in the most deprived neighbourhoods within one or more local authority areas, they differed in terms of the extent of their geographical coverage. This largely reflected their origin within different spatial levels of governance, whether at the national level (e.g. 'Want2Work' in Wales); regional level (e.g. 'Local Alchemy' in the East Midlands); or within a single local authority (e.g. 'Brent into Work' in London).

Insert Table 1

All the case studies were located in areas experiencing low rates of employment, above average unemployment, and particularly high levels of economic inactivity, with a high proportion of the population in receipt of health and incapacity benefits. For example, the wards targeted by 'Brent into Work' had employment rates of 54 per cent and 50 per cent against a west London average of 66 per cent. Similarly, the Acumen Trust focused on the Easington District of Durham, had an employment rate of 57 per cent compared to 68 per cent within the North East region as a whole.

There were clear differences between the case studies in the underlying causes of high levels of economic deprivation reflecting their particular historic circumstances. However, in most instances there was a legacy of de-industrialisation and economic restructuring over the past three decades, which had severely impacted upon employment opportunities, particularly for men. Thus the problems that the 'Routes to Inclusion' initiative was tackling stemmed from the closure of the Ravenscraig Steelworks and associated job losses. Similarly, the 'Want to Work', the Acumen Trust, and to some extent the Local Alchemy project, were all dealing with the consequences of employment decline in former coalfield areas, whilst 'CPR Regeneration' operated in a part of west Cornwall historically dependent upon tin mining and engineering. In contrast, the 'Brent into Work' case study was located in the more buoyant and fast growing economy of west London, where significant employment growth had been experienced in a number of service sectors. Here, high levels of worklessness related to

the inability of elements of a highly ethnically diverse population to compete successfully for jobs due to issues related to language abilities, low level of skills and qualifications, and a lack of work experience.

All the initiatives addressed in various ways the question of the employability of disadvantaged groups, with several of them targeting those who are hardest to reach and least likely to benefit from mainstream welfare to work programmes. As such, they were concerned with helping those who were jobless but wanted to work to overcome the multiple barriers (personal and institutional) that prevented them entering the labour market. This supply-side emphasis meant limited consideration was given to demand-side considerations such as the recruitment practices of employers or the type and quality of jobs on offer. The initiatives were characterised by an emphasis upon outreach and engagement activities. Three of the case studies ('Routes to Inclusion', 'Want to Work', and 'Brent in2 Work') explicitly recognised the transition from being out of work to being in sustained employment as a staged process, involving different kinds of support activities at each stage and drawing upon the particular roles and responsibilities of agencies in delivering the relevant services. Two of the case studies, 'Acumen Trust' and 'Local Alchemy', included supporting people to set up enterprises, whether in the form of entering self-employment or starting a private business or social enterprise.

The initiatives demonstrated a degree of success in terms of achieving hard outputs related to getting target groups into employment, training or self-employment (see

Table 1), as well as 'softer' outputs related to building confidence and developing trust relations[1]. The projects were successful also in persuading funding bodies of the positive impacts of their interventions, demonstrating an ability to access and maximise different funding streams that was central to their development.

Co-ordinating within and across spatial scales

The initiatives studied involved partnership working between several organisations representing different levels of governance as well as involving cooperative working between government and non-government organisations (see Table 2). The form of these relationships depended upon the origins of the initiative and the type of lead organisation. Initiatives with a high profile at the regional/national level generally involved close working between two or more organisations at this level; in the case of 'Want2Work' between the Welsh Assembly Government and Jobcentre Plus in Wales, and between the RDA (East Midlands Development Agency) and the New Economics Foundation (NEF) in the case of 'Local Alchemy'. In contrast, for a voluntary and community sector organisation involved in the provision of employment and training services, such as the Acumen Trust, there was a need to work across local, sub-regional and regional levels of governance in order to maximise funding and contract opportunities under different policies and programmes. The breadth of partnerships evident in the case studies reflected not only the complexity of the problems being tackled but also the complex set of agencies operating in these areas. Even a small scale

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[1] The evidence for these outputs was assembled in differing ways and through different project evaluations. Consequently it was not possible to compare these outputs and a full evaluation of the employment impacts of these interventions was beyond the scope of the research.

initiative like 'CPR Works' involved partnership working between its parent body CPR Regeneration (the Urban Regeneration Company), Jobcentre Plus (the principal funder), the South West Regional Development Agency (principally concerned with business development), and West Cornwall Together (the Local Strategic Partnership) responsible for neighbourhood renewal.

Insert Table 2

Overall the governance arrangements in the case studies were characterised by a number of key elements:

An integrated and coordinated approach. The existence of a central partnership that operated in an integrated and coordinated way to reduce duplication and competition between different agencies was important to efficiency and effectiveness. In the 'Routes to Inclusion' initiative, for example, the role of different partners was organised around a 'staged' approach to moving jobless people into employment, achieving greater transparency about 'who does what' at each stage.

Strong commitment of key stakeholders. All interventions were dependent upon strong buy-in from several key players. Critical in this respect was a robust commitment from Jobcentre Plus in several of the case studies, including those run by devolved administrations. In 'Want to Work', the flexible approach taken by

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Jobcentre Plus Wales in working alongside the Welsh Assembly Government was vital to delivering the only major welfare to work programme outside of the DWP.

Involvement of employers and VCS organizations. Given the emphasis upon getting people into work, working closely with both private and public sector employers to gain a clear understanding of the type of skill gaps that existed within the local labour market and the types of employees they were looking to recruit was critical to ensuring the relevance of employment and training provision. Several of the case studies also demonstrated the importance of developing strong partnerships with VCS organizations when it came to winning the trust and confidence of disadvantaged individuals and deprived communities.

Although these initiatives demonstrated an ability to operate effectively within current governance arrangements, a number of constraints were also readily apparent. First, despite the existence of effective joint working between key stakeholders, all the interventions also illustrated a lack of effective joining up between certain programmes and initiatives. For example, in the case of 'CPR Works', despite the strong association between worklessness and health related problems there remained relatively little connection with the Primary Care Trust and local General Practioners. Such gaps in the co-ordination of basic elements required to tackle worklessness have roots in the sheer complexity of provision and the barriers that arise from agencies pursuing their own interests and policy objectives. In this respect, 'Local Alchemy', with its aims of challenging the 'economic status quo', generated tensions with other agencies. In some

cases this resulted in the delivery organisation (NEF) bypassing certain local agencies where these were felt to be blocking the realisation of a bottom-up development process.

Second, concerns over the sustainability of funding and budget cuts affecting associated services were commonplace across all the case studies. Reductions in the discretionary funding budgets of Jobcentre Plus and the Learning and Skills Council had adverse impacts in several of the case studies. Many VCS bodies were facing uncertain financial futures due to funding changes. Stability of funding was recognised as important both to retaining staff and ensuring continuity of relationships between clients and providers. A strong reliance on one major funder also raised concerns over the sustainability of the initiatives once funding came to an end.

Finally, the shift towards the privatisation and contracting-out of employment services to achieve efficiency savings was beginning to have a negative impact, as the government implemented the Freud Report's (DWP, 2007) recommendation that these services should be delivered by large private providers. Community intermediary organisations, such as 'Routes to Work' in South Lanarkshire or the Acumen Trust in the North East, were consequently faced with a major threat to their ability to compete for contracts on the basis of cost with larger organisations. As the Voluntary Organisations Network North East stated: "we fear that fewer, larger contracts will 'squeeze out' many smaller community active labour market schemes". Furthermore shifts towards greater efficiency, such as the use of call centres to provide advice to

people making initial contact with employment services, were felt to be counterproductive in building closer client engagement.

Linking economic competitiveness and inclusion

The case studies demonstrated different but interrelated ways in which employment and self-employment interventions sought to integrate economic competitiveness and social inclusion objectives. The most dominant of these was the 'economic inclusion' approach that viewed placing individuals into employment as the most effective route out of poverty. These interventions recognised that those most disadvantaged in the labour market required additional and often individualised support to that provided by mainstream services to get them into work. This approach was a reflection of national government policy promoting economic inclusion via higher employment rates and the subsequent availability of a variety of funding streams to promote such supply side initiatives. The 'Brent into Work' initiative exemplified this approach with a strong 'work first' agenda that emphasised the priority of getting residents into employment and developed training initiatives similarly focused around this objective. 'Want to Work' and 'Routes to Inclusion' schemes were similarly informed by this approach and all the initiatives displayed an important element related to improving the employability of local residents.

A second related approach was the attempt to link areas of employment need with areas of opportunity, recognising that deprived localities and their populations routinely failed to benefit from the 'trickle-down' of employment growth within the wider economy.

Here the focus was to link the supply of people and businesses present within deprived areas with demand from areas and sectors of job growth.. This reasoning informed the 'CPR Works' initiative, which was started as a way of trying to ensure that the opportunities created by the physical and economic regeneration of this area of Cornwall were used to tackle the problems of economic and social exclusion. Similar reasoning linking local residents to jobs arising from major inward investment and capital programmes was also present in the 'Routes to Inclusion' and 'Brent into Work' initiatives.

A third approach emphasised the promotion of wider place-based 'community' interests and assets, in a manner that linked employment imperatives with social and environmental ones in order to create an integrated community-led development process. This rationale was less prevalent, not least as it went beyond the narrow concern of central government policy upon getting people into jobs and emphasised meeting the needs of communities rather than just those of individuals. The clearest example of this was the 'Local Alchemy' project, which advanced a different model of local economic development that shifted the emphasis towards more locally determined initiatives that demonstrated clear social and environmental as well as economic benefits, and involved people from deprived communities in 'reinventing' their local economies. Other case study initiatives were also informed by varying degrees of concern about the wider local community and locality, whether in terms of the development of social and physical infrastructures, social capital, community assets, or the wider quality of life.

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Insert table 3

As table 3 demonstrates, the case studies displayed varying mixes of these different approaches. This was particularly evident with respect to initiatives that worked both to develop the employability of local residents and develop wider economic and employment linkages. However, a recurrent weakness of these initiatives was their relative neglect of the broader economic interests of deprived communities compared with those of individuals themselves. A focus only upon getting individuals into work can lead to these very people moving away, which does nothing to help the longer term development of viable communities in deprived areas or in overcoming place based barriers to work.

Within these mix of approaches a number of key factors were apparent in the effective linkage of economic development and social exclusion agendas through labour market interventions:

> *Employer engagement.* Employers did not necessarily show any interest in recruiting the kinds of people these initiatives were designed to help and therefore, from the outset, effective connections with employers were required and their workforce requirements fully understood. For example the staffing of 'CPR Works' included an Employment Engagement Coordinator who used previous experience at Jobcentre Plus to link with employers and identify skill gaps and

appropriate responses to recruitment difficulties. This type of approach, also evident in 'Routes to Inclusion' and 'Brent into Work', targeted employers within particular sectors experiencing recruitment difficulties and able to provide employment for those marginalised from the labour market.

Identification of entry-level jobs and making clients 'job-ready'. Given these initiatives aimed to support people out of work for many years or who had never worked, identifying suitable 'entry-level' jobs coupled with pre-employment training to make clients ready for these jobs was central. Brent's 'Language 2 Work' project made people job ready through intensive, work related language training and then linked them to predominantly entry level jobs within key sectors (e.g. warehousing, cleaning, driving, food processing, and retail). In the cases of 'CPR Works' and 'Want to Work', paid or even unpaid employment in the voluntary and community sector was also seen as an appropriate first step for someone lacking in basic and work-related skills.

Outreach activity All initiatives demonstrated a degree of emphasis upon outreach and engagement activities with those distant from the labour market, whether through a physical presence in local community facilities, marketing initiatives, referrals from other agencies or use of word of mouth. For example, outreach work within the 'Routes to Inclusion' in South Lanarkshire was undertaken through a community intermediary organisation ('Routes to Work South') which concentrated its activities and services in the most deprived areas and used existing

community facilities, organisations and networks to deliver a varied range of projects.

Personalised approaches. In engaging with so-called 'hard to reach' groups, 'person-centred' methods which recognised the wide range of needs of client groups were routinely used. For unemployed people within 'Brent into Work' a significant amount of support was in the form of one to one advice to build-up trust based relationships not achievable under schemes with minimal client contact. Such approaches attempt to put in place a system where clients could be referred to a wide variety of employment and non-employment services according to how their needs develop over time, yet keep them engaged and moving towards employment. In the case of Local Alchemy, business coaches stimulated individual (and collective) 'passions' and 'visions' through listening, questioning and empathising to encourage business start up or moves into self-employment.

Strong leadership and committed staff team. Central to the establishment of effective, innovative and dynamic initiatives was a combination of strong leadership and a committed team of staff. 'Want to Work' in Merthyr Tydfil was established through secondment of staff from stakeholder organisations such as Jobcentre Plus who volunteered due to their commitment to the principles of outreach and a programme of voluntary engagement. The driving force behind Acumen Trust, the co-founder and current chief executive, brought to the project commitment and experience obtained as a manager of the Easington Action Team

for Jobs and has played a key role in ensuring a high profile for the Trust's activities.

However, even with these positive elements of practice, these initiatives also encountered fundamental constraints. First, despite evidence of employment growth in all the case study areas, prevailing labour market conditions meant that there were not enough entry level jobs of sufficient quality to 'make work pay' in some localities (see also Lindsay & McQuaid, 2004). Where low paid, insecure and low status jobs were all that was available to the jobless living in deprived areas, there were clear disincentives to move into formal employment, particularly in relation to the loss of benefits. For example, interviewed beneficiaries of 'Want to Work' in Merthyr Tydfil cited the poor pay and conditions of available jobs and the lack of potential career prospects as barriers to re-engaging with the labour market.

Second, certain local labour markets were very competitive, even for low paid employment. Several of the case study areas (notably Brent, South Lanarkshire, and West Cornwall) had experienced large influxes of relatively skilled workers from EU Accession Countries, willing to work for low rates of pay. As a result, those marginalised from the labour market struggled to compete effectively for available jobs. Furthermore, it was apparent that many employers remained wary about taking on those who had been unemployed for long periods, had mental health problems, were ex-offenders or had poor English skills.

Third, difficulties in engaging with employers were widepread. Although active engagement strategies had some success in involving selective large employers, they were much less successful in engaging small and medium sized enterprises, despite their numerical dominance within the local economies studied. Small business owner-managers were the most likely to recruit informally and the most reluctant to recruit those with a poor work history, citing concerns about the potential negative impact on the rest of their workforce.

Finally, actually translating labour market opportunities into jobs for disadvantaged groups was problematic. Where regeneration schemes promised significant employment opportunities there were often fewer jobs going to the more disadvantaged than had been expected. The construction of the Wembley National Stadium, for example, produced very little employment for local workers despite the section 106 agreement that promoted the use of local labour, as subcontractors preferred to use known specialist workers often brought in internationally.

Conclusions

Within the UK there remains only sporadic evidence that the employment needs of deprived areas have been addressed effectively under recent governance and policy arrangements. The initiatives analysed in this paper demonstrated that possibilities do exist to respond to manifestations of concentrated worklessness through locally based employment interventions that are sensitive to local particularities. Critically in these cases the employment needs of disadvantaged people were integrated with the

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specificities of particular places in diverse ways, whether in terms of engagement activities and the delivery of personalised support to reach residents of deprived areas, the linking of deprived areas into wider labour markets, or the strengthening of place based communities to make these more desirable to live and work in.

Yet the case studies also showed that the effectiveness of such interventions was strongly structured by their capacity to overcome two interrelated factors. First, the necessary co-ordination within and across spatial levels to tackle the employment problems of deprived areas was hampered by a fragmented and often unaccountable governance system, exacerbated in some respects (especially in England) by the introduction of new governance and institutional structures over recent years. The case study initiatives demonstrated an ability to get key agencies to work effectively together to deliver common objectives and outputs and complement other mainstream provision, but such success was often *in spite of* rather than *because of* strategies and governance arrangements. In practice the roles and responsibilities of bodies operating at different spatial levels lacked clarity and most national and regional level economic strategies had, until recently, failed to include any meaningful attempt to link related employment generation to the needs of deprived areas. The lack of devolved power in the eight English regions outside London constrained the pursuit of locally appropriate solutions and weakened the legitimacy of regional and sub-regional bodies. Where political devolution has taken place in Scotland, Wales and London, this produced greater strategic attention to the employment needs of deprived areas and populations, but as

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yet, limited evidence that this has been translated into the delivery of effective policy interventions.

Second, policy agendas promoting economic competitiveness and social inclusion remain poorly integrated, reflecting the pursuit of differing policy objectives within government departments in England and the devolved government arrangements of Scotland and Wales. The case studies demonstrated an ability to integrate economic and social objectives, primarily through promoting 'economic inclusion' by seeing employment as a route out of poverty and linking the employment needs of deprived areas and populations with employment opportunities in the wider local/regional economy. However supply side focused 'work first' approaches remain constrained by the fact that for many disadvantaged in the labour market and living in areas of concentrated worklessness, the low paid 'entry-level' jobs on offer provided few prospects for developing skills and moving out of poverty, whilst competition for such jobs has become more intense due to inflows of migrant workers. This long term neglect of demand side issues relating to the low wage, low skill jobs that are available to those living in deprived areas is perpetuated by economic development agencies that concentrate their attention upon attracting high skilled jobs as part of their vision to build 'a knowledge economy'.

Despite some recognition by UK governments of the need to create more flexible and locally responsive employment interventions, the ongoing tendencies towards increased social and labour market inequalities suggest that localised employment initiatives are

likely to continue to have only a limited impact upon the problems of concentrated worklessness. The findings presented here suggest that changing this situation will require greater clarity over the roles and responsibilities of different agencies across different spatial levels and the need to empower sub-national and local bodies to provide local flexibility and sensitivity. They also point to the need to actively engage stakeholders, particularly from the private and voluntary and community sectors, to inform the delivery of effective interventions from the outset whilst also developing accountability and trust to ensure greater legitimacy for action. Finally, in terms of promoting economic inclusion, the results show the importance of going beyond narrow policy agendas focused only upon getting disadvantaged groups into employment, to embrace a wider set of issues. These relate not only to the quality and pay of such employment and the possibilities for career progression, but also the possibilities of economic inclusion via the development of work opportunities outside formal employment and within the local social economy.

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Table 1: Characteristics of Case Study Initiatives

Project (period of operation)	Description	Funding sources	Economic context	Key Features
Acumen Trust (2003 to present)	Social enterprise with role to promote employment, training and enterprise for long term unemployed and economically inactive	European Social Fund (ESF), Learning and Skills Council (LSC), Easington Pathfinder, Test Bed Learning Community, Northern Rock Foundation (£750,000)	Long term deindustrialisation and closure of coal industry Low employment rates, high levels of inactivity and large numbers claiming health benefits and income support, spatially concentrated Low levels of self-employment	Focus on enterprise, learning and employment in relation to disadvantaged groups Outreach approach through the Aim High Network Emphasis upon developing social enterprise and small businesses.
CPR Works: Camborne, Pool, Redruth	Initiative linked to CPR Regeneration (an Urban Regeneration Company),	ESF (co-financing with Jobcentre Plus)	Focused on most deprived districts within Cornwall (Kerrier and Penwith): low income and	Origins in growing local concerns about industrial closures and lack of replacement

Regeneration (2006 to present)	that seeks to ensure that benefits of physical and economic regeneration are used to tackle problems of economic and social exclusion.	Budget £264k + £89k 'Back to Work' fund	high levels of economic inactivity Growing mismatch between labour supply and labour demand; high proportion of residents in occupations that are in decline Largest employers are public sector organisations; private sector dominated by very small businesses	jobs Aim to build bridge between employers and workless people through: (i) training and support to overcome basic skill deficiencies; (ii) engagement with employers to address skills needs and recruitment difficulties Client focused approach
Local Alchemy (New Economics Foundation / East Midlands Development Agency (EMDA)) (2003 – 2008)	A practical framework for analysing and encouraging the recirculation of local spending within local economies and for promoting enterprise and community led economic development that is also socially and environmentally	EMDA c£8m Individuals/ organisations also signposted to other sources (e.g. Coalfields Regeneration Trust; National Lottery)	Pilot projects implemented in 13 deprived localities in the East Midlands, representing different types of community facing different economic challenges Local Alchemy framework aims to be adaptable to varied contexts	Encourages individuals/groups to 'reinvent their local economies' and deliver solutions to local needs in an environmentally sustainable and socially useful manner Challenges existing agencies to think differently about communities experiencing

	sustainable			economic disadvantage. Person-centred approach via business coaches and provision of seed corn funding
Brent into Work (2002 to present)	Partnership to encourage strategic co-ordination across a range of employment and training organisations/providers to help residents make the transition from welfare to work. Series of projects focused on local labour market challenges and opportunities (e.g. language training, refugees, construction)	For 2005-06: Single Programme /London Development Agency; Single Regeneration Budget; LB Brent; ESF/LSC; JCP; College of North West London; Section 106 Home Office; Treasury	Concentrated disadvantage in five wards in LB of Brent: low economic activity rates Diverse and mobile population; issues of basic skills education, English language teaching and childcare Employment growth (finance, hotels and catering, logistics, real estate, construction) but decline in manufacturing employment Major employment sites at Park Royal estate and Wembley National Stadium and surrounding	Emphasis upon getting local people into local jobs: focus upon hard to reach groups and hard to fill jobs Client driven service responding to needs of unemployed individuals and employers Local strategy to draw together funding streams and rationalise employment and training provision between local providers (over 40) Approach of projects: client-centred; outreach/engagement

			development	(unemployed and employers); personal advisers
Routes to Inclusion (RTI) South Lanarkshire (1997 to present)	Partnership designed to encourage strategic co-ordination of different labour market programmes. Priority local 'Workforce Plus Partnership' since June 2006	Lanarkshire Council, CRF, ESF/Equal, Jobcentre Plus, Scottish Enterprise, Caledonia University, Scottish Government, Workforce Plus. Total £3.8 million 2006/07	Long term deindustrialisation and closure of Ravenscraig steel works; estimated jobs gap of 6,000 jobs Concentrated deprivation in Hamilton and Rutherglen/Cumberslang Low employment rate; 50,000 claiming health benefits and Income Support Public sector employment growing faster than other sectors	Focus on employability in relation to disadvantaged groups Client driven service responding to needs of unemployed and people on IB Outreach approach through Routes to Work South Employer engagement (via intermediaries)
Want to Work Pilot Merthyr Tydfil (Welsh Assembly	Coordinated approach in relation to employment and health service for targeting long term unemployed and those on	ESF, Welsh Assembly Government (£21 million for four Pilot	Long term deindustrialisation and closure of coal industry in Valleys Spatial concentration of deprivation and economic	Focus on employability in relation to disadvantaged groups, especially benefit claimants Client driven service responding

Government and Jobcentre Plus Wales)	health related benefits to assist into work.	areas: Merthyr Tydfil, Neath Port Talbot, Cardiff and North Wales); £2 million for training from DELLS	inactivity Low employment rate and large numbers claiming health benefits and Income Support; 160,000 people receiving out of work benefits	to needs of unemployed and people on IB Involvement of Communities First in project delivery.

Table 2: Governance Arrangements in Case Study Initiatives

Project	Key Governance Relationships	Positive Elements	Challenges
Acumen Trust	▪ Strong connection with key economic partnerships within NE Region including Durham Economic Partnership and East Durham LSP ▪ National and regional profile; Chief Exec appointed to One North East board as VCS representative ▪ Dependent on winning contracts for delivery of government programmes particularly from Jobcentre Plus	▪ Capacity building and linking this with different partnerships ▪ Strong links with various regional. sub-regional and local strategies, including DWP City Strategy, East Durham Local Enterprise Growth Initiative, and Neighbourhood Pathfinder	▪ Complexity in partnerships and funding regimes leads to problems with coordination ▪ New competitive arrangements and privatization of welfare to work delivery ▪ Employer engagement weak and difficulties of involving the private sector ▪ Difficulties of inter-agency working, including close involvement of the LSP
CPR Works	▪ CPR Regeneration, JCP Cornwall, West Cornwall Together (WCT) (LSP) & Kerrier District Council ▪ Strong relationship between CPRW and	▪ Added value to the work of WCT in deprived areas through in-depth and flexible approach ▪ Effective referral arrangements with	▪ Difficulties joining-up effectively with other initiatives to address multiple causes of deprivation: funding schemes constrain client

	JCP Cornwall as principal funder	other organisations working with the disadvantaged (e.g. drug addicts and ex-offenders) • Experience informed development of LAA/JCP Cornwall-wide initiative called 'Cornwall Works'.	crossover between organisations ▪ Little connection between CPR Works, the PCT, and health professionals despite importance of health related problems to worklessness ▪ Uncertainty resulting from the short timescale (20 months) of the CPR Works 'pilot' initiative.
Local Alchemy	▪ East Midlands Development Agency and New Economics Foundation ▪ Community Foundation (to manage Alchemist Fund application process) ▪ Engagement with a variety of relevant agencies within local areas	▪ Engages with relevant agencies to challenge them to 'think differently' and to maximise 'joined up' thinking and working ▪ Signposting to other sources of support / funding (e.g. Coalfields Regeneration Trust, National Lottery) ▪ Collaboration between Local Alchemy coaches and existing business support services.	▪ Difficulties in engaging some local agencies (e.g. LSPs) given challenge to 'think differently'. ▪ Ambitious aims requires long term commitment from other agencies and supportive changes in wider government policy to support sustainable development

Brent into Work	▪ LB Brent (lead body) and key local employment and training providers: JCP, College of North West London, and London Development Agency	▪ Complementary approach adding value to mandatory provision (e.g. of JCP) ▪ Relationship management: open and co-operative culture with strong working relationships ▪ Ability to draw down funding to permit autonomous action: credibility with funders due to success in delivering employment outputs ▪ Commitment to developing relationships with private sector	▪ Complexity of provision: problems of integrating provision and problems of tracking individuals through system ▪ Lack of good relationships with certain agencies/initiatives (e.g. LSC; Fair Cities) and sectors (e.g. VSC) ▪ Results driven funding related to employment outputs has produced focus upon those easier to get into the labour market ▪ Difficulties in developing employer engagement particularly among smaller firms ▪ Need to ensure local people benefit from major investments (e.g. Wembley National Stadium)
Routes to Inclusion (RTI) South	▪ Strong connection with Scottish employability framework (Workforce Plus)	▪ RTI Partnership designed as a process which clarifies steps in transition from welfare to work	▪ Complexity in partnerships and funding regimes leads to problems with coordination

Lanarkshire	▪ South Lanarkshire Council plays a key role in servicing RTI	▪ Attempt at transparency and minimal duplication of activities ▪ Longevity and strong buy in by all partners including JCP ▪ VCS involvement ensures a more socially inclusive labour market service	▪ New competitive arrangements and privatization of welfare to work delivery threatens RTI model ▪ Employer engagement with RTI relatively weak
Want to Work	▪ Coordinated by WAG national steering group and local steering group ▪ Linked to regeneration partnerships in Merthyr ▪ Part of South East Wales DWP City Strategy for tackling economic inactivity	▪ Outreach and promotion of initiative within the community ▪ Informal atmosphere and supportive mode of service delivery ▪ Strong signposting and referrals role offers a wider range of opportunities for people to develop confidence and skills	▪ One of many welfare to work programmes operating in Merthyr: danger of complexity and confusion ▪ Lack of a community development perspective and of alignment with Communities First ▪ Difficulties in obtaining engagement of GPs

Table 3: Linking Economic Development and Inclusion

Project	Rationale for economic/social linkage	Positive elements	Challenges
Acumen Trust	Community development approach focused on overcoming limits of mainstream approaches to reach groups marginalised within the labour market	▪ Engagement of 'hard to reach' groups ▪ Promotion of new enterprise development ▪ Integration of existing outreach approaches	▪ Weakness of demand side interventions and public sector employer engagement with deprived groups ▪ Significant numbers experiencing financial poverty and debt. ▪ Reliance on other services to support activities (e.g. public transport to enhance mobility) ▪ Negative attitudes of employers towards people with disabilities and health problems
CPR Works	Recognition that cannot rely on benefits of new investment 'trickling down' to the most disadvantaged.	▪ Engagement with employers via targeting growing sectors experiencing recruitment difficulties but likely to provide suitable jobs	▪ Lack of affordable public transport ▪ Difficult to attract investment and employment to peripheral area of West Cornwall ▪ Few job vacancies generated by in-coming employers so focus on existing employers ▪ Difficulties in engaging small businesses and

	Concern that new jobs should not 'leak out' of area.	▪ Recognition of role of VCS in providing a first step back into the workplace	persuading them to recruit the long term out of work ▪ Increasing competition for jobs from in-migrants including EU accession countries.
Local Alchemy	Focus on maximising benefit to communities of local money flows, resources and assets Notion of integrated 'triple bottom line' (i.e. social, environmental, economic) Local people best positioned to diagnose and 'reinvent' their local economy	▪ Catalytic role of person-centred coaching: stimulating 'visions' & 'passions' ▪ Focus on recognising local assets/resources and giving voice to local people ▪ Use of triple bottom line assessment criteria ▪ Ambitious, multi-dimensional approach via adaptive learning	▪ Dependence on highly skilled coaches capable of engaging with local people and agencies through intensive outreach ▪ Difficulties in engaging local people beyond core activists/entrepreneurs ▪ Difficulties of reconciling differences between different groups/interests ▪ Challenge of applying triple bottom line criteria in practice ▪ Need to balance 'vision and passion' and 'realism and focus' ▪ Sustaining momentum of bottom up regeneration to become self-sustaining

Brent into Work	Getting people into work - and once in employment to help them progress - provides the best means of taking people out of poverty and revitalising poor neighbourhoods	▪ Focus on employment: needs of individuals and employers ▪ Combination of wider local strategy with effective delivery via specific local projects oriented to identified need ▪ Pro-active engagement of hard to reach groups ▪ High quality advisors provide holistic approach to client needs	▪ Employment focus sometimes at the expense of developing training and neglect of enterprise dimension ▪ Limited progress in workforce development and supporting individuals once in employment ▪ In migration provides strong competition for entry level jobs and most disadvantaged struggle to compete ▪ Gaps in provision related to pre-employment training: basic skills and language ▪ Problems of engaging certain groups lacking aspiration and motivation to enter employment
RTI South Lanarkshire	Attempt to develop 'job matching' so inward investment/capital programmes are linked to employment schemes	▪ Construction Skills Action Plan as mechanism to tackle skills shortages ▪ Job rotation supporting skills and training needs of SMEs and increasing	▪ In migration creating competitive labour market: difficult for people on IB to compete ▪ Weaknesses of demand side interventions and public sector employer engagement ▪ Significant numbers experiencing financial poverty and debt ▪ Many new jobs low paid and limited sustainable

		opportunities for employment training for unemployed ▪ Use of community intermediaries to engage hard to reach groups	employment
Want to Work (MerthyrTydfil)	Engage 'hard to reach' groups in labour market through community development approach; ensure health needs are linked to employability programmes	▪ Use of existing community networks to develop employment inclusion ▪ Voluntary programme with no threat of sanctions ▪ Voluntary work seen as important as accessing employment	▪ Low pay and employer discrimination regarding people with disabilities are barriers to employment ▪ Difficulties of building relationships with existing and incoming employers ▪ Issues relating to sustaining people in employment and relevance of vocational training to deprived groups ▪ High levels of financial poverty and debt ▪ Weakly developed demand side interventions