



Office of the
Deputy Prime Minister
Creating sustainable communities

Jobs and Enterprise in Deprived Areas

Social Exclusion Unit Report



Social
Exclusion
Unit

In March 2003, the Prime Minister and the Deputy Prime Minister asked the Social Exclusion Unit to look at what more could be done to tackle the 'concentrations of worklessness' that still exist in England. The Social Exclusion Unit was particularly asked to focus on how to improve delivery of the various policies already in place, and to focus on support for enterprise and self-employment in deprived areas.

As well as reviewing the available research and evaluation evidence, the Social Exclusion Unit has gathered **new** evidence from:

- a written consultation which received 189 responses from a wide range of individuals and organisations
- meetings and discussions with practitioners from different parts of the country
- a series of visits and six local area studies, focused on neighbourhoods with high unemployment in:
 - East Manchester
 - East Lindsey, Lincolnshire
 - Kerrier, Cornwall
 - Central Birmingham
 - Brent in North London
 - Middlesbrough

In addition, colleagues in Scotland provided information from a study in Dundee.

- analysis of benefit and census data for all 165,665 Census Output Areas across England.

The Social Exclusion Unit has a remit for England only. However, concentrations of worklessness are found in Scotland and Wales, and the Social Exclusion Unit has worked closely with colleagues from both.



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PRIME MINISTER'S FOREWORD



This Government is committed to achieving a stable and dynamic economy, where everyone has the opportunity to work, and no part of the country is left behind. We want to ensure a higher proportion of people than ever before are in work, while creating a thriving enterprise culture throughout the UK.

We have gone a long way towards achieving these goals. We have introduced policies to stimulate enterprise, support small businesses and overcome barriers to growth. Stable macroeconomic policy has contributed to the rising employment rate, which at nearly 75 per cent is at its highest for a generation.

But, as this report shows, not everyone has shared equally in the rising prosperity of recent years. There are still some streets and blocks of flats where more than half of the adults are out of work and on benefits. There is a danger that children can grow up in families and neighbourhoods with little contact with the world of work – detached from the opportunities and aspirations most people take for granted. While unemployment has fallen steadily, the number of people on inactive benefits has remained stubbornly high.

So we need to do more to make sure that the benefits of full employment are felt in every street. We also know we need to do more to help the people who face the most severe problems getting a job, for example those with poor skills and a disability. This report sets out what we will do to build on the huge amount of progress that has already been made, for example through the New Deals and the work of the Small Business Service.

But the answer will not be just more action from central government. The solutions will be different in different places. They could range from providing extra childcare to changing how places in certain housing estates get allocated. Local authorities, local managers and frontline workers will be given more freedom to do whatever their area or individual client needs. To be effective they will need to work together with other agencies, and respond to the needs of employers. This report provides evidence that will help them think about what would work best in their own area.

Finally, we want to make the most of the skills and entrepreneurship that already exists in deprived communities. Self-employment will not be the right choice for everyone, but it can be a route off benefits and into opportunity. We will do more to make sure people who are out of work are given the help and encouragement they need to set up their own business.

A handwritten signature in black ink that reads "Tony Blair". The signature is written in a cursive style and is underlined with a single horizontal line.

Tony Blair

EXECUTIVE SUMMARY

1. Unemployment is now the lowest it has been for 30 years. The benefits of this progress have been widely spread; employment has risen in every region.
2. However, not all areas have benefited equally. Some cities and towns have lagged behind the wider improvements in their regions, and there have always been some streets or estates where people who are out of work have been concentrated.
3. New analysis by the Social Exclusion Unit means that we know far more about these areas with many people out of work – why they matter, where they are, who lives in them, why they happen and what more needs to be done about them.
4. The first half of this report outlines this new analysis. The second half of this report outlines the action the Government will take to address the problem of ‘concentrations of worklessness’.

The problem – concentrations of worklessness

5. Although there are significant differences **between** regions in terms of employment, unemployment and economic inactivity rates, there is far more difference **within** regions. The variation is greatest at the smallest levels of geography – between districts and wards. This report uses new data to look at **worklessness on a street-by-street basis**.
6. This data shows that:
 - in the worst affected 1 per cent of streets, **more than half** of all adults are out of work and on benefits, and, in some places, almost all adults are out of work and on benefits
 - worklessness in the worst tenth of streets is **23 times higher** than in the best
 - the worst affected tenth of streets account for **716,000 people** on unemployment or incapacity benefits. This is more than a quarter of the national total. Almost 4.5 million people live in them altogether; and
 - self-employment in these areas is **half** the rate of England as a whole.

What we mean by 'concentrations of worklessness'

In this report:

- **unemployment** describes people of working-age who are not working but who are looking for a job – for example, someone on Jobseeker's Allowance
- **economic inactivity** describes people of working-age who are neither working nor looking for work – for example, someone who is on Incapacity Benefit
- **worklessness** is not the same as unemployment. It includes both of the categories outlined above – people who are unemployed and people who are economically inactive; and
- for the purposes of this report, **concentration of worklessness** describes the 10 per cent of Census Output Areas – the equivalent of a street or block of flats – with the highest rates of people on certain working-age benefits (see Annex D for further details).

Why does it matter if workless people are concentrated in the same areas?

7. Living in an area where there are many other workless people can **damage a person's life chances – especially those of children and young people**:
 - several studies in the UK and internationally suggest that individuals living in deprived areas are significantly more likely to be out of work than similar people living elsewhere. There are a number of different estimates of how important these effects are, ranging from 5–15 per cent.
 - children's test scores at age 4–5 are linked to the level of neighbourhood poverty, even allowing for the characteristics of the parents.
8. Whether or not people are in work depends mainly on their personal characteristics, such as qualifications and age. But even allowing for these, people in areas where there are lots of other workless people have **lower expectations of starting a job**, and a **lower probability of actually starting one**.
9. Living in the **most deprived areas with the very highest levels of unemployment has particularly strong negative effects** on a person's chances of leaving poverty.
10. Over the past few decades, **working and workless people have been moving apart geographically in the UK**.
11. Available evidence suggests that, over recent years, the gap between places with the highest and lowest numbers of benefit claimants grew from 1998 to 2001. However, the gap seems to have stopped growing and may even have closed slightly between 2001 and 2003.
12. All this means that **a significant number of children** are in danger of growing up in families and neighbourhoods with **little contact with the world of work**, and limited aspirations to join it. This has the potential to derail progress towards Government objectives on child poverty, educational attainment and employment.

Consultation response

“It’s more embedded now, with whole families of unemployed people, grandfathers, fathers, sons not even looking for work anymore ... ‘ghetto-isation’ prevents and stifles ambition among the young.”
Voluntary sector organisation, North West.

Where are concentrations of worklessness?

13. Concentrations of worklessness **occur up and down the country**. Only 20 of the 354 local authorities in England do **not** have a street in the worst 10 per cent for worklessness. They are to be found in relatively **prosperous areas**, such as Leeds and West Dorset, as well as districts that traditionally appear in lists of the **most deprived areas**.
14. There are far more of them in the Northern regions. **Six out of 10 such areas are found in the following regions: North East, North West, and Yorkshire and the Humber. One in 10 are in London**. More than one-quarter of the streets in the North East are concentrations of worklessness compared to just one in 40 in the South East.
15. There are large numbers of concentrations in **cities outside London**. Liverpool, Knowsley and Manchester, and also Hartlepool, Middlesbrough and Easington, have particularly high proportions. People living in these cities and towns are eight times more likely to live in a concentration of worklessness than people in London.
16. Some concentrations of worklessness stand alone as isolated pockets, but many are surrounded by streets with just as many people out of work. **A quarter of concentrations cluster into 3 per cent** of England’s 8,005 wards. Three-quarters of them occur in just 3,000 wards.

Consultation response

“[This area] was built as a giant council estate to accommodate London overspill in the 50s. It is surrounded by very well off areas, creating a ‘ghetto’ mentality.”
Social enterprise organisation, East.

17. Different groups of workless people are not always concentrated in the same places. **London** has hardly any of the worst concentrations of people on unemployment or incapacity benefits, but it has many streets with a high proportion of **workless lone parents**.

Who lives in them?

18. The people who live in concentrations of worklessness tend to be from groups who are known to do badly in the labour market. For example:
 - almost half the working-age population in concentrations of worklessness have **no qualifications**
 - **black people are more than twice as likely to live in them** as the population as a whole
 - half of all households in concentrations of worklessness have at least one person with a **limiting long-term illness**; and

- a third of carers in these areas provide **more than 50 hours of unpaid care** each week.
19. Responses to the Social Exclusion Unit consultation also suggest that many people living in them have:
- **'multiple disadvantages'**, such as substance misuse and a disability
 - **low aspirations for work and study**, and extremely **narrow travel horizons**; and
 - **two or three generations** out of work in the same family and neighbourhoods.
20. The Social Exclusion Unit has not found consistent evidence for the existence of a 'culture of worklessness' in these neighbourhoods, in the sense that people have completely different values and do not want to work at all. Some are close knit communities, but not all of them can be said to have a local 'culture' at all.
21. But there is evidence that many people in concentrations of worklessness have less contact with people in work, and tend to have different (and more negative) attitudes to employment, with low aspirations among young people a particular concern.
22. On average, four out of 10 people living in concentrations of worklessness are in work. However, the jobs are often part time or low paid.

Why do they happen?

23. Concentrations of worklessness happen for different reasons in different places, but there are three main explanations:
- **Changes in the nature and location of jobs:**
 - In some places, a concentration of worklessness is created when a main local employer or industry closes down. Areas, employers and people usually adapt to such changes and new vacancies come up so this does not necessarily mean that the problem is a lack of jobs.
 - There is evidence that a **lack of accessible jobs is part of the problem in some places** for example one third of people living in concentrations of worklessness live in a local authority with more than 10 unemployed people for every job centre vacancy. In some of these places there will be many other job opportunities that are not notified to job centres.
 - In some places the **informal economy** offers extra opportunities which can make formal work less attractive, especially when combined with benefits.
 - **'Residential sorting'**

The **housing market 'sorts' – or groups – the most disadvantaged people together**. For example, residents with the necessary financial resources can choose to move out of poorer neighbourhoods. Housing policy can unintentionally exacerbate 'residential sorting'. Social housing is increasingly home to workless people who are sometimes housed together in the same street or on the same estate. In the 1970s, 11 per cent of households in council housing had no one earning a wage. In 2003 it was 65 per cent.

- **Area effects**

Once people live in an area with many people out of work, their chances of finding work can be reduced **simply because of where they live**. The ways this can happen include:

- **place effects** – arising from the characteristics of a place, such as its location, poor infrastructure, lack of transport, competition for limited job/training opportunities or variation in the quality of local services; and
- **people effects** – these relate to the damaging effect of living with many other workless people, for example limited information about jobs and area-based discrimination by some employers.

24. The reasons that originally cause an area to become a concentration of worklessness can be very different from the reasons that keep them that way. For example, workers who lose their jobs because of the closure of their employer may remain unemployed even when different job opportunities come up because they do not have the relevant skills or have lost their confidence and self-esteem.

Consultation responses

“Employers resist recruiting in blacklisted areas. If services are provided, they are invariably provided outside the estate’s perimeters.”
Charity, North West.

“People lose faith and believe that they will never obtain work, remarks that I hear regularly are ‘what is the point of’, ‘waste of time going for interview’, ‘there is no work anyway’, ‘what are the younger people going to do, there is no hope for them’. Residents in these pockets cannot see the point of getting out of bed in the morning, they are also afraid that if they take a job they will jeopardise their benefits.”
Charity, East Midlands.

THE WAY FORWARD

The Government’s approach

25. Promoting employment and enterprise throughout the UK are key aims for the Government. Over the last few years the Government has taken action to reduce the barriers to employment in the three crucial areas of childcare, skills and transport. The Government has also focused on ‘making work pay’ through tax credits, the minimum wage and benefit run-ons.
26. The Government also aims to increase economic performance in every region, as well as narrowing the gap in growth rates between regions. The Northern Way Growth Strategy marks an innovative approach to inter-regional working by the three Northern Regional Development Agencies (RDAs) and sets out measures to achieve a step-change in economic growth in the North.
27. National targets have been set to promote jobs and enterprise in deprived areas, although results have been mixed. Concentrations of worklessness have largely been missed by the activity to achieve the Department for Work and Pensions’ (DWP) target on disadvantaged areas, but changes to the way this target is devised will improve this.

- 28.** However, more needs to be done. One of the main conclusions from the evidence in this report is that the solution to concentrations of worklessness will be different in different places. Sometimes the answer will lie in a neighbourhood, but often the solution will need action across a city or region. Welfare to Work measures can only be part of the solution – housing, planning or regeneration by local authorities are also crucial. Central government is giving greater freedom and flexibility to local and regional managers and to frontline workers so they can do what each place and each person needs.
- 29.** As there is already much activity across government in this area, the Social Exclusion Unit’s approach has been to add its analysis to work currently being undertaken. This report focuses on the issues which the Social Exclusion Unit’s problem analysis suggested were of particular importance, or on areas where it seemed the project could add particular value.
- 30.** The Social Exclusion Unit has a remit for England only. The institutions involved in local government, economic development, regeneration and education are different in Scotland, Wales and Northern Ireland. However, tax and benefit policy and the work of Jobcentre Plus are not devolved, so policies in these areas will be relevant across the UK

Better joining-up

Consultation response

“There are large numbers of organisations involved with regeneration, education, worklessness, health, poverty, crime, housing etc, all of which have a bearing on concentrations of unemployment. There is little evidence of joined up thinking and none of joined up working. These are large bureaucracies all of which have their own individual targets and agendas, few of which are complementary.”

Social enterprise organisation, Yorkshire and the Humber.

- 31.** Many organisations share the aims of promoting employment, enterprise or economic development, but they do not always work effectively together. This causes problems such as the duplication of activity, and practitioners face a confusing plethora of initiatives and programmes.
- 32.** Local Strategic Partnerships (LSPs) provide a forum for local co-ordination. Jobcentre Plus is now seeking greater involvement on LSPs, and business is beginning to see the benefits of LSP representation.
- 33.** A number of policy initiatives can be used to address the problems of co-ordination. Local Area Agreements (LAAs), in particular, will offer a single agreement to which **all** relevant organisations are party, rather than many separate agreements with individual players.

More help for the most disadvantaged

Consultation response

“People with any level of disability are much less likely to be employed than those without a disability, and they have a greatly reduced earnings capacity. A large population of adults with learning disabilities drop out of job training efforts because the programs and curricula are not designed to meet their specific learning needs.”

Trade association, London.

- 34. People who are relatively **less** disadvantaged are easier to help and have therefore been the main beneficiaries of the Government's Welfare to Work policies. The most disadvantaged people face many issues – such as homelessness, substance misuse and mental health issues – at the same time, or have one problem that is particularly severe.
- 35. The Department for Work and Pensions (DWP) in its *Building on New Deal* strategy recognises that a separate approach is needed for their most disadvantaged clients (those with multiple disadvantages), including increased flexibility for Jobcentre Plus staff to tailor services to meet individual needs and a national strategy.
- 36. In developing this national strategy, the DWP will consider elements such as a focus on moving people who are most disadvantaged in the labour market towards work readiness (rather than into the first available job), and a focus on services that go out and engage with those clients rather than always expecting disadvantaged clients to come to them.

Improving housing choice, social mix and mobility

Consultation response

“Housing policy needs to rethink its approach to hard-to-let housing, and particularly to avoid creating ‘ghetto’ areas of tenants with multiple disadvantage, or a history of antisocial behaviour.”
 Local development company, Scotland.

- 37. The housing market plays a significant role in creating concentrations of worklessness. The evidence in the UK and internationally shows that housing and planning policy can either help prevent and tackle concentrations of worklessness or, unintentionally, make the situation worse.
- 38. Nine Housing Market Renewal Pathfinders have already been set up to tackle the problem of low housing demand in the North and the Midlands. As announced in the 2004 Spending Review, spending to help regenerate communities suffering from low housing demand will be over £450 million in 2007–2008, compared to £180 million in 2004–2005. This will be directed through the nine existing Market Renewal Pathfinders and the approach will be expanded to wider areas of low demand.
- 39. To help tackle the problem, the Government will also publish practice guidance on the principles of creating mixed communities and on local lettings policies for social housing. It will also promote low-cost home ownership to give people a stake in their community and as a work incentive.

Work incentives in deprived areas

- 40. Government policies to ‘make work pay’, including reforms of tax and benefit policy and the national minimum wage, have had considerable success. But the Social Exclusion Unit's evidence suggests that there are still many people in concentrations of worklessness who do not think it is worth taking paid employment.
- 41. The Government will do more to ensure that measures like the in-work tax credit reach the people they are intended to help. The freedoms open to local managers and advisers in Jobcentre Plus should allow them to do more to address clients' concerns about the impact of returning to work. The Government will also investigate ways of helping those people involved in the informal economy to ‘go legitimate’ and regularise their business.

Self-employment and enterprise

- 42.** Support for self-employment and enterprise has had considerable success through the work of the Business Link network, the New Deals, projects supported by the Phoenix Fund and the measures focused on Enterprise Areas. However, challenges still remain.
- 43.** Future changes include better targeted support for under-served groups, such as those out of work for less than six months; better communication and promotion of self-employment support; and approaches to improving the provision and accessibility of small-scale finance for those entering self-employment.

Supporting employers

- 44.** People living in concentrations of worklessness who work tend not to get their jobs through informal recruitment channels, such as word of mouth or advertisements in shop windows. They find work through Jobcentre Plus, the Government's employment and benefits advice service. So, Jobcentre Plus must offer access to a sufficient number of appropriate vacancies by engaging more effectively with private and public sector employers.

Providing better information

- 45.** In order to make use of greater freedoms and flexibility, regional and local managers and front line workers need good information about the problem. Future changes will help policy makers and practitioners to identify local pockets of worklessness more easily and will help them to understand why they happen in their particular area so that they can take the appropriate action.

What happens next?

- 46.** At a national level, the DWP, Department of Trade and Industry (DTI), and the Office of the Deputy Prime Minister (ODPM) will have overall responsibility for leading implementation, monitoring the progress of the strategy, and for long-term policy development. They will work closely with other departments and report to the Cabinet Committee on social exclusion and regeneration.

CHAPTER 1: What is the problem and why does it matter?

Summary

Unemployment is now at its lowest level for 30 years, and more people are working in every region of the country.

But there are still places where many people do not have a job and are on benefits. Some are unemployed but many more are on incapacity benefits because of a disability or health condition.

This report goes beyond the analysis that underpins the Government's current policy and looks at worklessness on a street-by-street basis.

It focuses on the 10 per cent of streets with the highest numbers of workless people. On average, one in three adults living in these streets are out of work and on benefit but in some almost all are.

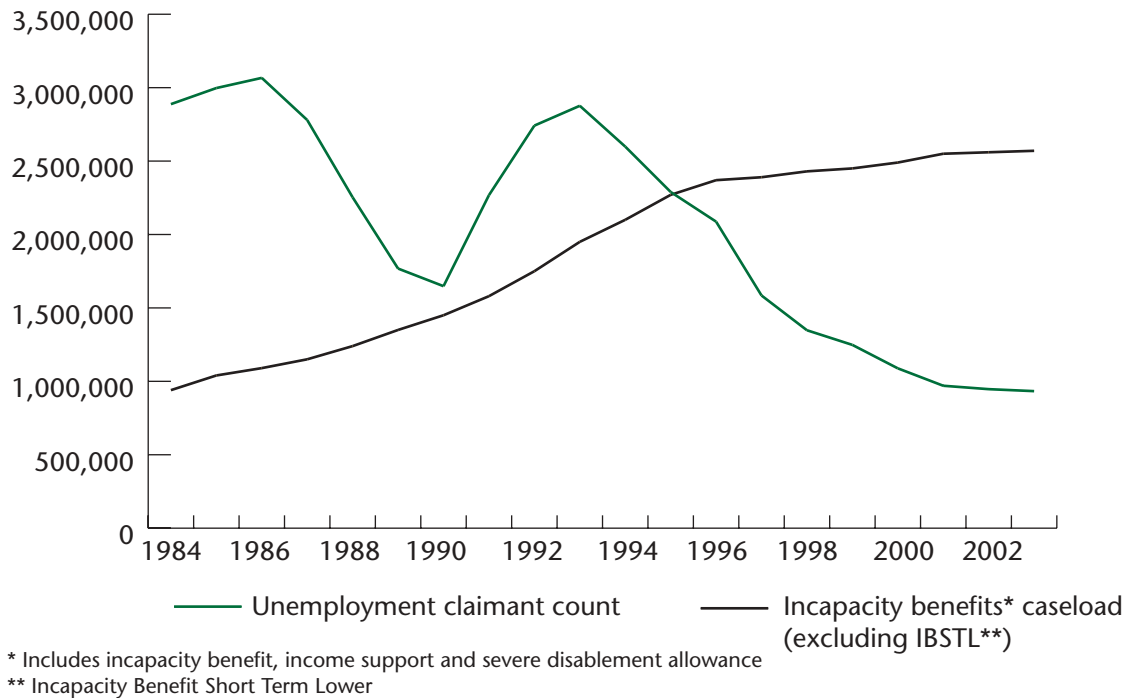
Living or growing up in a place like this can damage a person's life chances. Workless people living in deprived areas have lower expectations of starting a job and are significantly more likely to be out of work than similar people who live elsewhere. Neighbourhood poverty and worklessness can also affect children's development even when the characteristics of their parents have been taken into account.

Over the past few decades, working and workless people have been moving apart geographically in the UK. The picture over the past few years is complicated but there are some positive signs of progress. Although inequality between the places with the highest and lowest numbers of benefit claimants grew from 1998 to 2001, the gap seems to have stopped growing and may even have closed slightly from 2001 to 2003.

Progress so far

- 1.1** Over the past few years, the UK's rates of employment and unemployment have improved steadily. The benefits of this change have been widespread geographically, with the proportion of people in work rising in every region.
- 1.2** While unemployment has fallen by more than 600,000 since 1997,¹ the number of people who are claiming incapacity benefits because of a disability or health condition has remained stable at around 2.7 million in the UK (Figure 1). This means that the number of people on incapacity benefits outnumber the unemployed by more than three to one.

Figure 1: Unemployment is at a 30 year low but the number of people claiming incapacity benefits was, until recently, on a very strong upward trend



- 1.3** And there are still places where a sizeable proportion of the population remains out of work and on benefits. Their numbers in the worst wards are two-and-a-half times the national average.

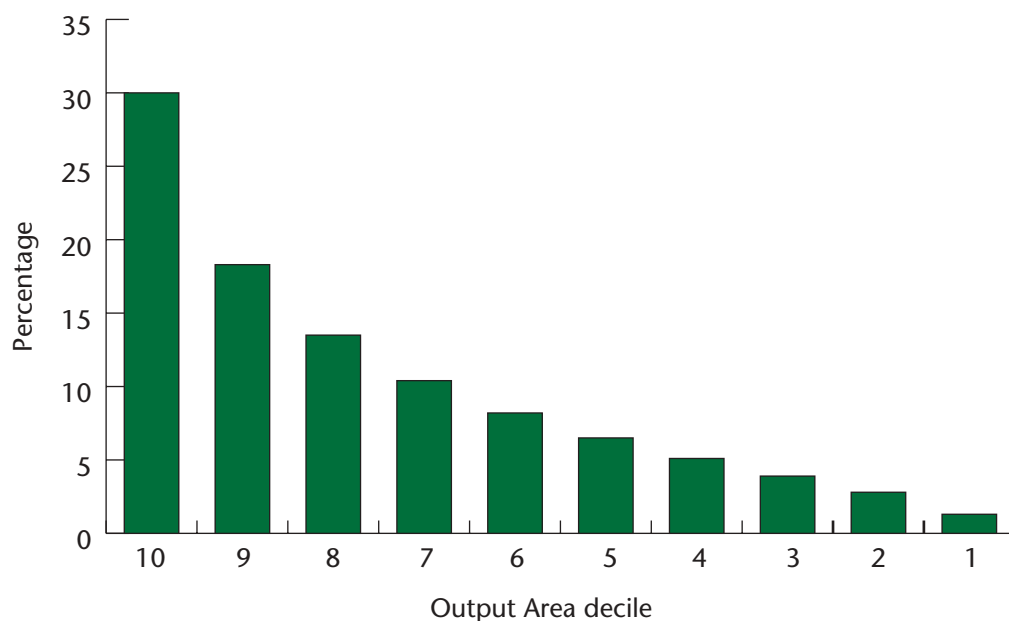
What do we mean by worklessness?

Worklessness refers to people who are unemployed or economically inactive, and who are in receipt of certain working-age benefits.

Concentrations of worklessness

- 1.4** This report looks at where workless people live – right down to the level of Census Output Areas, which are roughly equivalent to an individual street or block of flats. On average each output area contains 125 households and has a working-age population of 335 people. Further information on this analysis is provided in Annex D.
- 1.5** This analysis shows that:
- worklessness is 23 times higher in the worst tenth of streets than in the best (Figure 2). 30 per cent of adults are out of work and on benefits in the worst tenth compared to just 1.3 per cent in the best; and
 - workless people live on relatively few streets. In April 2001, more than one-quarter of unemployed people and nearly one-third of people on incapacity benefits in the country lived in the worst tenth of streets. This worst tenth of streets will be referred to as ‘concentrations of worklessness’.

Figure 2: Worklessness in the worst affected tenth of streets is 23 times higher than it is in the best



Why does it matter?

- 1.6** For those who are able to work, the Government believes that employment is the best route out of poverty. Employment offers each individual the chance to fulfil his or her potential. It empowers people and builds self-respect, independence and confidence, and – by benefiting both individuals and families – it delivers these benefits across generations.
- 1.7** The costs of worklessness are well documented. For individuals and families, it can contribute to poverty and ill-health, and there are significant costs for taxpayers and the economy. For example, expenditure in 2001/02 on Income Support, Housing Benefit, Council Tax benefits and non-contributory Jobseeker's Allowance totalled £30.7 billion.²
- 1.8** Having many workless people living together in one place is of particular concern because it creates additional problems:
- Living with other people who are out of work can have an independent affect on a person's employment outcomes. These are known as **area effects**.
 - It can also have **damaging effects on residents' other social and economic outcomes** – for example, through reduced educational attainment and a greater likelihood of being a victim or perpetrator of crime.
 - Having many people out of work and on benefit in a small area can put **pressure on local public and private sector services**.

Area effects

- 1.9** Individuals who are otherwise the same have different outcomes and life chances if they live in areas with more poor or workless people in them.

What are area effects?

In this report the term 'area effects' refers to the effects (independent of a person's characteristics) that living in an area with many other people out of work has on individuals' outcomes – such as their chances of getting a job or leaving poverty.

- 1.10** There are different estimates for the importance of area effects and the scale at which they operate (street, ward, local authority or even region³) since it depends on so many factors that are difficult to measure. Also, the effects are different for different outcomes and for different people and places.
- 1.11** It is particularly difficult to separate the **factors** that cause people to live in concentrations of worklessness from the **effects** that living in such areas have on individuals. This is discussed in more detail in chapter 4.
- 1.12** Whether or not people are in work depends mainly on their personal characteristics, such as qualifications and age. However, even allowing for these, people in deprived areas have lower expectations of getting a job, and a lower probability of actually starting one.
- 1.13** Several studies in the UK and internationally suggest that individuals living in deprived areas are significantly more likely to be out of work than similar people living elsewhere. There are a number of different estimates of how important these effects are, ranging from 5–15 per cent.
- 1.14** Other data supports the anecdotal belief that living in the most deprived areas has a particularly strong and negative effect. British research⁵ has found some evidence of a 'critical mass', where people's probability of leaving poverty falls steadily the higher unemployment is in their areas, **but falls very sharply** for the worst 5 per cent of wards (where unemployment is more than 23–24 per cent). This means that people in the worst 5 per cent of wards have an exceptionally small chance of leaving poverty compared to their counterparts living elsewhere.
- 1.15** Area effects are likely to be strongest at a scale considerably smaller than the average ward. The level of unemployment in the nearest population of 500 people has a stronger effect on the likelihood that a person will leave poverty than unemployment in the nearest 1,000, 5,000 or 10,000 people.⁶
- 1.16** The degree of contact between individuals and their neighbours varies significantly between different areas and for different people. The levels of mobility in the local population can also impact on the extent and nature of social networks in an area. The effect of living in a deprived area may be smaller for those with wider social and geographical networks.
- 1.17** Evidence on area effects is stronger in the USA, where social and geographical segregation is more intense than in the UK. Research on ethnic minority employment in American cities showed that, even "after controlling for individual and family characteristics, the residential conditions of young people affected their employment. [Other things being equal] young people living in census tracts [wards] with fewer employed adults, with fewer whites and which are further from jobs are less likely to be employed".⁷ In this research, the effect of areas/place accounted for 10–40 per cent of the racial differences in employment, with most of this coming from 'social and informational' measures, for example knowledge about job vacancies rather than the physical distance to jobs.

Deconcentrating poverty in the USA

In the USA there is a broad consensus that poor neighbourhoods are those in which 40 per cent or more of residents are in poverty.

A variety of policy initiatives have been adopted to deconcentrate – or break up – poverty and worklessness. These include demolishing public sector housing blocks and the use of housing vouchers to give people more choice about where they live.

The Moving to Opportunity programme is one example. Through this programme, families living in high poverty neighbourhoods in the five US cities of Baltimore, Boston, Chicago, Los Angeles and New York were selected through a lottery and provided with:

- a housing subsidy that could only be used for private housing in areas with very low poverty rates (less than 10 per cent) together with counselling services and assistance from a local non-profit making agency
- a housing subsidy with no geographical restrictions or additional services; or
- no rental subsidy or additional services.

The outcomes of families in all three groups have been tracked extensively. People in the first group have better mental health but are generally no more likely to be in work than those in the third group. Children and young people in this group have higher levels of educational attainment, although there are differences for different groups and across different sites.⁸

US researchers have found that providing low-income families living in public housing units with private-market rental subsidies that can only be redeemed in very low-poverty neighbourhoods reduces rates of welfare use by around 15 per cent. Using data from Baltimore, researchers have calculated benefits in order of \$20,000 to \$23,000 for each family offered the opportunity of relocating with a housing voucher.⁹

- 1.18** Recent Australian evidence reinforces UK and US findings that individuals who lived in poor neighbourhoods (areas sharing the same postcode) at age 16 were more likely to be unemployed at the age of 18 and 21, controlling for personal and family characteristics.¹⁰

Damage to other social and economic outcomes

- 1.19** Living in a concentration of worklessness or deprivation also has adverse effects on the other social and economic outcomes of residents:
- 1.20 Educational attainment and child development:** in the UK, neighbourhood poverty has been shown to have a significant association with test scores for ages 4–5, even allowing for the characteristics of the family and the children. Test scores are 6 per cent lower in the most deprived fifth of wards.¹¹
- 1.21 Crime:** people living in the most deprived wards are more likely to be victims of some types of crime, including burglary and crimes of violence, and the fear of crime is often higher in these areas.¹²
- 1.22 Teenage pregnancy:** UK research has found “fantastic area variations in the propensity for conception for females aged 15–19” associated with both area and individual deprivation measures.¹³

- 1.23** These processes can mean that concentrations of worklessness persist over time for very different reasons to those that caused them to become concentrations in the first place. Disadvantage can be passed through the generations. Men whose fathers were unemployed, for example, are twice as likely to experience unemployment themselves between the ages of 23 and 33.¹⁴ Responses to the project's public consultation repeatedly raised concern about the intergenerational unemployment in these areas.

Consultation responses

"It's more embedded now, with whole families of unemployed people, grandfathers, fathers, sons not even looking for work anymore ... 'ghetto-isation' prevents and stifles ambition among the young."
Voluntary sector organisation, North West.

"Second and third generation unemployment is an issue ... for example leading to reduced aspirations, lack of role models and a perception of the informal economy as of the few options available."
Local authority, West Midlands.

Pressure on local services

- 1.24** People and places obviously affect one another. Public services can come under pressure in areas where there are high numbers of disadvantaged and workless people.
- 1.25** For example, concentrated worklessness and poverty can have an impact on what local schools do and pupils can achieve.¹⁵ Although these challenges can be overcome through good management, higher expectations and additional resources, evidence suggests that it can be harder to achieve success under these circumstances.
- 1.26** Concentrations of people who are workless and deprived can also undermine the viability of shops and other private services because of their simple lack of spending power.

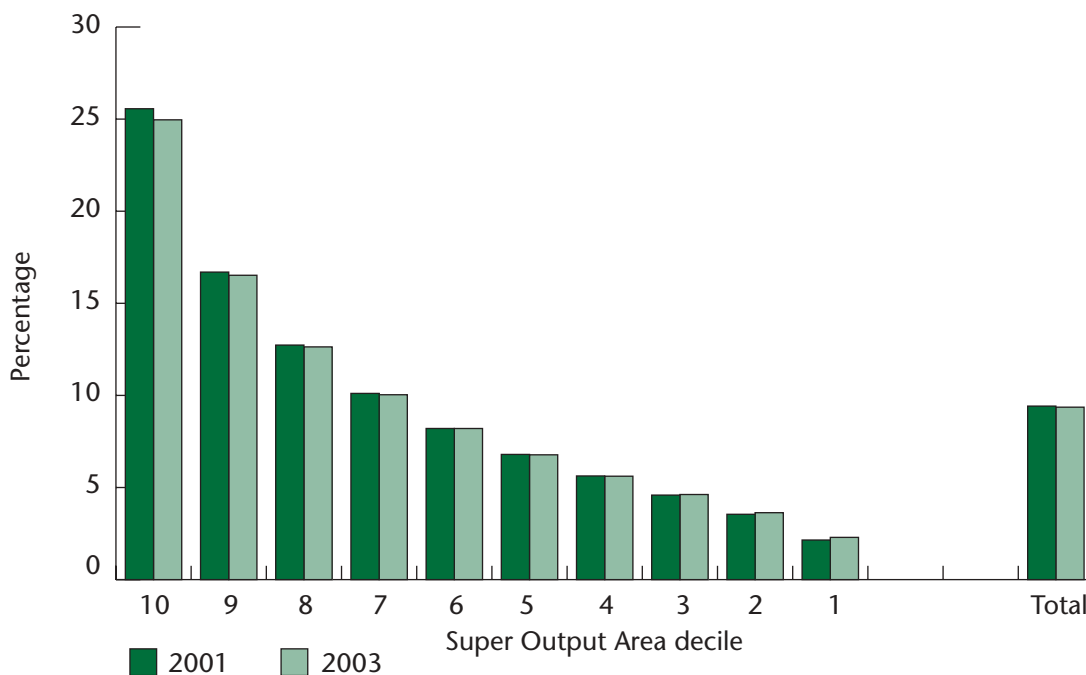
Moving together or moving apart?

- 1.27** Geographical social segregation – the extent to which working and workless people live apart from each other – has become more severe in the UK in the last few decades.
- 1.28** Census evidence from the last three decades shows that the population of Britain has become increasingly geographically polarised in terms of employment. In 2001, over 2 million adults would have had to move home across local authority boundaries for employment to be spread evenly between them. This compares to 1.77 million in 1991 and to 1.1 million in 1971.¹⁶
- 1.29** Forthcoming research suggests that economic inactivity has become particularly polarised, at a more local level too. So even if unemployment continues to fall overall, there could be more concentrations of worklessness in the future.¹⁷
- 1.30** The detailed picture presented in this report is based on Output Areas and provides a snapshot of the position in 2001 when the Census was carried out. It is possible to update this picture using information on larger geographical areas. This suggests that the overall situation in these streets has not changed radically in recent years. The overall picture is complicated but there are some positive signs of progress.

1.31 Looking at wards, eight out of 10 areas saw worklessness fall from 1998–2001. But levels of relative inequality between the best and worst-off places grew during this time as wards with the highest levels of worklessness saw the smallest improvements. Analysis of 2001–2003 data suggests that it has turned a corner as inequality stopped growing. The gap between the best and worst affected places however remains substantial.

1.32 Analysis of change in worklessness at Super Output Area levels,¹⁸ which are much smaller and have around 1,000–1,500 people living in them, also shows an improving picture for 2001–2003. As Figure 3 shows, worklessness declined in the worst areas – reducing the inequality between the best and worst affected places. This was mainly because of movement off unemployment benefit (Jobseeker’s Allowance). The picture is less encouraging when incapacity benefit is considered in isolation.

Figure 3: Change in worklessness from 2001–2003 at Super Output Area is encouraging but shows there is more to do



1.33 Figure 3 also shows the scale of the outstanding challenge. The gap between the best and worst affected places remains substantial. And areas with the highest rates of people on certain working-age benefits are likely to remain that way over time. Nine out of 10 Super Output Areas in the worst 10 per cent for worklessness in 2001 were also in the worst 10 per cent in 2003.

Consultation responses

There is a widespread perception among practitioners that the employment picture is not improving fast enough in places where there are a lot of people out of work:

“Whilst overall unemployment has fallen, those areas with concentrated worklessness have not improved or have got worse.”
Regional Development Agency.

“While the overall employment picture has improved greatly over the past five years there are areas of worklessness that have remained resistant to the various policy initiatives introduced to tackle the problem. There are some success stories where locally-tailored initiatives have had some impact although the areas of concentration of worklessness remain stubborn.”
Professional body, nationwide.

CHAPTER 2: Where are concentrations of worklessness?

Summary

Concentrations of worklessness occur in all parts of the country. Only 20 of the 354 local authorities in England do **not** have one. Concentrations occur in relatively prosperous areas like West Dorset as well as those that traditionally appear in lists of the most deprived areas, such as Liverpool.

But they are not evenly spread:

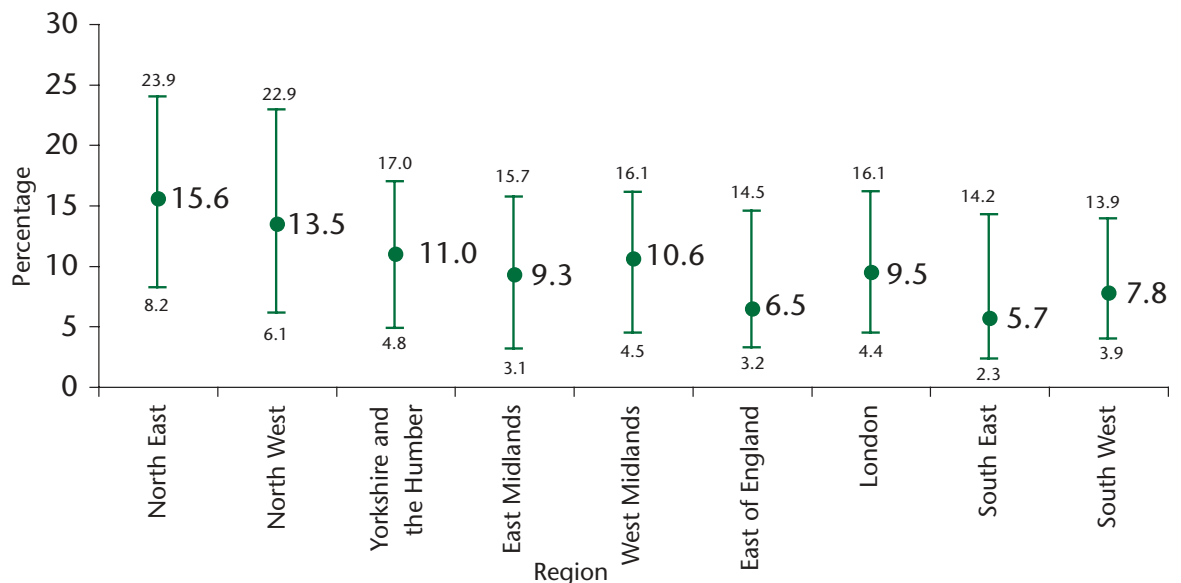
- six out of 10 are found in the North East, North West, and Yorkshire and the Humber, and one in 10 are in London
- they are disproportionately found in local authorities classified as either 'mining/manufacturing' or 'cities/services'; and
- one-quarter of concentrations cluster into 3 per cent of England's 8,005 wards. Three-quarters of them occur in just 3,000 wards.

Although London has relatively few concentrations of people on unemployment or sick and disabled benefits, it has many streets with a high proportion of workless lone parents. In the Northern regions, lone parents are often concentrated in the same places as other people on benefits, while in London the two tend to be separate.

The regional picture

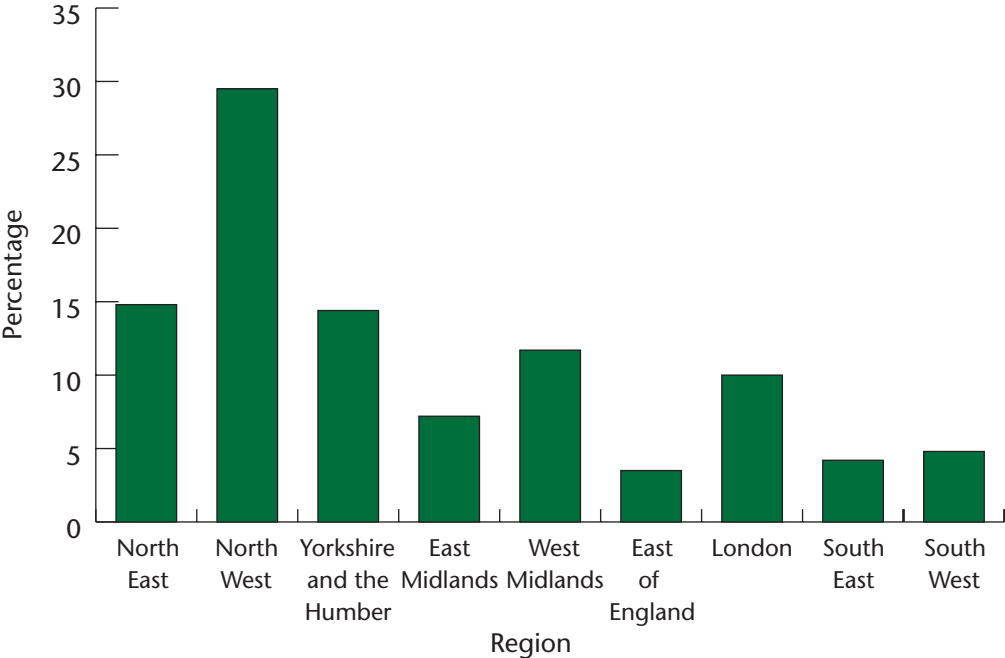
- 2.1** It is already well known that some regions have higher numbers of people out of work and on benefits than others. But the differences **within** regions are much greater than those **between** them. For example, the North East has the highest overall level of worklessness at 15.6 per cent, but it has some districts where only 8 per cent of people are out of work and on benefits. This is lower than the average level in London and most other regions (Figure 4).

Figure 4: Differences in worklessness are greater within regions than between them



2.2 Concentrations of worklessness are not evenly spread. Figure 5 shows how almost 30 per cent of them occur in the North West alone. Six out of 10 are found in the North East, North West, and Yorkshire and the Humber. Only 10 per cent are in London, despite relatively high rates of worklessness in the capital.

Figure 5: Concentrations of worklessness are not evenly spread across English regions



2.3 Adjusting these figures to take account of the size of the population of each region gives a more accurate picture. The North East has fewer people than many other regions, but more than a quarter of the streets in it are concentrations of worklessness, compared to just one in 40 in the South East (see Figure 6).

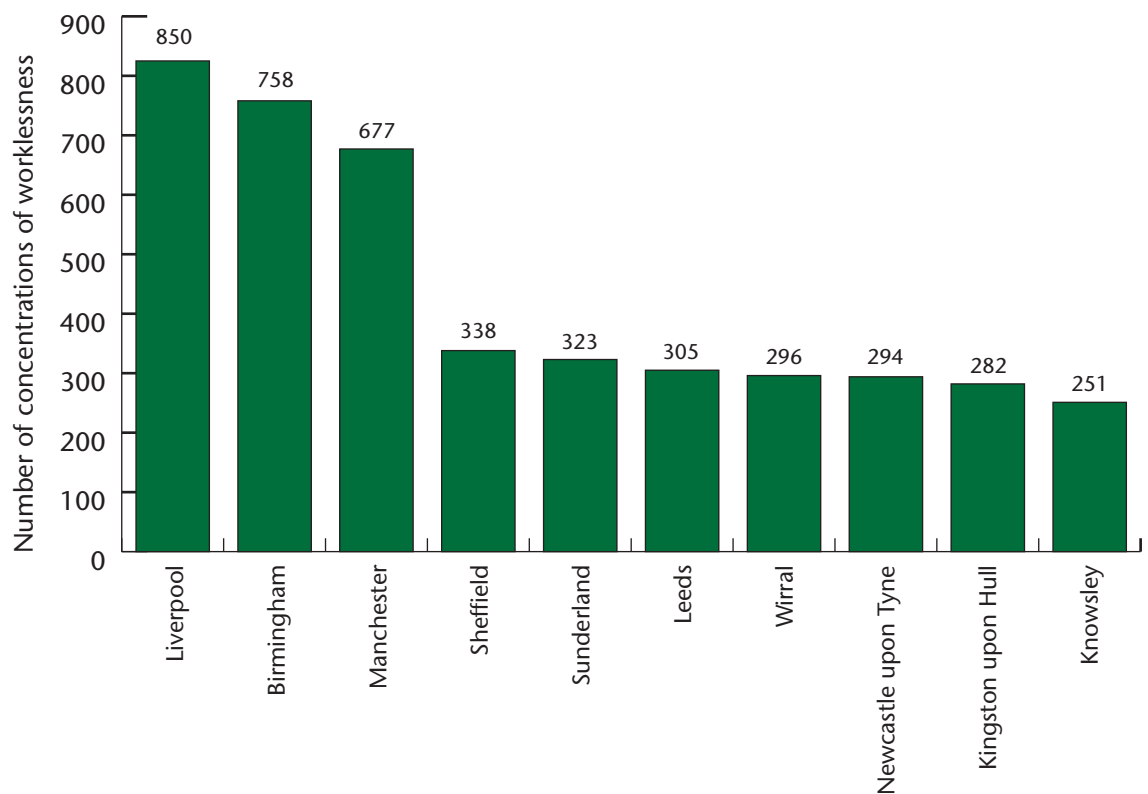
Figure 6: Concentrations of worklessness are most often found in the North East and North West



Local authorities

- 2.4** Most concentrations of worklessness are in a relatively small number of local authority districts. Sixty per cent are found in just 40 districts. There are large numbers of concentrations in cities outside London. Birmingham, Liverpool and Manchester have the highest numbers of concentrations (Figure 7).
- 2.5** Taking account of their size, the local authorities with the highest proportions of concentrations of worklessness are in two clusters in the North East and North West – Easington, Hartlepool, Middlesbrough in the North East, and Liverpool, Knowsley and Manchester in the North West. People in those cities and towns are eight times more likely to live in a concentration of worklessness than people in London. Of the London boroughs, only Hackney is in the top 30 districts in terms of the proportion of its population living in a concentration of worklessness.

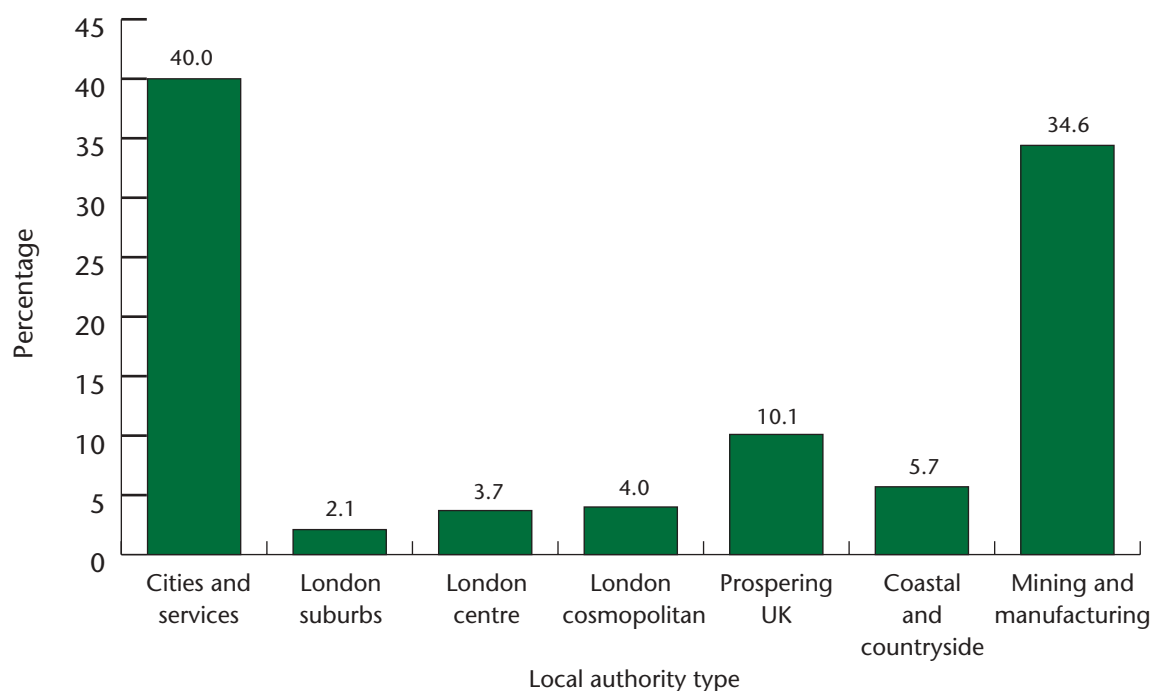
Figure 7: Top 10 local authority districts containing the highest number of concentrations of worklessness



Type of local authority district

- 2.6** The Office for National Statistics classifies local authority districts in England as either cities and service, London suburbs, London centre, London cosmopolitan, prospering UK, coastal and countryside, or mining and manufacturing.¹⁹
- 2.7** The Social Exclusion Unit's analysis looked at where concentrations of worklessness were in relation to this classification and found that, while such concentrations exist in all area types (see Figure 8), most are in local authority districts that are classified as either mining and manufacturing (34 per cent) or cities and services (40 per cent).

Figure 8: Local authorities classified as cities and services have the highest number of concentrations of worklessness



2.8 Allowing for the fact that some of these groups are larger than others gives a more even pattern across the different classifications. This shows that 21 per cent are in mining and manufacturing districts, and 17 per cent are in cities and services districts. Less than 3 per cent are found in prospering UK districts.

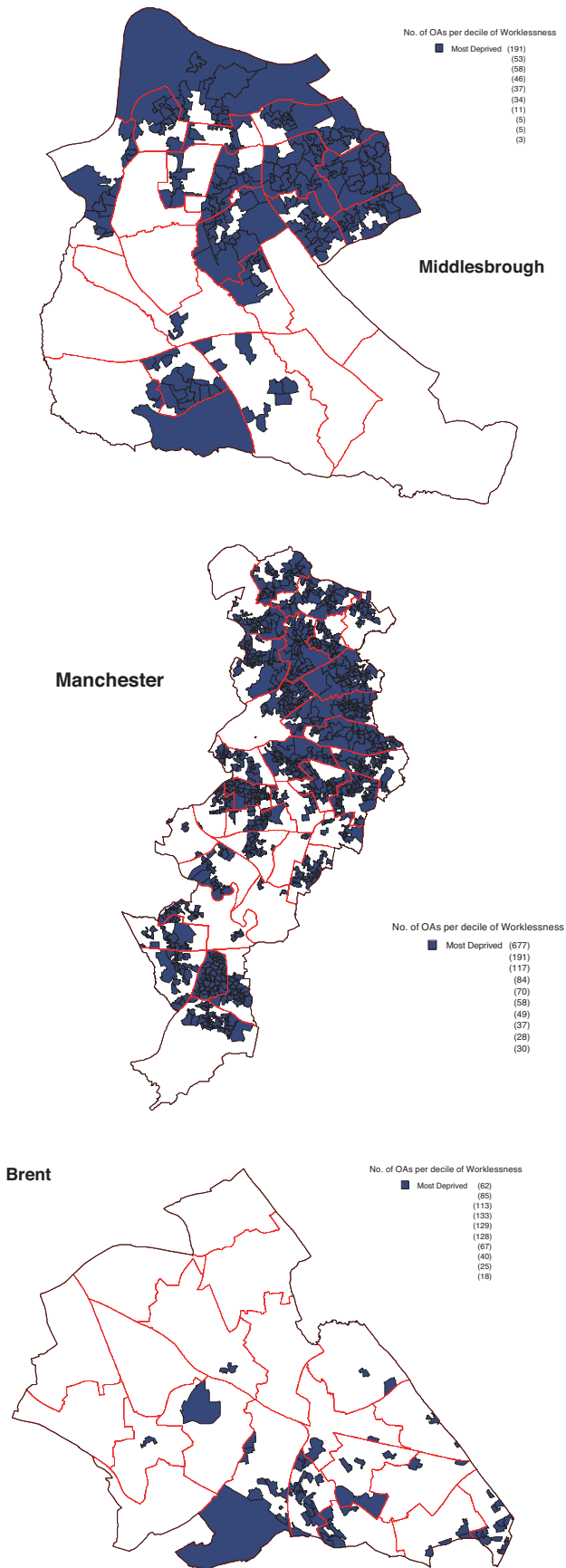
Wards

2.9 A quarter of concentrations of worklessness cluster into 3 per cent of England's 8,005 wards. Three-quarters of them occur in 3,000 wards.

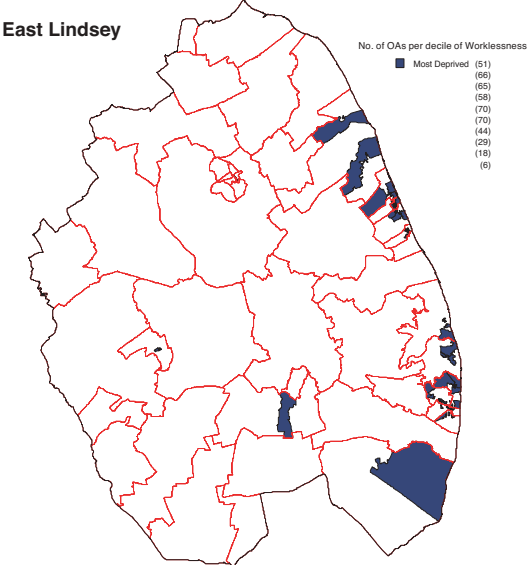
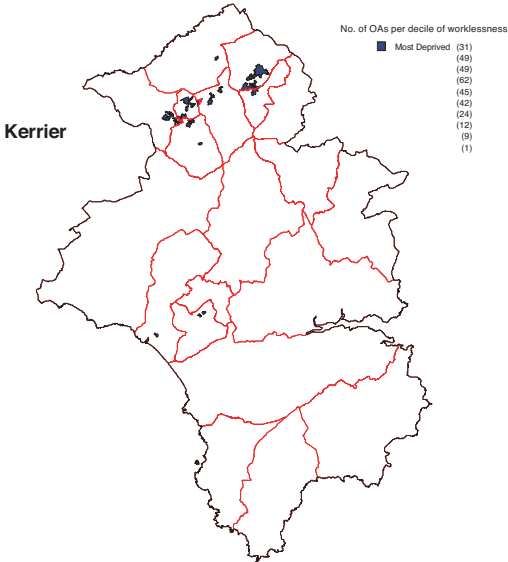
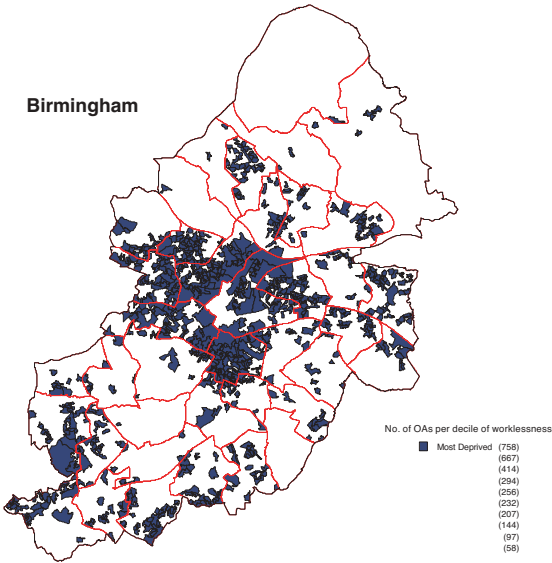
2.10 Over three-quarters of concentrations of worklessness fall in the 15 per cent most deprived wards as defined by the Indices of Multiple Deprivation 2000. 60 per cent are within the 10 per cent most deprived wards.

2.11 Figure 9 shows maps of concentrations of worklessness in the six Social Exclusion Unit area studies – Middlesbrough, Manchester, Brent, Birmingham, Kerrier and East Lindsey. Concentrations are shown in blue. The red lines denote ward boundaries. Each map shows how the pattern of concentrations is different in different places, suggesting that the nature of the problem and the most effective response will vary between them.

Figure 9: Concentrations of worklessness in the six Social Exclusion Unit area studies



Maps provided by Social Disadvantage Research Centre, University of Oxford

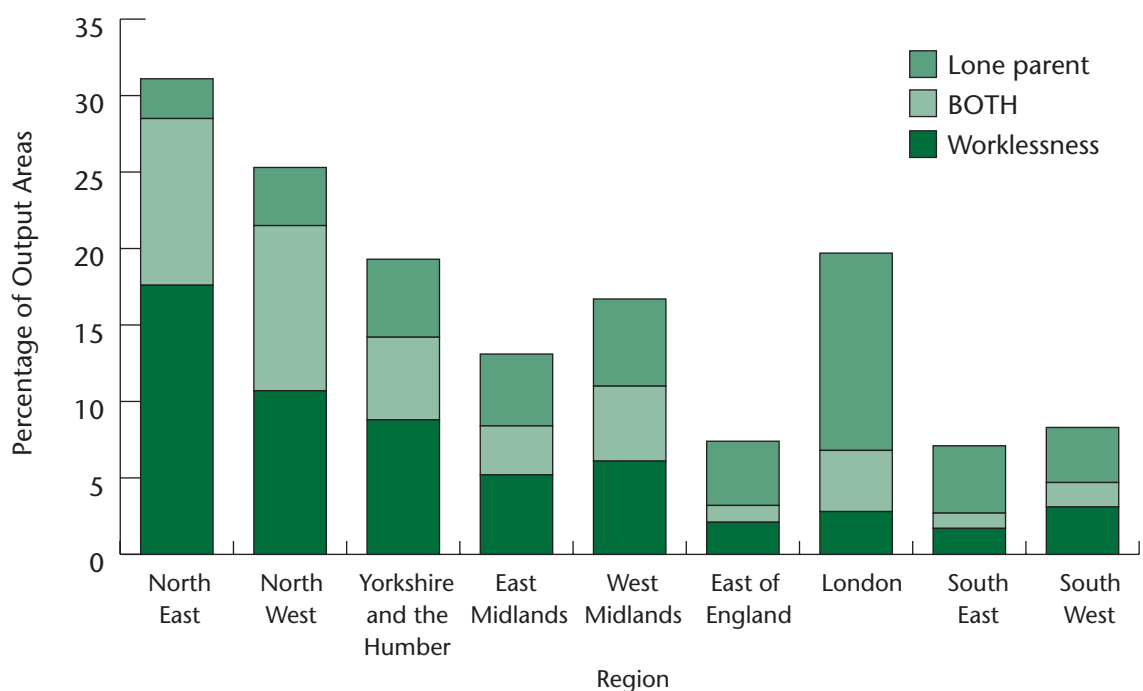


- 2.12** Some concentrations are surrounded by streets with just as many people out of work and on benefit. This is the case in Middlesbrough, where concentrations are grouped together in certain wards within the local authority. This pattern is common to towns and cities in the North West and the North East.
- 2.13** Some concentrations of worklessness stand alone as isolated pockets. This can be seen in Kerrier and East Lindsey. In these cases, the existence of concentrations of worklessness would be masked by ward level analysis that much of current policy is based on. In Brent and Birmingham, concentrations are also isolated but are more evenly spread across the districts. This pattern is typical of that found in the inner cities.

Where do different types of workless people live?

- 2.14** The Social Exclusion Unit has also explored the geographic spread of lone parents who are out of work and claiming benefits, and has identified the top 10 per cent of output areas with the highest rates of workless lone parents in the country.²⁰
- 2.15** Although London has relatively few concentrations of people on unemployment or sick and disabled benefits, it has one-quarter of concentrations of workless lone parents.
- 2.16** Four out of 10 of the concentrations of worklessness identified by the Social Exclusion Unit are also concentrations of workless lone parents. The biggest proportion of areas with a coincidence of the highest proportions of worklessness and lone parents are in the North West (one-third) followed by the North East and London (13 per cent).
- 2.17** Standardising for the size of each region, areas with high levels of lone parenthood are geographically most distinct from areas of wider worklessness in London. The greatest overlap between the two is in the North East and the North West (Figure 10).

Figure 10: The overlap between concentrations of worklessness and concentrations of lone parents is highest in the North East and the North West



CHAPTER 3: Who lives in concentrations of worklessness?

Summary

There are over 16,000 areas in England defined by this report as 'concentrations of worklessness'. Not surprisingly, there are many differences between them but certain groups and characteristics are disproportionately represented within them:

- almost half the working-age population has no qualifications
- the proportion of black²¹ residents is twice the national average
- half of all households have at least one person with a limiting long-term illness
- a fifth of workless households have dependent children
- a third of people providing unpaid adult care do so for over 50 hours a week – compared to a tenth of carers in areas with the lowest workless rates; and
- rates of self-employment are half those in the rest of England.

The Social Exclusion Unit has not found consistent evidence for the existence of a 'culture of worklessness' in these neighbourhoods, in the sense that people have completely different values and do not want to work at all. Some are close knit communities, but not all of them can be said to have a local 'culture' at all.

But there is evidence that many people in concentrations of worklessness have less contact with people in work, and tend to have different (and more negative) attitudes to employment, with low aspirations among young people a particular concern.

3.1 The disadvantage suffered by particular areas and groups of people overlaps, and it is hard to separate the two. For example, people from some ethnic minorities have poor labour market outcomes for a range of reasons; one being that they disproportionately tend to live in deprived areas. However, these areas come to be defined as deprived partly because of their population of disadvantaged people, including ethnic minorities.²²

3.2 This chapter presents evidence on the barriers that people living in concentrations of worklessness are likely to experience, such as:

- poor health
- lack of qualifications and skills
- dependent children
- caring responsibilities; and
- poor transport.

- 3.3** This chapter also presents evidence on groups with a characteristic that, in itself, may not necessarily present a barrier to work:
- household composition; and
 - ethnicity and religion.
- 3.4** Despite being classed as ‘concentrations of worklessness’, on average, four out of 10 working-age residents are actually in work. This chapter looks at the types of jobs that they do and at the attitudes to work among people living in concentrations of worklessness.

Health

- 3.5** Since the early 1990s, sickness and disability (given as the primary reason for not working) has accounted for an increasing proportion of economic inactivity throughout the UK: from 31 per cent in 1993 to 39 per cent in 2002.²³
- 3.6** In concentrations of worklessness, 17 per cent of people reported their general health as ‘not good’: around twice as many people than in the population as a whole and more than three times the proportion in areas with the lowest rates of worklessness.
- 3.7** Just under half (47 per cent) of households in concentrations of worklessness have one or more people with a ‘limiting long-term illness’. This is one-and-a-half times higher than for the population as a whole (34 per cent) and double the proportion of households in areas with the lowest rates of worklessness (22.6 per cent).
- 3.8** Although Census data asks about people’s ‘general health’, specific aspects of someone’s physical or mental well-being are not explored. Responses to the Social Exclusion Unit consultation suggest that drug and alcohol abuse is a key barrier to work for many in deprived areas. Just over one in five respondents mention drug/alcohol abuse as an issue in workless areas. And they were often mentioned as a problem which needs to be addressed before individuals could even think about getting a job.

Qualifications and skills

- 3.9** Almost half the working-age population have no qualifications. People living in concentrations of worklessness are one-and-a-half times more likely to have no qualifications than the population as a whole, and are three times more likely to have no qualifications than people in areas with the lowest rates of worklessness.
- 3.10** Few people in concentrations of worklessness have more than the basic qualifications. Only 16 per cent of working-age people have attained a qualification above Level 2.²⁴ This is less than half the average in England and two-and-a-half times less than that in areas with the lowest rates of worklessness.

Consultation responses

Seven out of 10 respondents identified poor skills as a barrier to work:

“Significant barriers to local people accessing employment are literacy and numeracy skill levels. Without these fundamental life-skills, individuals are disadvantaged both in terms of identifying opportunities and successfully securing and retaining employment.”

Regional organisation, West Midlands.

Respondents also referred to poor skills in the context of the mismatch between the skills of people living in workless areas and the requirements of local employers, although a handful of respondents argue that employers requested skills unnecessarily:

“While there are jobs, people are not always qualified, skilled and experienced in the ways required for them.”

Charity, West Midlands.

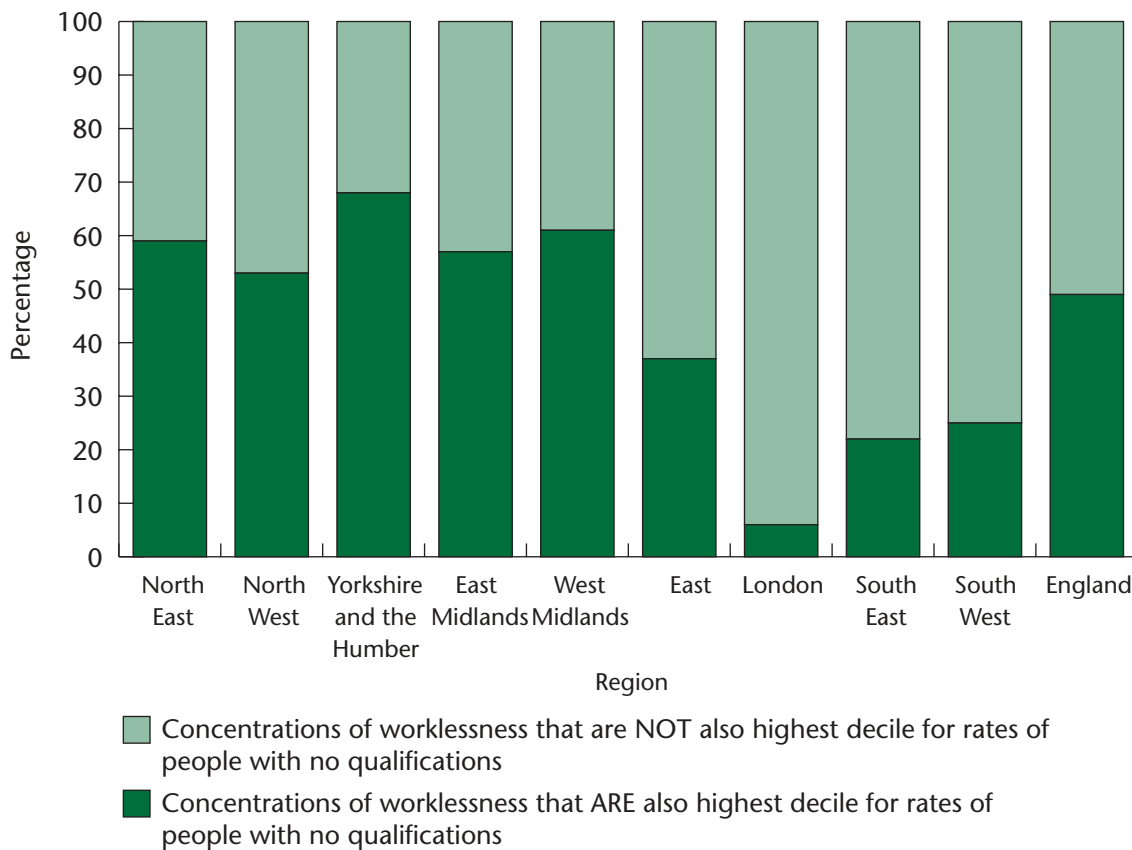
Respondents also referred to the high level of skill needed to enter some local labour markets:

“There is stiff competition for jobs, eg entry level skills in central London are high – around 60 per cent of people starting jobs in inner London have qualifications equivalent to Level 3.”

Local authority, London.

- 3.11** Some concentrations of worklessness have a comparatively skilled population, and a lack of skills is less likely to explain the high levels of worklessness in these areas. And just 8 per cent of concentrations of worklessness have below average rates of people qualified up to Level 1. These areas are distributed unevenly around the country: almost half are in London; 16 per cent are in the North West; and 11 per cent are in the South West. The other six regions contain fewer than 5 per cent of these concentrations.
- 3.12** Considering the proportion of the population with no qualifications at all tells a different story.²⁵ Across England, half of all the concentrations of worklessness coincide with areas that have the highest rates of people without any qualifications. Over half of the concentrations of worklessness in five regions²⁶ also have the highest rates of people with no qualifications in the country (Figure 11).

Figure 11: In northern regions there is considerable overlap between concentrations of worklessness and concentrations of people without qualifications



3.13 This suggests that the explanations for concentrations of worklessness vary across the country. London is the least likely region to have concentrations of worklessness because the working-age population lack qualifications. Whereas this is a plausible reason for over half of the concentrations of worklessness found in the North East, North West, Yorkshire and the Humber, East Midlands and the West Midlands.

Single households and dependent children

3.14 People living without a partner experience disproportionately low rates of employment. In the UK, more than two-thirds of workless people live without a partner – either with or without children²⁷ – and the proportion of economically inactive people who are single is rising over time.²⁸

3.15 Concentrations of worklessness have a higher proportion of single people – just 44 per cent of resident adults live with a partner. This compares to 68 per cent of people who live as a couple in areas with the lowest rates of worklessness and 61 per cent of the population as a whole.

3.16 The Government has a target to reduce the number of children living in households where no one works. In concentrations of worklessness, 20 per cent of workless households have dependent children compared to 7 per cent in the least workless areas (and 14 per cent in England).

Caring

- 3.17** In concentrations of worklessness almost half of all households have a person with a limiting long-term illness. This compares to a third of all households nationally and less than a quarter of households in the least workless areas.
- 3.18** In these areas, one in 10 people provide unpaid care. This proportion is only slightly higher than in areas with the lowest rates of worklessness and is similar to the national average. However, the provision of care is very **unequal** when the actual **time** spent caring is considered.
- 3.19** Nearly a third of carers (32 per cent) in concentrations of worklessness provide more than 50 hours of unpaid care each week. This compares to 20 per cent of carers in the population as a whole and just over 10 per cent of carers in areas with the lowest rates of worklessness (Figure 12).

Figure 12: People living in concentrations of worklessness are much more likely to be providing care for 50+ hours a week than those living in the streets with the lowest levels of worklessness



Ethnicity

- 3.20** Overall, concentrations of worklessness contain the following proportions of ethnic groups:
- 88 per cent white
 - 5 per cent Asian
 - 4 per cent black

- 2 per cent mixed ethnicity; and
- 1 per cent Chinese.

- 3.21** Comparing these figures to national averages, the white population is slightly under-represented in concentrations while black people and people of mixed ethnicity are over-represented by twice the national average.
- 3.22** With the exception of Chinese, Asian or 'Asian British Indian' people (as categorised by the Census), all ethnic minority groups are **more** likely to live in areas with the highest rates of worklessness than in areas with the lowest rates. Asian or 'Asian British Pakistanis' are almost seven times more likely to live in concentrations of worklessness, and Bangladeshis are nine times more likely to do so than they are to live in areas with the lowest proportions of worklessness. By contrast, Asian or 'Asian British Indians' are slightly less likely to live in areas of concentrated worklessness.
- 3.23** Black people or black British Caribbean people are six times more likely to live in concentrations of worklessness; black Africans are five times more likely to do so; and 'other' black communities are six times more likely to live in concentrations of worklessness than in areas with the lowest rates of worklessness.
- 3.24** Analysis of responses to the Social Exclusion Unit consultation showed that one in five respondents referred to ethnic minority communities and/or refugees or asylum seekers as groups that live in areas of concentrated worklessness.

Religion

- 3.25** In the Census over two-thirds (69 per cent) of people in concentrations of worklessness state their religion as Christian. The second largest religious group is Muslim (5 per cent). Almost a quarter (24 per cent) of people in concentrations of worklessness do not state their religion or state it as 'no religion', compared to 8 per cent nationally.
- 3.26** The greatest difference between areas with the highest and lowest proportion of worklessness were for Christian people with 5 per cent **less** in concentrations of worklessness. However, the biggest proportional difference was for the Muslim community, which is over four times **more** likely to live in areas with the highest rates of worklessness.
- 3.27** Consultation responses and some of our area study visits have highlighted how cultural factors associated with some religions can limit access to employment both in relation to the terms of location and the type of work.

Consultation responses

"Cultural issues often stop young people, especially young women, travelling into the city to work."
Charity, West Midlands.

"One woman recently got a job as a hotel receptionist but the employer is insisting that she wear the staff uniform rather than her own clothes which means that she won't take the job – the woman is Muslim. Local Muslim people won't work with food particularly meat for cultural reasons."
Employment Zone, Birmingham.

"There is sometimes a preference for Muslim childcare providers by those from the Muslim faith."
Voluntary organisation, Wales.

Transport

3.28 Comparisons of the travelling patterns of employed people living in concentrations of worklessness with people travelling to work from areas with the lowest rates of worklessness show that people from concentrations of worklessness are:

- twice as likely to walk to work
- twice as likely to be a **passenger** in a car or van and one-third less likely to travel by **driving** a car or van
- four times as likely to use a taxi
- five times more likely to use a bus, minibus or coach; and
- two-and-a-half times less likely to use the train.

3.29 The lack of use of public transport, other than buses, in the concentrations of worklessness may imply a lack of access and/or affordability. The greater proportion of people who walk or cycle implies shorter travel horizons compared to areas with the best employment outcomes.

Consultation responses

Around half of responses identify poor public transport links as an issue for people living in deprived areas. This was thought to limit access to jobs but also to other services such as jobcentres and hospitals:

“Rural transport and accessibility of services (public and private) is a key feature of the problematic situation in sparsely populated rural areas in the rural uplands mostly based within the two national parks.”
Local authority, Yorkshire and the Humber.

One in six respondents mentioned limited travel horizons as a barrier inhibiting access to employment:

“Families have been employed in the same place for a long time and require employment on the doorstep.”
Local authority, North East.

“Local people will not travel far to go to work. This is worse in Hull than anywhere I have encountered.”
Charity, Yorkshire and the Humber.

What jobs do people in concentrations of worklessness do?

3.30 A significant proportion of the practitioners who have had contact with the Social Exclusion Unit argued that the benefit trap has not yet been removed, although they recognise the significant progress made. Many connected this to the number and nature of the jobs available to workless people in their area. Thirty-two per cent of the written consultation responses mentioned the **quality** of jobs as a problem contributing to local worklessness in their area (mainly the level of pay and conditions, as well as levels of skills required), while 21 per cent mentioned a simple lack of jobs. Their perceptions are important, as well as those of benefit recipients.

3.31 There is quantitative evidence to support this view, based on the people living in concentrations of worklessness who are in work. They tend to be concentrated in low-paying sectors.

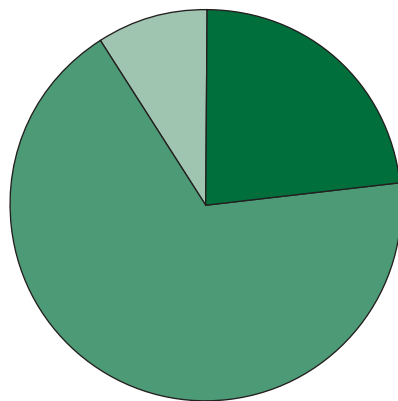
- 3.32** Most areas categorised as concentrations of worklessness are not completely isolated from the labour market. In nearly all of them at least some residents are in employment.
- 3.33** Using information from the 2001 Census, on average 43 per cent of 16–74-year-olds are in employment in concentrations of worklessness (compared to the national average of 61 per cent).
- 3.34** A fifth of concentrations of worklessness have at least half their working-age population in employment. A quarter of these are in the North West, 13 per cent in London, 12 per cent in Yorkshire and the Humber, and less than 10 per cent in other regions.

What is employment like for people in concentrations of worklessness?

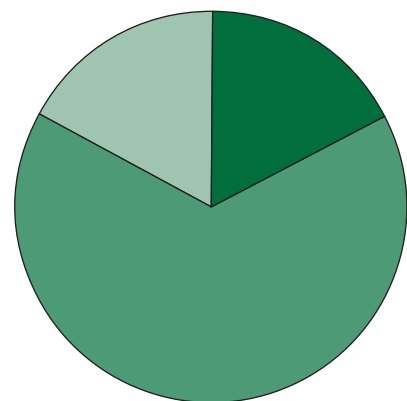
- 3.35** The proportion of people in concentrations of worklessness in full-time employment is similar to the proportion in areas with the lowest rates of worklessness. However, people in high employment areas are much less likely to work part time (17 per cent compared to 23 per cent) and twice as likely to be self-employed (17 per cent compared to 9 per cent).
- 3.36** Of those people who are in employment in areas of concentrated worklessness, two-thirds are full-time employees, under a quarter (23 per cent) are in part-time employment and 9 per cent are self-employed (see Figure 13).

Figure 13: Twice as many people living in streets with the lowest levels of worklessness are self-employed than in concentrations of worklessness

10 per cent of streets with highest levels of worklessness (concentrations of worklessness)



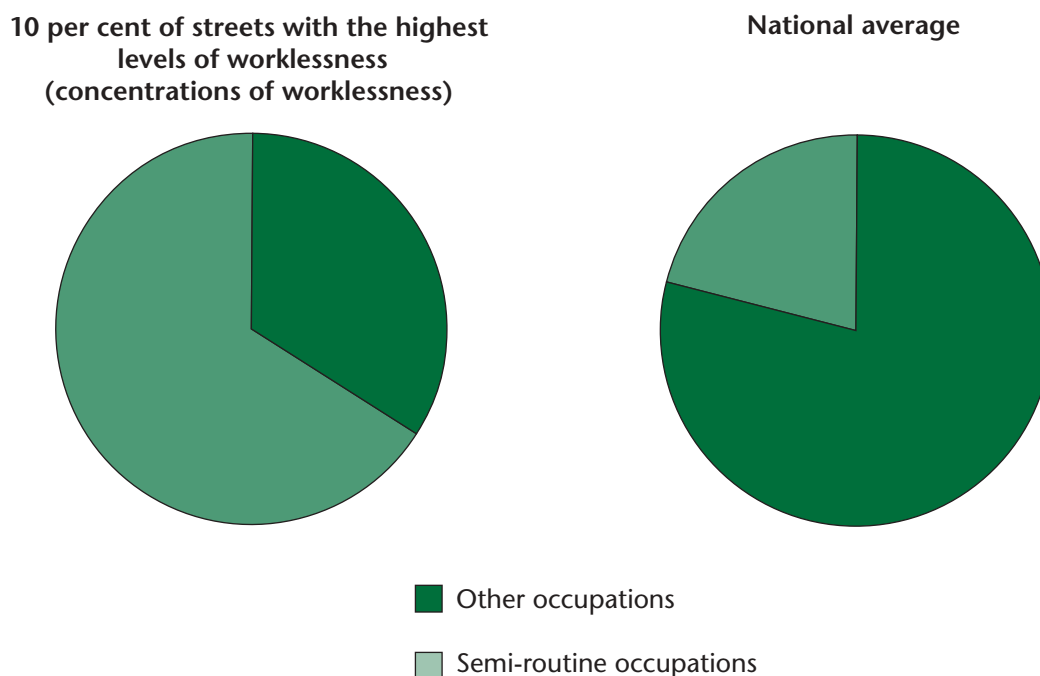
10 per cent of streets with lowest levels of worklessness



- Proportion of employed people aged 16–74: Part-time (%)
- Proportion of employed people aged 16–74: Full-time (%)
- Proportion of employed people aged 16–74: Self-time (%)

- 3.37** People in employment in concentrations of worklessness are most likely to work in the service sector (47 per cent).
- 3.38** Almost a quarter work in 'secondary' industries such as manufacturing and construction (24 per cent) and over a fifth work in public administration, health and social services or defence (22 per cent). Overall, the distribution of employment between these industrial sectors in concentrations is broadly similar to the distribution for the population as a whole and in areas with low levels of worklessness.
- 3.39** Compared with the population as a whole and with areas with the highest rate of employment, people from concentrations of worklessness who do work tend to be over-represented in routine/semi-routine and lower management/professional occupations and under-represented in higher manager and professional occupations (Figure 14).

Figure 14: The proportion of residents in concentrations of worklessness working in semi-routine/routine occupations is three times the national average



- 3.40** Just one in 40 employed people living in concentrations of worklessness work for large employers or in higher managerial occupations, and one in 23 work in higher professional occupations. In areas with the lowest rates of worklessness, around one in 10 employed people are in each of these occupational groups. Among the employed population as whole, the respective figures are one in 29 and one in 20.

Consultation responses

Around one in three responses refer to the quality or suitability of jobs available in the local area. This was often talked about in terms of the lack of incentives that people have to leave benefits:

“The situation will only improve by addressing the root causes of the problem which is a lack of employment opportunities. Many new jobs are part time and low paid, so there is less incentive to move from benefits. Equally insufficient jobs are being created to meet the overall employment needs of the area.”
Local authority, East Midlands.

“The main problems are that there is little work in the area and where there is work the people are not experienced or qualified to do them ... the employment that is available in the area is often unattractive and does not address the benefits trap.”
Charity, West Midlands.

“In the main, the jobs that are available to those with low skills are poorly paid. Individuals make little if anything by working rather than staying on benefit.”
Local authority, Wales.

What reasons do people give for being inactive?

- 3.41** Since the early 1990s the number of inactive people citing a health condition or disability as the main reason for not working has risen from 31 per cent in 1992 to 39 per cent in 2002. The proportion of the economically inactive who are looking after family and home has fallen from 45.5 per cent in 1993 to 37 per cent in 2002.
- 3.42** Economically inactive people living in concentrations of worklessness are four-and-a-half times more likely to give ‘permanent disability’ or ‘health condition’ as the main reason for not working than inactive people in areas with the lowest rate of worklessness (31.6 per cent compared to 7.1 per cent).
- 3.43** Of those who are inactive, a third (32 per cent) of people in concentrations give retirement as the reason for not working compared to over half (53 per cent) in areas with the **lowest** rates of worklessness. They are also less likely to be looking after home or family than their counterparts in the areas with the lowest rate of worklessness (22 per cent compared to 30 per cent).
- 3.44** Around one-third of people who give the main reason for not working as ‘disability’ or ‘health condition’ want to work – the highest of any group, except for the temporarily sick.²⁹ Nearly one-third of inactive people living in concentrations of worklessness give this as the reason for not working.
- 3.45** Analysis of the Labour Force Survey also shows that the proportion of economically inactive people living in districts with the lowest employment rates who ‘want work’ is up to twice the national average.³⁰

Attitudes and culture

- 3.46** The public consultation and meetings with practitioners highlighted widespread concerns about many people living in concentrations of worklessness having different attitudes to employment (and education), with low aspirations for work and study, and extremely narrow travel horizons.

- 3.47** There has been a long-running debate about the existence of a 'culture of worklessness' in some neighbourhoods. The Social Exclusion Unit project has found no consistent evidence for separate cultures, in the sense that people have completely different values and do not want to work at all. Some local areas with high worklessness have strong communities and identities, but others – especially those with a high turnover of residents – cannot really be said to have a local 'culture' at all.
- 3.48** However, the project has found plenty of qualitative and quantitative evidence that people's social networks are important for how they see the labour market, and that many people in concentrations of worklessness have less contact with people in work. This can mean that they tend to have different (and more negative) attitudes to employment. This is especially serious when it means that young people have low aspirations for work.
- 3.49** The Social Exclusion Unit's consultation and visits programme, as well as numerous evaluations of Department for Work and Pensions (DWP) programmes, suggest that policies to make work pay are still undermined by:
- distorted and unfavourable views of the jobs available
 - misunderstanding of the tax and benefits system (especially the belief that they will automatically lose all Housing Benefit as soon as they get any work) – even professionals often say they struggle to keep up to date and to fully understand the system
 - distrust of official agencies and the help on offer for workless people
 - fear of the risks involved in the transition to work compared to the relative security of benefits
 - a short-term perspective on careers
 - narrow travel horizons
 - low aspirations among young people; and
 - unreasonably high expectations of wages and the types of work, given their qualifications and experience (especially among older men).
- 3.50** Although all of these issues can – and do – occur anywhere in the country, they tend to be more prevalent in concentrations of worklessness. For example, the last two on the list can apply to different people within the same neighbourhood, and appear to be particularly common in areas which have suffered from the decline of heavy industry.
- 3.51** A recurring theme in consultation with residents and practitioners was the damaging effect of negative experiences of the labour market. Even in the Middlesbrough area study, for example, where demand for labour is weak, many of the young residents said they had worked but often for only a short time before being sacked or resigning because they were less well off financially than they had expected or they did not like the work itself.

Consultation responses

“The local economy is traditionally based on tourism which has resulted in a lack of permanent jobs. Low pay for low skilled work is a strong factor as to why so many stay on benefits.”
Non-governmental organisation (NGO), South East.

“The employment that is available in the area is often unattractive and does not address the benefits trap. Cultural difficulties such as appropriate work and distance to travel are important issues for residents in our area.”
NGO, West Midlands.

“It seems to make no marked improvement to an area when relatively unskilled workless people find employment. Although pay and tax credits may increase income to an extent, this does not compensate for the loss of other advantages ... people who are poor but do not have to work have time to spend finding the most economic way to feed and clothe their families. The low paid, long hours employment they end up in can leave them financially worse off because they no longer have the time or the energy for these activities.”
Trade union, London.

3.52 The most worrying aspect of this problem is the existence of unemployment affecting two or three generations in the same families and neighbourhoods, which means children and young people do not have role models with jobs. This can damage children’s aspirations for education and work and their understanding of them. Many practitioners and residents in areas of high worklessness said local schools were poor and that the local children lacked the motivation to learn.

3.53 The following chapter explores how concentrations of worklessness are created and then sustained.

CHAPTER 4: How do concentrations of worklessness happen?

Summary

Concentrations of worklessness happen for a range of reasons, but there are three main explanations.

1. **Changes in the nature and location of jobs**, such as the closure of a major employer or decline of an industry:
 - Areas, employers and people usually adapt to such changes and new vacancies and jobs come up so this does not necessarily mean that the problem is a lack of jobs.
 - There is evidence that a lack of accessible jobs is part of the problem in some places. For example, one third of people living in concentrations of worklessness live in a local authority with more than 10 unemployed people for every job centre vacancy. In some of these places there will be many other job opportunities that are not notified to job centres.
 - People's opportunities to work also include opportunities in the informal economy. This can make formal work less attractive.
2. **'Residential sorting'** in the housing market will tend to segregate people, at least by their capacity to pay for housing, which leads to employed and workless people living in different places:
 - Some concentrations of worklessness have a very stable population, while others are very transient and people move away as soon as they get a job. Residential movement can contribute to the cycle of decline that exists in some places.
 - Although the relationship between social housing and worklessness varies from place to place, social housing is increasingly home to workless people. In the 1970s the proportion of households in council housing with no one earning a wage was 11 per cent. In 2003 it was 65 per cent.
 - Social housing letting policies can contribute to the problem of concentrations of worklessness if they allocate workless people together.
 - Lengthy administration times for Housing Benefit can create a disincentive for people living in concentrations of worklessness to get a job.
3. **Area effects** mean that, once people live in an area with many people out of work, their chances of finding work can be reduced simply because of where they live. These include **place effects**, such as an area's location and infrastructure, and **people effects** that relate to the damaging effects of living with many other workless people.

Different reasons in different places

4.1 Concentrations of worklessness happen for different reasons in different places, but there are three main explanations:

- changes in the nature and location of employment
- ‘residential sorting’, where the housing market can lead to workless people and people with a high risk of worklessness end up living together in the same locations; and
- ‘area effects’ – as highlighted in chapter 1, once people live in an area like this, they have less chance of getting a job.

4.2 Importantly, the reasons that originally cause an area to become a concentration of worklessness can be very different from the reasons that keep them that way over time. For example, workers who lose jobs because of the closure of their employer may remain unemployed even when different job opportunities arise because they do not have the relevant skills or have lost their confidence/self-esteem.

Changes in the nature and location of employment

4.3 In some places, a concentration of worklessness is created when a main local employer or industry closes down. Theoretically, people should adjust by finding jobs in a new industry, or by commuting further or moving house to a new area. At the same time, firms should adjust to the availability of labour by relocating investment to these areas from elsewhere.

4.4 However, this can take time. For some communities and in some places adapting to economic change can take decades – as some ex-mining communities still demonstrate starkly 20 or more years after pit closures. There is no clear reason why some places adjust faster than others. Practitioners on Social Exclusion Unit visits have highlighted the importance of a diverse local economy and good transport links to places that are prospering.

Consultation responses

The consultation revealed many difficulties that some people and places have experienced adapting to economic change:

“The root cause of joblessness in the coal fields is simple – a lack of jobs. Nothing approaching the number of jobs has yet been replaced.”

‘Other’ organisation, Yorkshire and the Humber.

“People who would have worked in the pits if they had still been here are unable (for whatever reason) to adapt to changed circumstances.”

Local Authority, North East.

“A typical deprived West Wales valley community ... grew up 150 to 250 years ago to serve the needs of a single local employer ... when the main local employer closed for economic reasons ... replacement activities (‘industry’) that were persuaded to come in by low wage rates or grants/subsidies were not really sustainable and many closed after a few years. Quite frankly, such communities have lost their *raison d’être* and are now artificial and irrecoverable.”

Chamber of Commerce, Wales.

Are there enough job opportunities?

4.5 This does not necessarily mean that the main problem is a lack of local jobs. The Government has consistently concluded that, in the majority of places, there is no shortage of job opportunities. This is why employment policy has focused on improving people's job search, motivation and skills.

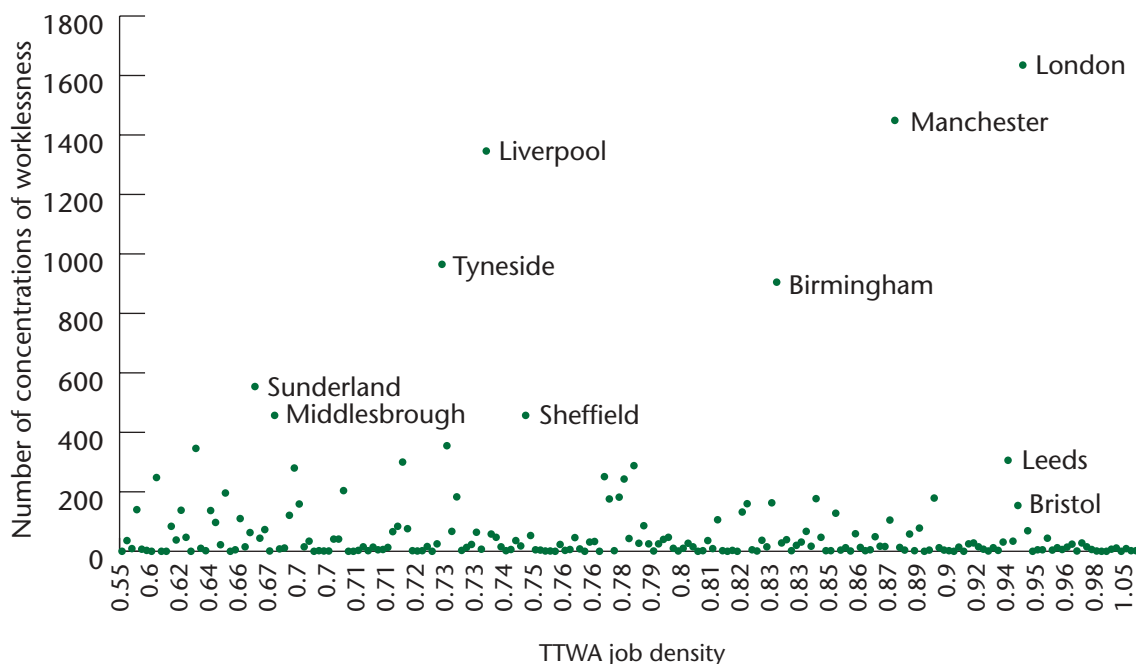
4.6 It is impossible to say categorically how many local areas have 'enough' jobs because:

- there is disagreement over how to measure whether there are 'enough jobs'. For example, one common measure of labour market demand is the number of vacancies advertised in an area. However, a high level of vacancies can indicate a high staff turnover in a limited number of jobs rather than plenty of jobs being available
- the nature of demand is as important as the amount. Having a large number of professional jobs on one's doorstep is of little use to someone with no qualifications; and
- the fact that people commute means that demand can only be measured meaningfully at a much larger scale than residential neighbourhoods. 'Travel-to-work areas' are currently the best approximation of local labour markets that are available. They are often bigger than local authority districts, but not everyone can actually travel across them. The lack of public or personal transport, the costs of travel and limited travel horizons can make jobs inaccessible, or seem so.

4.7 Demand and supply of labour also affect each other in highly complex ways. People choose whether to enter the labour market in a particular area based on their views of the jobs on offer. Employers' decisions about whether to locate in an area and employ people in an area are based in part on their view of the pool of workers on offer.

4.8 As Figure 15 shows, concentrations of worklessness exist in strong and weak labour markets.

Figure 15: Concentrations of worklessness exist in strong and weak labour markets



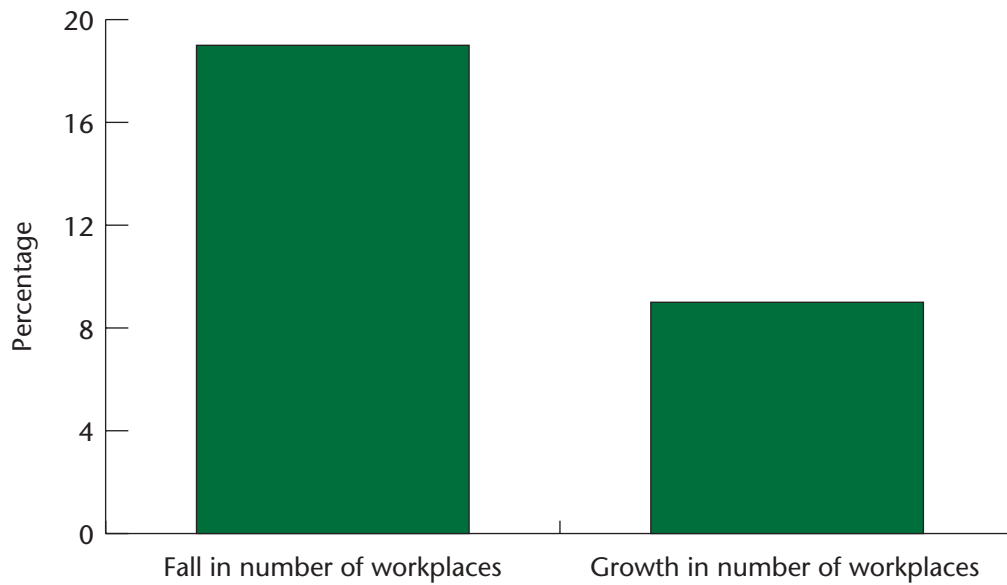
Definition of key terms

Travel-to-work areas (TTWAs): offer an approximation of local labour markets. They are areas where the majority (75 per cent) of the population live and work. At present, TTWAs are based on information from the 1991 Census.

Job density: describes the number of filled jobs in an area divided by the number of people of working-age that live in that area.

- 4.9** As chapter 3 noted, working people who live in concentrations of worklessness are likely to either walk or use the bus to get to work. The analysis of job vacancies³¹ at local authority level gives an indication of the job opportunities to which people living in concentrations of worklessness have access. The following analysis is based on the stock of vacancies held by job centres. It is important to note the Jobcentres do not hold details of all the vacancies in the economy. In some areas they may hold as little as one third of the total vacancies that exist.
- 4.10** This analysis shows that concentrations of worklessness exist in local authorities with high and low levels of vacancies relative to the number of unemployed people living in the area:
- Six per cent of people living in concentrations of worklessness live in a local authority district with fewer than three unemployed people for each Jobcentre vacancy.
 - A third of people living in concentrations of worklessness live in local authority districts with more than 10 unemployed people for every Jobcentre vacancy.
 - Two-thirds of people living in concentrations of worklessness live in local authority districts with above the national average ratio of unemployed people to Jobcentre vacancies.
- 4.11** Local authorities are not self-contained labour markets and in many areas unemployed people living in concentrations of worklessness will also face competition for local jobs from people who commute in from further afield. This is why attempts at local job creation schemes have had remarkably little success. The employment picture in the wider labour market is crucial. Research suggests that only when the employment rate in the (sub) region goes above 75 per cent do the less skilled begin to do as well as, or better than, other workers.³² In 2004, four of the nine English regions had employment rates at or above 75 per cent (East Midlands, East, South East and South West).³³
- 4.12** Analysis of workplace change³⁴ paints a similar overall picture. This shows that concentrations of worklessness occur in both booming and depressed areas. Eight out of 10 concentrations of worklessness were found in local authority districts with a growing number of workplaces from 1998–2001. However, concentrations of worklessness are twice as likely to be found in local authorities that have experienced a fall in the number of workplaces. Allowing for a district size, almost a fifth (19 per cent) of districts experiencing a fall in workplaces were made up of concentrations of worklessness, and less than a tenth (9 per cent) of local authorities that experienced a growth in the number of workplaces were concentrations of worklessness (Figure 16).

Figure 16: Concentrations of worklessness are disproportionately found in local authorities that have experienced a fall in the number of workplaces from 1998–2001



4.13 Taken together, these figures suggest that a lack of accessible jobs does contribute to concentrations of worklessness in some places. The evidence suggests that a lack of job opportunities is a greater problem in manufacturing and mining areas and in cities and service districts. These are also the areas where concentrations of worklessness are most likely to be surrounded by streets with just as many people out of work (Figure 17).

Figure 17: Concentrations of worklessness are more likely to cluster into wards in local authorities classified as mining and manufacturing³⁵



Informal economy

4.14 People's opportunities to work also include opportunities in the informal economy. This can make formal work less attractive, especially when formal employment means a loss of benefits. The Social Exclusion Unit has looked, in particular, at whether this contributes to concentrations of worklessness.

4.15 The 'informal economy' covers all economic activity that avoids taxes, regulation and official registration or measurement. When combined with benefits, cash-in-hand or undeclared work can act as a disincentive to leave welfare for regular work. Businesses operating informally or illegally can undercut firms that do comply with taxes and regulations.

4.16 This should not be confused with illegal activities like drug dealing or prostitution, although these can have a damaging effect on local economies by deterring investment and diverting people from legal work.

4.17 While it is usual to talk about the 'formal' and 'informal' economies, they are not completely separate, and there are degrees of formality. In different places and different sectors, the informal economy can have the effect of either undermining or supporting the formal economy. It is also clear that in some concentrations of worklessness, there is in fact a great deal of 'work' going on and evidence of considerable entrepreneurial spirit and skills which could potentially be harnessed for the formal economy.

4.18 The consultation and meetings with practitioners, as well as published evidence,³⁶ suggest that:

- people operating in the informal economy can be employers, employees or self-employed – there is no clear separate 'informal' workforce, since many of the same people also do some work or business in the formal economy
- it is concentrated in certain sectors – especially agriculture, construction and decorating, cleaning, hairdressing, childcare and taxis
- some people combine it with benefits, but there is a large group of people who are neither receiving benefits nor paying tax – they are effectively self-employed; and
- there is a spectrum of activity from small-scale cash-in-hand work through to fully bankable and registered businesses – many people move along the spectrum over time.

4.19 This evidence also suggests that people who work informally do so for different reasons, and their motivations can change over time:

- Some start out doing small bits of work and find it grows into a business, while others set out to start an enterprise but do not believe they can charge enough to afford to pay all their taxes or come off benefits.
- Many people limit the amount of work they do or money they earn to stay undetected.
- Some people have difficulty understanding or complying with complex regulations and the need to keep formal records, and do not know how to 'go legit' and regularise their business.

How big is the informal economy?

National estimates for the size of the informal economy in the UK range between 7 and 13 per cent of gross domestic product (GDP). No one has attempted to estimate it for deprived local neighbourhoods – as even estimating GDP at this level is highly problematic. Practitioners in deprived local areas often disagreed over the extent of it, but they all agreed that it went on. Examples include the following:

- A private-sector recruitment agency specialising in deprived areas. Staff in one of their North London offices said that half of the people walking through the door were neither claiming benefits nor in legal work, but clearly had some income and were often able to wear designer clothes. In the Middlesbrough office, this was felt to be quite rare, although many had income beyond benefits.
- A company in Middlesbrough, offering support for self-employment and business start-ups, estimate that 40 per cent of their clients are already active in the informal economy.
- An Employment Zone provider in Birmingham said that “25 per cent of our clients are definitely working and signing on”.
- Street UK, a micro-finance organisation working in deprived areas, have suggested that as many as 2–4 million people in the UK are engaged in informal self-employment, including people living off some state benefits supplemented by informal income-generating activities and people living solely off their own business income but declaring either none or some of this for tax purposes.

4.20 The fact that voluntary and commercial agencies like At Work and Street UK see a number of clients currently working illegally or informally who want to find regular jobs or go legitimate suggests that there is a significant unmet demand for help in ‘going legit’. Indeed, there may be significant potential enterprise to be fostered and skills to be exploited.

‘Residential sorting’

4.21 Where inequalities in wealth and income exist, and people have the freedom to move, residential segregation between the rich and poor becomes more likely.

4.22 Residential movement can be both a cause and a consequence of concentrations of worklessness. People without jobs can move into an area, or people with jobs can move out, leaving those without jobs behind. This process has been described as ‘residential sorting’.

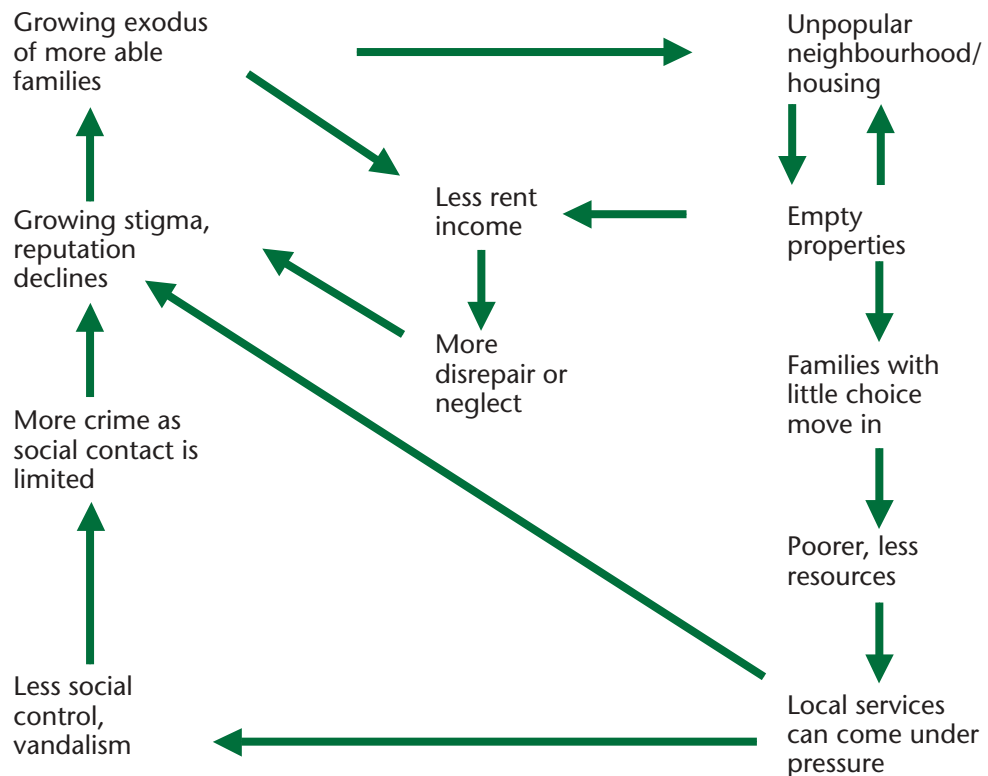
Employment change and residential movement

In Hulme, Manchester, planning permission was given to a brewery to build a bottling plant and the majority of its employees were recruited from the local area. However, one year after opening, 75 per cent of the 150 local people employed at the plant had moved out of the Hulme area.

4.23 In low-demand areas where the supply of housing outweighs demand, residents who have the necessary financial resources have a choice of housing and can move out. If new residents do not replace those who are departing, the problems of vacant properties, increased turnover and falling house prices can arise. Low demand is concentrated in parts of the North and the Midlands and closely mirrors the regional distribution of concentrations of worklessness.

- 4.24** Areas can reach a 'tipping point' of decline where they become so poor that people who can move out do so quickly. In these circumstances, the local housing market can completely collapse so that houses cannot be sold at any price. Remaining homeowners find themselves trapped by negative equity and have to live among boarded up properties. This combination attracts crime and causes further damage to an area's reputation, forcing a spiral of decline (see Figure 18).

Figure 18: The cycle of decline³⁷



- 4.25** In places like London, where the demand for housing outweighs housing supply, many residents may have no choice but to remain in poor housing and unpopular neighbourhoods. Here, by contrast, vacant properties are rare. Yet 'residential sorting' can still take place in these neighbourhoods as residents, usually those with jobs, leave concentrations of worklessness when they can afford to move.

Do people living in deprived areas get out when they get on?

In Harlesden, part of Brent in North London, the evaluation of a City Challenge programme of urban regeneration tracked people moving out of the area. This showed that people who improve their employability and find work tend to move out of the area. People moving out of the area were less likely to be unemployed or inactive than both people who stayed or moved into it. Ninety-seven per cent of people who moved out were in full-time employment compared to 77 per cent of people who stayed and only 13 per cent of people who moved into the area.³⁸ In contrast, a study in Kensington found that most residents who were helped into jobs did not move away and continued to live in the area.

Different neighbourhood trajectories

4.26 Of course neighbourhoods can improve as well as decline. Housing market pressures can lead to ‘gentrification’ and more affluent people moving in. This has been most obvious in London, with areas like Shoreditch increasingly becoming home to professionals who wish to live close to the City. But such gentrification has also taken place in cities like Leeds and Glasgow, where growing numbers of professional jobs have increased the demand for housing near the centre.³⁹ In general, little is known about processes of neighbourhood change as affluent neighbourhoods are often not included in studies undertaken in this area.

The extent of ‘residential sorting’

4.27 Although it is widely acknowledged that ‘residential sorting’ can lead to workless people living in the same places, the process is hard to measure. There is no national data to reflect the extent of movement in, out and between different neighbourhoods by employed or workless people. This makes it difficult to tell how far this trend is intensifying over time.

4.28 The stability of the local population in concentrations of worklessness varies. Some have a very stable population, while others are very transient with few people staying for long. In the Social Exclusion Unit area studies, for example, only 4 per cent of residents on the Middlesbrough estate said they planned to move in the next year. The average council tenancy in the area was eight years. However, in the Brent estate, half of local residents wanted, or were planning, to move and the average tenancy was just eight months.

4.29 The extent of residential turnover in an area may affect the nature of social networks in an area – for example the extent to which individuals have informal contacts with each other. Such informal networks are important because they can pass on information about job opportunities.⁴⁰

What drives ‘residential sorting’?

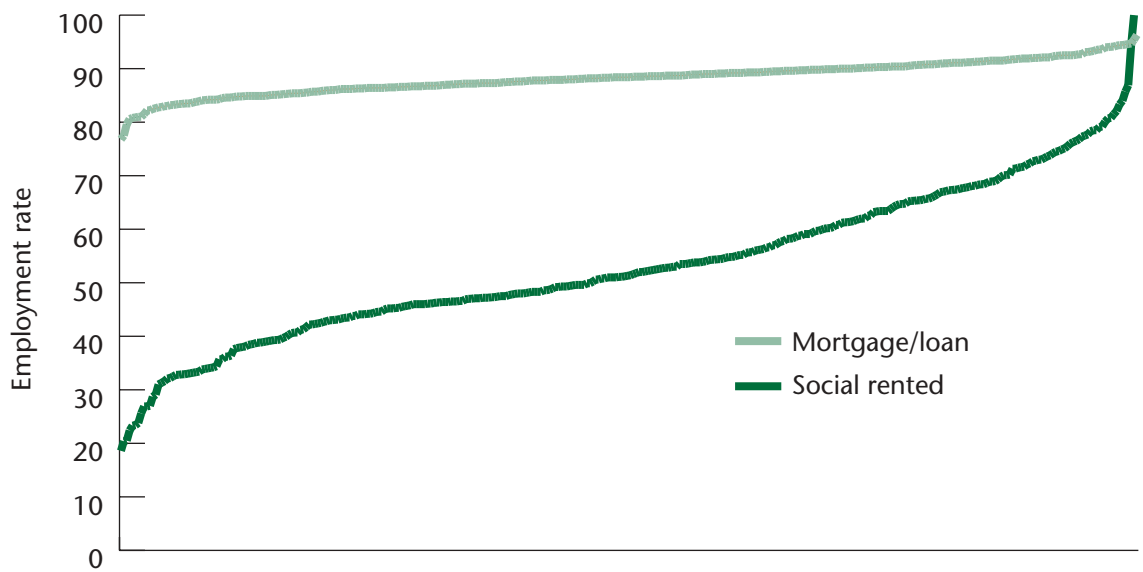
4.30 Many different factors drive ‘residential sorting’, including the type and quality of housing stock, access to employment opportunities, crime, antisocial behaviour, the quality of the built and natural environment, and access to facilities including successful schools and the relative distance from/absence of poorer groups.⁴¹

4.31 These factors can interact in different ways in different places. Crime and antisocial behaviour are important reasons why people move out of low-demand areas. In contrast, workless people are attracted to some rural areas and seaside towns because they believe the quality of life to be better and because there is a good deal of accommodation available. The areas particularly attractive to lone parents and those on Incapacity Benefit, and the numbers of workless people have outstripped employment growth in these areas.⁴²

Concentrations of worklessness and social housing

4.32 The allocation of limited places in social housing to people with the greatest needs tends to concentrate workless people together.

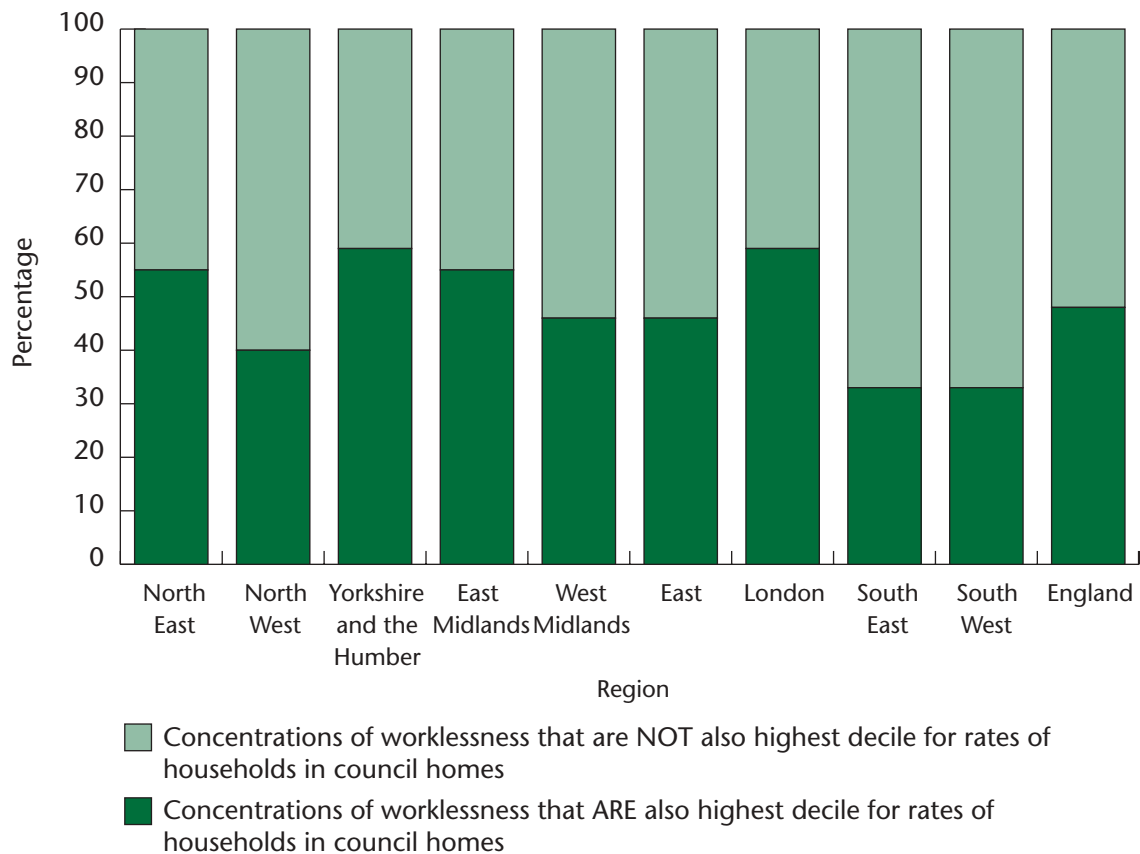
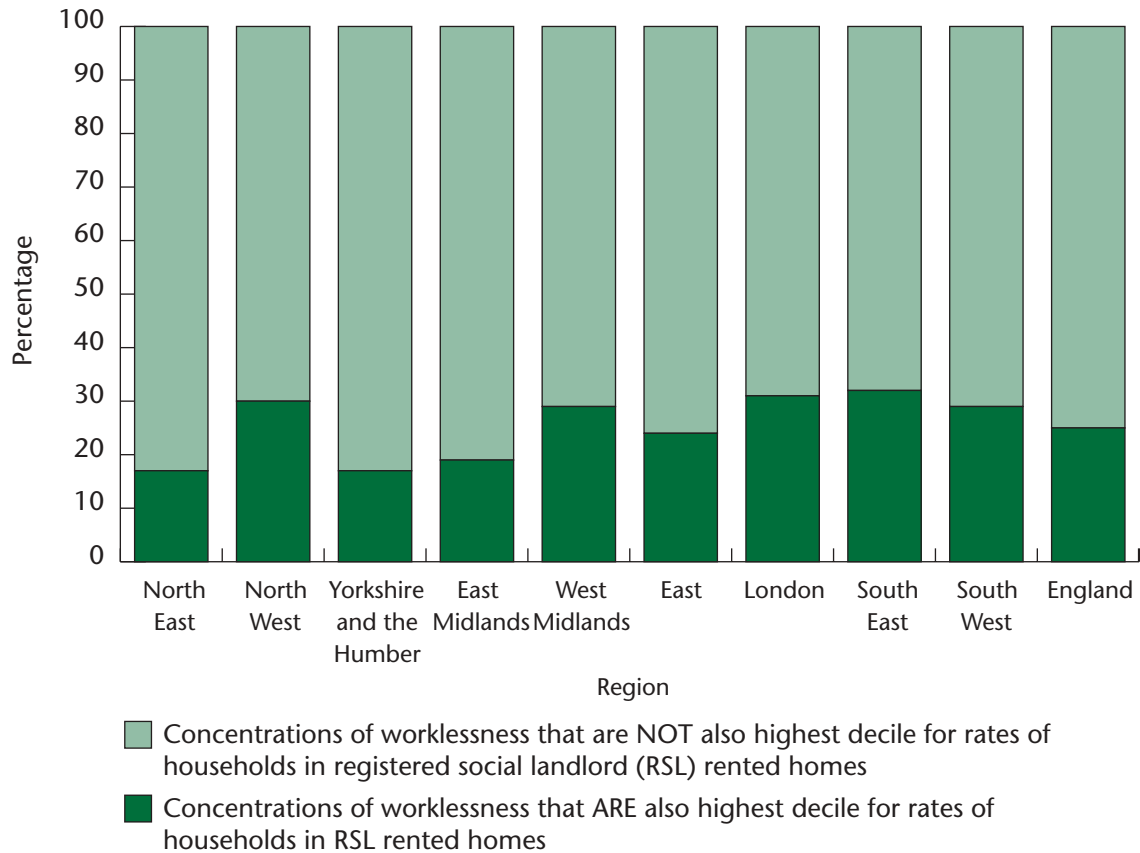
Figure 19: Employment rates of people in social housing are generally low but varied



Employment rate in tenure type by local authority ranked lowest to highest

- 4.33** As Figure 19 shows, employment rates of people in social housing are generally low but varied compared to people who are buying their own home. The employment rates for people with mortgages (grouped by local authority) are at least 75 per cent. By contrast, the employment rates for people in social housing (again grouped by local authority) are seldom above 75 per cent and often are below 50 per cent.
- 4.34** Also, there are significant variations in the employment rates of people living in social housing within a region. Within local authorities in the North East, the employment rate of people living in social housing ranges from 20 per cent in Chester le Street to 66 per cent in Durham, and in the South East it ranges from 20 per cent in Elmbridge to 86 per cent in Winchester.⁴³
- 4.35** Although people in concentrations of worklessness live in all tenure types, they are more likely to be found in social rented housing. Across England, half of concentrations of worklessness are concentrations of social housing, although there are regional differences (Figure 20).

Figure 20: There is significant overlap between concentrations of worklessness and areas with high levels of social housing, particularly council-owned homes



Social housing caters mainly for workless people

4.36 The social housing sector is increasingly home to people who are disadvantaged and workless. This has not always been the case:

- In the 1970s the proportion of households with no one earning in council housing was 11 per cent. In 2003 it was 65 per cent.⁴⁴
- The trend continues and, since 1996, unemployment has fallen but inactivity rates have increased for people in social housing by 4–5 per cent.⁴⁵

4.37 There are a number of reasons why social housing has become a 'residual service', catering increasingly for the economically inactive. The number of council and housing association properties has fallen, in part as many of those eligible for the Right to Buy (RTB) scheme chose to buy their council house. Moreover, homelessness legislation has required local authorities to house certain vulnerable groups, placing further pressure on a diminishing housing stock.

Diminishing social housing and Right to Buy

4.38 Since 1980 more affluent council tenants have become homeowners, either buying their council house or moving out. Since 1980, the RTB scheme has given almost 1.6 million council tenants the opportunity to own their own home, and has encouraged more affluent tenants to remain in neighbourhoods – helping create stable mixed income communities. However, it has also reduced social sector housing stock. Since the 1980s, for every social home added to the stock at least two have been sold under RTB.⁴⁶

4.39 However, the actual impact of RTB in reducing social housing stock can be exaggerated. Most of the tenants who bought their homes would have remained in them in any event. Therefore, the properties would not have been freed up for re-letting as social housing. Annual RTB sales currently average around 50,000 per year, compared to a peak of nearly 170,000 sales in the early 1980s. But new social housing is not being built at a rate that would make up the difference.⁴⁷

Emphasis on need in context of diminishing stock

4.40 Homelessness legislation requires housing authorities to ensure that their allocation/lettings schemes give preference to particular groups of applicants in need of housing. Inevitably, the allocation of limited places in social housing to people with the greatest needs tends to concentrate workless people together.

4.41 The overall level of demand for social housing in an area can affect the scope that social landlords have to take action to avoid housing disadvantaged and workless people together. In high-demand areas, only those with the most acute housing need are able to access social housing, and there are resulting tensions between meeting the needs of homeless people and families and the development of sustainable communities. In low-demand areas, only those with the lowest incomes are likely to be in social housing, and the challenge is to encourage/retain a wider profile of tenants into areas of social housing. The social mix also depends on the choices made by existing assured tenants to move and vacate particular properties.

Lettings policy and practice

4.42 Local authority lettings policies can also contribute to the problem of concentrated worklessness if they place the most disadvantaged households into the least desirable housing.⁴⁸ Policies which give applicants just one housing option can create strong disincentives for an applicant to refuse, as this can lead to sanctions being taken against them.⁴⁹ Those in the greatest need, who are likely

to be workless, may have very little choice but to accept the first housing offer that is made to them. The number of local authorities operating policies of this kind has increased during the 1990s. In 2001, three out of four local authorities restricted homeless households to a single offer.⁵⁰

4.43 Significantly, a recent study of housing associations' policies found that, nationally, there was no systematic tendency for the economically inactive to be re-housed in the least desirable areas/housing. It suggested that this was instead the result of local letting policies in operation on some less desirable neighbourhoods/estates.⁵¹

4.44 Local housing officers can make short-sighted letting decisions, and house workless and disadvantaged people together (see box below). Social Exclusion Unit interviews with housing practitioners suggest that they do so primarily to meet performance targets and an inspection regime that focuses on short-term objectives, such as the turnaround of vacant properties and rent collection, over and above longer-term aims, such as the development of sustainable communities. Housing disadvantaged people together can also be seen as a way of containing problems like antisocial behaviour.

Social Exclusion Unit visits and consultation responses

The Social Exclusion Unit visited one block of flats where 90 per cent of tenants were out of work and on benefits. Local officers housed many young single people, including a number of care leavers and ex-prisoners, as well as the children of workless families living on the same estate looking for independent accommodation when they reached 18 or became pregnant in this block. The number of workless people in neighbouring and identical tower blocks was substantially lower.

Social housing lettings were consistently highlighted in consultation responses:

"Housing policy needs to rethink its approach to hard-to-let housing, and particularly to avoid creating 'ghetto' areas of tenants with multiple disadvantage, or a history of antisocial behaviour."
Voluntary sector organisation, nationwide.

"X has seen a dramatic improvement in residential unemployment rates over the past 15 years and so the problem has lessened considerably and is now concentrated in small geographic area and in unpopular housing now being occupied by for example single parent families. In one ward up to 41 per cent of lettings are to single parent families compared with a borough average of 7 per cent."
Local authority, North West.

"I think [pockets of worklessness] have been common for a while because of the local authorities' housing policies ... it will improve as more local authorities become less involved in housing."
Professional body, nationwide.

Moving house to look for or take up a job

4.45 Even if people recognise that there are no or few jobs where they live, and that they need to move house to access appropriate employment opportunities, this moving can be difficult. Nationally, about 10 per cent of households move house each year, but only 1 per cent move between regions.⁵² Moves over short distances (within local authority boundaries) tend to be associated with new relationships or relationship breakdowns, or moves up or down the housing ladder. But longer distance moves within regions are predominantly for job-related reasons. Twelve per cent of continuing households moved for job-related reasons.⁵³ The most common reason for job-related moves was 'moving to a new job with new employer' (5 per cent). Only 1 per cent was moving to look for work.⁵⁴

- 4.46** Moving between authorities can be difficult for social housing tenants, particularly in high-demand areas. Mobility opportunities depend on the availability of social housing in the area where they wish to move. This may explain why, among the small number of local authority tenants who do move, they usually end up in the private rented sector in the following year.⁵⁵
- 4.47** But in private housing costs vary so much between areas that it is very difficult for someone living in a low-cost property in the North East to rent or buy in the more expensive South East, for example. Also, it is not only the cost of properties in new areas which can act as a disincentive, in some low-demand areas owner occupiers' options to move may also be constrained by the negative equity affecting their properties.
- 4.48** Other problems include a lack of information on housing and employment opportunities, the actual costs of moving (for example, transport costs and rent/housing deposits), as well as risk or uncertainty for individuals.

Housing Benefit

- 4.49** The steep rate at which Housing Benefit is withdrawn can reduce the gains made by earning a wage, particularly for people living in areas characterised by high rents. The time it takes to process Housing Benefit applications, and the lack of certainty in being able to reclaim at previous levels, can also act as a disincentive to find work. People are afraid that if they try a job and it does not last long, they will not be able to pay their rent. This is particularly true for those people for whom temporary work is their most likely route back into employment. In some local authorities it can take 100 days on average to process a new claim.

Area effects

- 4.50** Once people live in an area with many people out of work, their chances of finding work can be reduced simply because of where they live. People and places obviously affect one another and it is difficult to disentangle exactly how local areas affect a person's life chances. But there are two main ways that this can happen:
- **'place' effects**, which arise from the characteristics of places, such as its location and infrastructure, for example limited job or training opportunities or variation in the quality of local services; and
 - **'people' effects** that relate to the damaging effects of living with many other workless people, for example a lack of information about job opportunities or discrimination based on a person's address.

Place effects

- 4.51** Characteristics intrinsic to places, such as their location or infrastructure, can obviously affect the ability of local residents to work.
- 4.52** The nature and number of job opportunities available affects whether people are 'employable'. Competition for jobs will inevitably be higher in places where there are more unemployed people chasing each new job opportunity. Its extent will depend on the level of inward commuting to an area. The number and quality of places on training courses or apprenticeships will tend to be lower in areas with weaker economies and labour markets. There will also be more competition to get on such courses.

4.53 People living in concentrations of worklessness often have fewer services such as transport⁵⁶ and childcare, either because of limited resources or because of the extra pressure on limited places from other disadvantaged people.

People effects

4.54 As chapter 1 highlighted, research shows that living in an area where there are many other workless people can damage an individual's life chances, especially those of young people.

4.55 There is plenty of evidence that informal sources of information about jobs are just as important as formal sources, such as jobcentres. The recruitment to low skill jobs, in particular, often takes place on an informal basis through word of mouth or advertisements in shop windows. In 2002, 38 per cent of employers stated that they used word of mouth as their main recruitment method.⁵⁷ People living with few other working people are less likely to come into contact with these informal links.⁵⁸

4.56 Individual's perceptions and expectations of opportunities in the labour market may be adversely affected. Young people living in workless areas may have no working role models and little opportunity to learn 'soft' employability skills, such as punctuality and self-confidence, informally.⁵⁹

Social Exclusion Unit visits and consultation responses

Employer discrimination on the basis of the area in which a person lives may also constrain the ability of individuals living in concentrations of worklessness to get a job. Although it is hard to uncover the true extent of 'postcode' discrimination, there is strong anecdotal evidence that this exists and hence recruitment is biased against the interests of residents of deprived areas.⁶⁰ This issue was repeatedly raised in consultation responses:

"Employers resist recruiting in blacklisted area." Voluntary sector organisation, North West.

"Many local people feel they have experienced postcode discrimination when applying for jobs. Historically surveys have shown that local employers felt people from [X] lacked motivation and had a poor attitude to work." Voluntary sector organisation, North West.

4.57 Living in a concentration of worklessness may affect other aspects of people's behaviour. Being out of work may become a routine that is difficult to break. Travel horizons may narrow, with people not willing to travel outside the immediate estate or neighbourhood, and expecting to find work within it, if at all.

CHAPTER 5: The Government's approach

Summary

Someone living in a deprived area can face many barriers to getting a job. For example, they may have few skills or those that they do have do not match those needed by the local employers. They may receive poor information about jobs, poor access to jobs and have limited transport horizons. Childcare may be expensive or difficult to get to, and they may mistrust 'officialdom' or have little financial incentive to leave benefits and work.

The Government has already done a great deal to address these, with national tax and benefit reforms to 'make work pay', and the skills and childcare strategies, as well as various initiatives to help local areas under the National Strategy for Neighbourhood Renewal.

The Government also aims to increase economic performance in every region, as well as narrowing the gap in growth rates between regions. The Northern Way Growth Strategy⁶¹ marks an innovative approach to inter-regional working by the three Northern RDAs and sets out measures to achieve a step-change in economic growth in the North.

Government departments such as the Department for Work and Pensions (DWP) and the Department of Trade and Industry (DTI) already have national targets to promote jobs and enterprise in deprived areas. But more needs to be done, and concentrations of worklessness in different parts of the country will need different solutions. Sometimes the answer will lie in a neighbourhood, but often the solution will need action across a city or region. Welfare to Work measures can only be part of the solution – housing, planning or regeneration by local authorities are also crucial.

Central government is giving greater freedom and flexibility to local and regional managers and frontline workers so they can do what each place and each person needs. In order to make use of this freedom, local decision-makers need good information to help them fully understand the problems they need to overcome. That is why plans to improve the dissemination of data and analysis will be so important.

The Social Exclusion Unit has added its analysis to a great deal of work going on across government. The remaining chapters in this report focus on the issues which the problem analysis suggested were of particular importance or on areas where it seemed the project could add particular value.

- 5.1** Promoting employment and enterprise throughout the UK are key aims for the Government. The long-term goal is to ensure a higher proportion of people in work than ever before by 2010 and to create an enterprise culture across the UK. Particular priority is placed on helping groups who are disadvantaged in the labour market and on helping areas with a poor initial labour market position.
- 5.2** The current approach to reducing worklessness addresses both the supply of labour and the demand for it, and it operates on a very broad front. The four main aspects are:
- maintaining a climate of macro-economic stability to support business growth and therefore strong labour demand
 - fiscal measures to sharpen the incentive to work ('making work pay'), for example through tax credits, the minimum wage and benefit reforms

- active labour market policies, such as the New Deals, aimed at groups who face the greatest difficulty in the labour market; and
- initiatives aimed at areas where employment rates are low or which are deprived. These operate on both the supply and demand sides, and include more general programmes with an economic or employment component (for example, New Deal for Communities, Sure Start) as well as initiatives specifically designed to help people get work (for example, Action Teams for Jobs, Employment Zones).

Measures to remove barriers to work

5.3 Over the last few years the Government has taken action to reduce the barriers to employment in three crucial areas: childcare, skills and transport.

Childcare

- 5.4** Sixty-three per cent of non-working mothers and 78 per cent of non-working lone mothers say they would work or study if they had access to the childcare of their choice.⁶² However, for this to happen, good-quality childcare must become more accessible and more affordable.
- 5.5** Much has been done in recent years. Since September 1998, all 4-year-olds have been able to access a free part-time early education place, and this entitlement was extended to include all 3-year-olds in April 2004. In addition, the Spending Review 2004 announced pilots of free part-time early education places to 12,000 2-year-olds in 500 disadvantaged areas by 2008.
- 5.6** Over 500 Sure Start programmes have been set up in deprived areas, providing support for children and families. The costs of childcare have been addressed through the introduction of the Working Tax Credit, with an annual spend of £700 million in 2003/04 compared to £50 million under Family Credit in 1999.⁶³
- 5.7** This strategy has brought significant progress: the employment rate of lone parents has risen substantially since 1997 and the number of children living in workless households has fallen by 350,000.⁶⁴ However, more can be done: childcare affordability and accessibility issues are currently being examined further in seven pilot areas looking at the childcare needs of lone parents.
- 5.8** In addition, the DfES five-year-plan, published in July 2004, includes a number of commitments to improve childcare provision. For example, 'wrap-around' childcare available before and after school for children aged 5 and over. This will also be available during school holidays, combined with activities like art and sports. A thousand primary schools will offer this model by 2008, providing places for 50,000 children. Over time every primary school will either make this offer itself, or be part of a network of schools who provide it between them.

Childcare Works project – Glasgow

Glasgow's Childcare Works offers a good example of how to draw together the Welfare to Work agenda with the National Childcare Strategy. The programme offers local long-term unemployed people the opportunity to enter childcare as a career. It does this by providing work experience and training to nationally recognised standards for up to a year in a variety of childcare projects across the city. It also presents these providers with the opportunity to increase the number of places they have available or, in some instances, increase the adult/child ratios to improve the service offered.

The programme offers:

- employment for up to 52 weeks
- training, underpinning knowledge and assessment towards achieving Level 2 S/NVQs in Early Years and Education or Playwork
- opportunities in a range of associated qualifications
- personal development opportunities identified by the client
- vocational guidance and support into further permanent employment; and
- aftercare for up to six months.

The model has been operating in Glasgow for over five years. Between 2002 and 2004 Childcare Works has moved 303 local people into permanent jobs in the childcare sector.

Skills

- 5.8** In July 2003, the Government launched the National Skills Strategy. A key aim of the strategy is to ensure that individuals have the skills needed by employers. The strategy also introduced Regional Skills Partnerships (RSPs), co-ordinated by Regional Development Agencies (RDAs) and involving Learning and Skills Councils (LSCs), Jobcentre Plus and the Small Business Service (SBS). RSPs will be key to making the links between work at a local level to tackle skills and employment issues and the RDAs' Regional Economic Strategies.
- 5.9** The New Deal for Skills, announced in the Budget 2004, will take forward the recommendations of the National Employment Panel (NEP) report *Welfare to Workforce Development* and will provide a guarantee of opportunity for every adult to gain the skills for employability and to address basic literacy and numeracy needs. In doing so it will help to give people without work the skills needed for sustained employment.
- 5.10** The Government has made progress in improving the basic skills of adults through its Adult Basic Skills Strategy, launched in 2000. Since 2001, around 550,000 adults have improved their literacy, numeracy and language skills, and have achieved a qualification.

Transport

- 5.11** Many jobseekers experience difficulties accessing interviews and travelling to their jobs for various reasons, including the availability and affordability of transport. In some cases problems with staff recruitment and retention can be a result of a lack of transport to employers' sites. Similarly, a lack of access to transport can be the barrier that prevents individuals from returning to work.
- 5.12** Accessibility planning is a process that will be included in every Local Transport Plan submitted by all English Local Transport Authorities (LTA) from 2005. It aims to ensure that there is a clearer, more systematic approach to the identification and tackling of barriers that prevent people,

especially those from disadvantaged areas, accessing work (and key services, such as healthcare and learning). By being based on a partnership approach, accessibility planning will consider solutions to accessibility problems beyond those based solely on transport and so will be more effective than methods used previously. For example, the partnership role of Jobcentre Plus Districts and local offices in the process would be:

- to work with LTA officers to identify accessibility problems that make it difficult for jobseekers to secure work;
- to work with LTAs to secure funding, delivery and monitoring of sustainable and locally appropriate solutions; and
- to share and extend good practice.

Case Study – Workwise – Birmingham (Sparkhill) & Solihull (Chelmsley Wood)

In July 2003, the Workwise scheme was launched in Birmingham (Sparkhill) and Solihull (Chelmsley Wood) and aims to:

- help unemployed people access employment
- help unemployed people adopt sustainable travel habits
- support the local economy by ensuring access to employment sites; and
- support the integration of the transport system with the needs of jobcentres.

The scheme was predominantly funded by the West Midlands RDA, Advantage West Midlands (AWM) and Centro, but AWM have since had to withdraw their support due to a lack of resources and the project has been solely funded by Centro, since 1 January 2004. Workwise is managed on a day-to-day basis by Centro and is co-ordinated by an active and committed steering group consisting of Birmingham City Council, Solihull Borough Council, Jobcentre Plus, and Community Transport. It offers a number of services to all jobcentre clients, including the following:

- one day passes to travel to interview
- monthly travel passes for the first two months of employment; and
- travel advice, including journey planning, timetables and maps.

Two Workwise officers are seconded to a Jobcentre Plus office where they have direct contact with clients, and they are responsible for outreach and marketing activities, attending progress meetings, user consultation and monitoring job retention. Since the start of the scheme in May 2003:

- 1,052 one day passes have been issued for people to access interviews
- 639 people have received monthly travel passes to access new employment
- retention rates are very high, with over 75 per cent of Workwise users still in employment after 13 weeks; and
- Value for Money has been high at around £200 per job accessed – far below the initial target of £720.

Workwise is proof that a transport-orientated concept can be implemented and succeed within a non-transport environment such as Jobcentre Plus.

The project was nominated for the National Transport Awards 2004 in the 'Most Innovative Transport Project' category.

Measures to increase demand for labour

- 5.13** The Northern Way Growth Strategy marks an innovative approach to inter-regional working by the three Northern RDAs and sets out measures to achieve a step-change in economic growth in the North. This new strategy will complement the work that the Government is already doing to improve the economic performance of the North, and to ensure that the same opportunities are available to everyone across the country.
- 5.14** Before April 2004, Regional Selective Assistance (RSA) offered grants of up to £2 million to businesses seeking to start or expand in areas designated by the European Union (EU) as in need of assistance with employment creation. In Great Britain during 2001/02, 568 offers were accepted with a value of just under £251 million. Since April 2004, RSA has been replaced by Selective Finance for Investment.

Current targets

- 5.15** The Government's ambition to promote jobs and enterprise for all communities is expressed in some of the Public Service Agreement (PSA) and Neighbourhood Renewal floor targets. The DWP has a composite target to raise the employment rates of disadvantaged communities and also to narrow the gap in employment rates between the national average and disadvantaged groups and areas. The DTI has a target to promote enterprise in deprived areas as part of their objective to build an enterprise society.

DWP PSA 4

"Increase the employment rates of disadvantaged areas and groups – lone parents, ethnic minorities, people aged 50 and over, those with the lowest qualifications, and people in the 30 local authority districts with the poorest initial labour market provision. And significantly reduce the difference between their employment rates and the overall rate."

DTI PSA 6

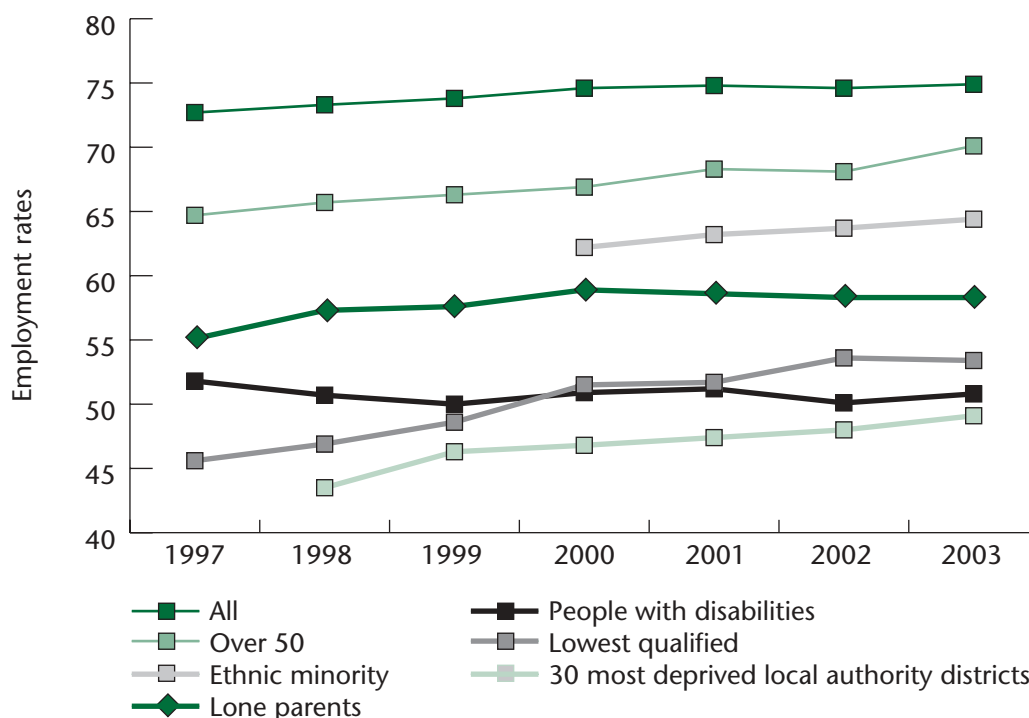
"Help to build an enterprise society in which small firms of all kinds thrive and achieve their potential, with (i) an increase in the number of people considering going into business, (ii) an improvement in the overall productivity of small firms, and (iii) more enterprise in disadvantaged communities."

- 5.16** The DWP target covers the 30 local authority districts in Great Britain with the lowest employment rates and highest working-age benefit rates, and aims to improve their aggregate employment rate.
- 5.17** For the DTI target, 'more enterprise in disadvantaged communities' is measured by the number of VAT registrations per 10,000 resident adults in the 20 per cent most deprived wards. The target was to reduce the gap between business start-ups in the most deprived wards with those in the 20 per cent least deprived wards by 1 per cent each year.

Are the targets being achieved?

- 5.18** There is evidence to suggest that current programmes are meeting the Government's ambition of promoting **employment** for disadvantaged groups and areas, but less success in promoting **enterprise** in deprived areas.

Figure 21: Employment rates for disadvantaged groups⁶⁵



5.19 As Figure 21 shows, the gap for employment rates between the disadvantaged groups that the Government has targeted and the population overall has narrowed between 1997 and 2003 (with the exception of the lowest qualified).

5.20 But does the DWP's PSA 4 target focus on the right areas? Social Exclusion Unit research has shown that over 70 per cent of concentrations of worklessness are outside of the 21 English local authority districts targeted via PSA 4.

5.21 Progress in achieving PSA 6iii has not been as successful as had been hoped (the gap between business start-ups in the least and most deprived areas has only been reduced by 0.2 percentage points since 2000). This has largely been due to changes occurring in the least deprived areas:

VAT registration rates (registrations per 10,000 adults) ⁶⁶					
Year	Most deprived	Least deprived	Gap in rates	Change in gap from 2000	Total change in gap
2000	29.8	47.6	37.4%		
2001	28.9	44.1	34.4%	-3.0 percentage points	
2002	28.7	45.7	37.2%	+2.8 percentage points	0.2 percentage points

New DWP target

5.22 The introduction of revised targets from 2005 will improve the situation. Under the old PSA target for the DWP, just over a quarter of all concentrations of worklessness were within the areas targeted in England. Under the new PSA target, which will still focus on disadvantaged groups and areas but with the focus on **wards** rather than **districts**, approximately half of all concentrations of worklessness are covered.

5.23 However, if the PSA was defined using the worst 3,544 'Super Output Areas' then the target would cover nearly three-quarters of all concentrations of worklessness. The DWP will consider moving to a PSA 4 target defined at Super Output Area level in the next Spending Review process in 2006 (see chapter 12).

New DTI target

5.24 The DTI PSA6(iii) target will no longer use VAT registrations as a measure of enterprise in disadvantaged areas. The relevance of using VAT registrations as an indicator of more enterprise was questionable as many small businesses and most self-employed people in deprived areas operate under the VAT threshold for some time, or may never become VAT registered. Instead self-employment rates in deprived areas (from the Office for National Statistics (ONS) Labour Force Survey) will be used as the measure.

Building on current policy

5.25 As there is already much activity across government in this area, the Social Exclusion Unit's approach has been to add its analysis to work currently being undertaken. The remaining chapters in this report focus on the issues which the Social Exclusion Unit's problem analysis suggested were of particular importance, or on areas where it seemed the project could add particular value.

5.26 The evidence gathered for this report suggests that, overall, the Government will have to intervene at different levels of geography in different places. Sometimes the answer will lie in a neighbourhood, but often the solutions will need action across a city or sub-region. In many areas of government, local and regional managers and frontline practitioners will have greater freedom and flexibility to do whatever is appropriate for the problem in their area.

5.27 Welfare to Work measures can only be part of the solution. Housing, planning or regeneration by local authorities are also crucial. This will mean more and better partnership working between agencies and between policy areas, such as employment and transport, and chapter 6 looks at this issue in more detail.

5.28 Welfare to Work policy has been very successful at helping those relatively less disadvantaged. Chapter 7 explores how the next challenge will be to help and support people facing multiple disadvantage.

5.29 Concentrations of worklessness are not just an employment problem. As chapter 8 demonstrates, organisations with an interest in the housing market have a very important role to play.

5.30 Chapter 9 shows how some people do not think it is worth taking paid employment. This can be because of a perception that work 'does not pay' or even that there are no jobs to be had. The availability and acceptability of earnings from the informal economy may also be a factor.

5.31 As chapter 3 showed, self-employment rates in areas of high worklessness are half those to be found elsewhere. Chapter 10 details the future changes designed to help the Government meet its high-level target of promoting enterprise in deprived areas.

5.32 The role of employers in reducing concentrations of worklessness is crucial. Chapter 11 looks at what already exists in this area and at planned changes to make even more progress on engagement with employers – both public and private.

- 5.33** But to take advantage of their new freedoms, local managers and frontline workers will need better and easier-to-use information and data about the problem. Chapter 12 looks at the problems of limited knowledge, access and the use of appropriate data, and how these problems are being addressed.
- 5.34** All remaining chapters conclude with fictional case studies to help illustrate what the actions might mean in practice for the individuals concerned.
- 5.35** The Social Exclusion Unit has a remit for England only. The institutions involved in local government, economic development, regeneration and education are different in Scotland, Wales and Northern Ireland. However, tax and benefit policy and the work of Jobcentre Plus are not devolved, so policies in these areas will be relevant across the UK.

CHAPTER 6: Better joining-up of agencies and initiatives

The problem

The many organisations involved in promoting enterprise and employment at a local level do not always work effectively together, and this can result in a number of problems.

A forum already exists to enable such organisations to work in partnership – the Local Strategic Partnership (LSP). Although combating worklessness is one of the LSP's key activities, their performance in this area has historically been poor.

The way forward

Local organisations need to recognise that they must work together, and take advantage of these structures, if local worklessness is to be tackled effectively.

Several national policy initiatives can be used to help different agencies work together to promote jobs and enterprise at the local level. Some are already in place, others are being developed.

The Office of the Deputy Prime Minister (ODPM) has published a prospectus on Local Area Agreements (LAAs). The intention is to have LAAs in place from 2006/07, with pilots in each of the English regions starting in 2005. The Social Exclusion Unit will work on the development of LAAs and will aim to ensure that the pilots explore the issue of worklessness.

The problem

- 6.1** Evidence gathered by the Social Exclusion Unit shows a widespread problem of insufficient co-ordination between 'delivery agents': those organisations which provide particular services, such as jobsearch advice or enterprise development, directly to workless people. Annex B sets out who the key ones are.
- 6.2** This can result in:
- the duplication of activity or failure to address gaps in provision
 - less effective outcomes for the total resources used
 - lack of single responsibility for promoting employment or enterprise
 - the promotion of jobs and enterprise being hampered by the impact of other service delivery, such as Housing Benefit; and
 - too many initiatives leading to confusion as to what support is available – this confusion is apparent among organisations working with workless people and among workless people themselves.

- 6.3** The responsibility for promoting jobs and enterprise in deprived communities is split between national, regional, sub-regional and local agencies. Furthermore, these agencies are working within different policy frameworks stemming from different government departments. Initiatives have been developed in isolation, introduced during different time periods and are managed by different agencies. Some agencies have a primary purpose of economic development, others work specifically to the 'skills agenda' set by the Department for Education and Skills (DfES), while a further set have a focus on area and community regeneration.
- 6.4** The problems faced by delivery organisations arising from the multiplicity of initiatives are compounded by the lack of effectiveness of a single body in co-ordinating the promotion of jobs, enterprise and economic development in deprived communities.
- 6.5** Existing evidence demonstrates the strain placed on local organisations by the intensive partnership working that current arrangements require.

Consultation responses and comments from the Practitioners' Group

"There are a confusing number of initiatives, they overlap, have different rules, and aren't 'joined-up' ... the links between benefits, training and work aren't in place, and the organisations **don't** work together."

"Communication and co-ordination between different agencies tackling a problem needs to be improved."

"No one owns the problems at a local level."

- 6.6** Competition can lead to better services, but some organisations in this field are duplicating each other's activities and competing unnecessarily for clients and outputs.
- 6.7** Contracting processes can be a barrier to collaboration and a burden to providers. For example, local practitioners have said that the local Learning and Skills Council (LSC) and Jobcentre Plus District are 'very likely' to be purchasing the same service from the same provider at the same time. They will be using different contract forms, performance standards, payment and data collection systems, and it is rare for the information on the contracted provision to be shared among the two organisations.⁶⁷
- 6.8** Enterprise support from Business Links and self-employment support from Jobcentre Plus is not sufficiently joined-up. This can lead to Business Link Organisations and Jobcentre Plus running competing programmes. The National Employment Panel (NEP) found little collaboration between these two organisations that reach hundreds of thousands of firms each year.⁶⁸

"[For the support of black and ethnic minority businesses] funding regimes generated unhealthy competition between agencies and militated against effective networking."
Business-led regeneration of deprived areas: A review of the evidence base,
Neighbourhood Renewal Unit (NRU), 2002.

"Competition for clients between employment service providers undermines effective provision of employment services."
Jobs and Enterprise Practitioners' Group.

"Because there are multiple delivery agents clients and employers are able to play one off against another."
Jobs and Enterprise Practitioners' Group.

Economic development

- 6.9** Economic development – efforts to increase employment opportunities by attracting new businesses into an area or by encouraging existing business to expand – is a crucial tool for both central and local government.
- 6.10** However, there is sometimes tension between local authorities and Regional Development Agencies (RDAs) on the direction of economic development. Tensions often arise around the RDAs' lack of democratic legitimacy and local authorities' perceived reluctance to see 'the big picture' on economic development.
- 6.11** There has also been a problem in reconciling the priorities identified by Community Strategies, produced by LSPs, and those of the Regional Economic Strategy (RES), produced by the RDA.

Consultation responses and comments from the Practitioners' Group

"Experience in Doncaster has demonstrated that the most successful solutions are those that are identified locally, but with the support of professional expertise leading to local implementation. Our perception is that local communities do not recognise the RES, or its supporting plans, assisting them with specific problems. As a result it is difficult for the RES to become mainstream in focusing on exclusion."

Doncaster Metropolitan Council quoted in *The Impact of the Regional Economic Strategy on Social Inclusion*, Yorkshire and Humber Regional Assembly, 2003.

- 6.12** As a result, there has been little or no systematic effort to align Community Strategies with RESs – from either direction. This problem is made worse by the reluctance of LSPs to prioritise employment and economic issues.
- 6.13** Also, economic development strategies and the institutions involved in them (RDAs, LSCs) have not had enough of a focus on deprivation and social issues.
- 6.14** In addition, there is evidence that regional economic development is concentrating resources in some areas at the expense of others. RDAs have sought to move away from promoting economic development across the region. Instead, the resources are focused on strategic growth areas – those areas which have the greatest potential for economic growth.⁶⁹

The role of Local Strategic Partnerships

What are Local Strategic Partnerships?

LSPs are single bodies, aligned with local authority boundaries, that bring together at a local level the different parts of the public sector as well as the private, business, community and voluntary sectors so that different initiatives and services support each other.

They have the following core tasks:

- prepare and implement a Community Strategy – a Community Strategy should promote the economic, social and environmental well-being of the local area
- explore the scope for bringing together and rationalising existing local plans, partnerships and initiatives
- work with those local authorities that are developing a Local Public Service Agreement (LPSA) to help devise and meet suitable targets; and
- in those areas eligible for the Neighbourhood Renewal Fund (NRF), to develop and deliver a local neighbourhood renewal strategy to close the gap between deprived neighbourhoods and the rest, and to contribute to the national PSA targets ('floor targets') designed to tackle deprivation in employment, education, crime, health and housing.

Only those LSPs operating within the 88 most deprived local authorities receive NRF.⁷⁰ Seventy-eight per cent of concentrations of worklessness are in the 88 local authority districts eligible for NRF.

6.15 The LSPs are best placed to co-ordinate activity in the area of 'worklessness' and to address the problems listed above. The LSPs offer a potential forum for the government agencies, local authorities, local business representatives, training providers and community representatives to agree a long-term, co-ordinated approach to, and local targets for, tackling unemployment in the most disadvantaged groups and areas. Involvement in the LSP by an organisation like Jobcentre Plus opens up the potential for collective solutions to problems relating to worklessness; working with businesses and local bus operators to ensure that employees can reach employment sites, for example.

6.16 However, this has not always happened in practice.

6.17 One of the LSPs' key aims is to rationalise existing initiatives and organisations. The profusion of organisations presents a confusing picture to workless people and employers. Strong representation on LSPs from employment-related organisations will help efforts to rationalise existing initiatives and partnerships in this field.

6.18 Although LSPs have been combating worklessness as one of the core tasks, their record in this area has been poor and they have generally been unable to address the problems listed above. They have tended to give worklessness issues a low priority due to:

- poor engagement between LSPs and employment and enterprise organisations, such as Jobcentre Plus and Business Link Organisations; and
- local residents' focus on liveability issues – at the expense of employment and enterprise.

6.19 A recent evaluation of LSPs shows that:⁷¹

- Jobcentre Plus (or rather its predecessor the Benefits Agency/Employment Service) is present as a core member on just 37 per cent of all LSPs compared to 93 per cent (Primary Care Trusts and the police), 59 per cent (higher/further education providers) and 55 per cent (LSCs); and
- small business services are represented on just 5 per cent of all LSPs, whereas transport operators are represented on 20 per cent. In addition, 28 LSPs in neighbourhood renewal areas have little or no business involvement.⁷²

Leeds City Council and Leeds Jobcentre Plus Job Guarantee Programme

The **Job Guarantee Programme**, developed by Leeds City Council in partnership with Jobcentre Plus, provides an excellent example of how partnership working can affect change at a local level.

The programme offers guaranteed employment to disadvantaged people on the condition the participant successfully completes a bespoke training course tailored to meet the needs of a specific employer or sector within the city.

The programme moves away from non-inclusive models of recruitment and enables disadvantaged people to gain the skills and accreditation they require to enter a competitive labour market. The programme is delivered in strategically located Family Learning Centres, which also house childcare and personal support facilities.

The tailored training programmes ensure employers have access to a pool of prepared and enthused staff who are predisposed towards further training and up-skilling, helping to ensure that staff retention remains high.

The council provides details of planning applications to Jobcentre Plus, enabling Jobcentre Plus staff to become involved at an early stage. A programme in partnership with Tesco helped 243 unemployed people (50 per cent of the total workforce) secure employment at a local store. Included in this group were 35 lone parents, 18 who were unemployed for over two years and 10 who were over 50 years old. Tesco is replicating this model across the UK.

Local Strategic Partnerships reflect the concerns of local residents

6.20 LSPs enable local stakeholders to address issues that matter to local people. They must work for – and be seen to work for – the people they serve. Involving local people and communities is vital for the successful development and implementation of community strategies and local neighbourhood renewal strategies, and is key to achieving lasting improvements.

6.21 But many local residents do not see employment and enterprise as a key concern. They may want action on ‘liveability’ or ‘social’ issues – the environment and crime, for example – rather than unemployment, which may be perceived as an ‘individual’ issue. Between 2001 and March 2003 just 8 per cent of LSPs total Neighbourhood Renewal Funding was spent directly on worklessness and employment issues.⁷³

“Employment/unemployment not seen on the whole by local people as an issue.”

Jobcentre Plus Partnership Division referring to the Local Public Service Agreement (LPSA) 2 pilot submitted by Norfolk Local Authority.

The way forward

- 6.22** Ensuring better co-ordination between those agencies with responsibility for promoting jobs and enterprise will not happen overnight. However, it is clear that improvements have already been made in this area and that there is a widespread recognition that partnership working is key to promoting employment in deprived areas and among disadvantaged clients.
- 6.23** There is already a range of mechanisms that can be used to enable different organisations to work together more effectively: LSPs, Single Local Management Centres (SLMCs) and LPSAs, for example. There are also a number of new ideas that will soon be available: Local Public Service Boards (LPSBs) and LAAs, for example.
- 6.24** The remainder of this chapter explores potential solutions to the poor co-ordination and organisation of agencies at a local level.

Promoting membership of LSPs among employment and enterprise related organisations

- 6.25** More priority needs to be given by LSPs to the problem of worklessness. To achieve this, more organisations with an interest in this area – such as Jobcentre Plus and Business Links – need to be core members of LSPs.
- 6.26** Much has been done in this area, particularly in relation to Jobcentre Plus. Jobcentre Plus is a national organisation split into nine regions in England and into 90 districts. Jobcentre Plus is the main vehicle for delivering the Government's aim, expressed through Department for Work and Pensions (DWP) PSA 4, of promoting employment among deprived groups and areas.
- 6.27** Jobcentre Plus distributed a 'partnership strategy' to all Jobcentre Plus offices in March 2004. This recognises that, as activity becomes increasingly focused on those furthest away from the labour market, it will be progressively more difficult for Jobcentre Plus to achieve its own objectives and targets without working effectively in partnership with other agencies, such as LSPs.
- 6.28** The strategy recognises that Jobcentre Plus shares a number of interests with LSPs (and Community First Partnerships in Wales and local authority led partnerships in Scotland). These include the need to develop a shared analysis of local needs with partners and to place the delivery of Jobcentre Plus in the context of the wider plan for the local area. The LSPs' plans are likely to include several areas with a direct Jobcentre Plus interest, such as regeneration projects including neighbourhood renewal programmes, transport strategies and local authority employment policies.
- 6.29** The strategy stipulates that engagement with LSPs is 'non-discretionary and Jobcentre Plus must seek to play an appropriate and effective role'. Increased local flexibility, announced in the Building on New Deal paper, will help Jobcentre Plus managers work more effectively with LSPs and other important organisations, such as Regional Skills Partnerships (RSPs).
- 6.30** Participation on LSPs will also provide an opportunity for closer collaboration between Jobcentre Plus and Business Link Organisations – ie in providing support to employers/entrepreneurs seeking advice on recruitment, and allowing Jobcentre Plus to market their services to employers/entrepreneurs via Business Link.
- 6.31** Businesses and employers (and associated organisations, ie the Chambers of Commerce) are also represented on LSPs – sometimes these organisations lead LSPs. Promoting Jobcentre Plus and Business Link involvement in LSPs would enable them to work better with these organisations.

- 6.32** In addition to the Jobcentre Plus Partnership Strategy, the Pre-Budget Report in December 2003 announced that Jobcentre Plus district managers and Action Team for Jobs (ATfJs) contractors will have greater discretion to direct resources towards the most disadvantaged in their areas. The inability of Jobcentre Plus to contribute financially to joint partnership activity was an issue raised during the course of the Social Exclusion Unit's project. The new District Managers' Discretionary Fund, available from April 2004 and worth between £70,000 and £125,000, can be used to fund joint initiatives with local organisations – like LSPs – that will breakdown barriers to employment.
- 6.33** The importance of working with LSPs is seen in the 'Working Neighbourhood' pilots, currently underway in 12 locations throughout Britain. Each site will receive around £1 million per annum for a discretionary fund to give Jobcentre Plus staff the flexibility to deliver services that best meet the needs of the local community. The LSP will have responsibility for signing off how the money is spent.

Enterprise organisations

- 6.34** From April 2005, the responsibility for the management and delivery of Business Link services at regional and local level will be transferred to the RDAs. Delivery plans for the Business Link service will be agreed within each region aligned to the priorities of the RDA. Regenerating urban communities is a key priority for RDAs.
- 6.35** In addition, the presence of Business Link Operators (BLOs) on LSPs appears to be improving since the publication of the LSP evaluation.⁷⁴ A recent survey conducted by the SBS⁷⁵ found that the majority of BLO respondents were represented on at least one LSP and that 19 BLOs believed they were 'very' or 'quite' influential in determining the considerations of LSPs.
- 6.36** The interim evaluation of 'business brokers'⁷⁶ found that they have become increasingly valued on LSPs, and that LSPs are now 'developing a sense of purpose and understanding of the potential of the private sectors contribution'.

What are business brokers?

Business brokers support existing small businesses, encourage start-ups and get people into jobs in some of the most disadvantaged communities. They are also boosting business representation on LSPs.

Other mechanisms

- 6.37** The activities of LSPs reflect local needs – not centrally determined priorities. Therefore, LSPs cannot be instructed to concentrate on any one particular issue, such as worklessness, they can only be encouraged.
- 6.38** However, there are several other ways to help agencies work together in this area to promote jobs and enterprise at the local level through the following mechanisms:
- LPSAs
 - LPSBs
 - Local Authority/Jobcentre Plus/Partnership Accord
 - SLMCs; and
 - LAAs.

6.39 In addition, the forthcoming RSPs will have an important role in making the links between work at a local level to tackle skills and employment issues and the RDAs' Regional Economic Strategy. RSPs could be given evidence on concentrations of worklessness in their regions and they will be able to take decisions at regional level on how best to develop solutions that fit with the Regional Economic Strategy.

Local Public Service Agreements

6.40 LPSAs were developed in 2000. They involve central and local government voluntarily agreeing to stretch performance targets that would deliver improvements in outcomes for local people, and contribute towards the achievement of national targets – such as DWP PSA 4. Success attracts a reward grant, and there is a financial contribution at the outset to 'pump-prime' the improvements.

6.41 The second generation of LPSAs – the timing of which will be agreed between the partners – differ from the first, as the focus will be on priorities for improvement locally rather than on national targets. There will be a greater effort to 'concert the activities of partners locally'. There is also the potential for creating 'explorer partnerships' which involve greater collaboration between the Government and an individual local authority on a specific aspect of a target – such as improving employment rates among ethnic minority communities.

Local Public Service Boards

6.42 LPSBs are an executive arrangement within LSPs that place greater emphasis on the role of the local authority and other public sector partners in taking decisions on behalf of the area as a whole.

6.43 LPSBs will be expected to give greater force to the push to rationalise existing partnership bodies. They will also aim to achieve 'relaxation' or to opt-out from national targets (by negotiation) where these are accepted as being counter-productive to achieving locally agreed objectives.

6.44 LPSBs will initially be limited to local authorities classified as 'excellent' under the Comprehensive Performance Assessment, the inspections system for councils, but with the intention of extending it to those deemed 'good'. Pilots are expected to start in 2005.

National Partnership Accord

6.45 The National Partnership Accord, created in 2003, sets out the basis for improved collaborative working at a local level between the DWP, Jobcentre Plus and local authorities. It takes forward the shared priority between central and local government of helping the 'hardest to reach' into work.

6.46 In June 2004, a 'toolkit', giving practical examples and advice, was published to encourage local authorities and Jobcentre Plus districts to develop a coherent employment strategy to link 'hard to reach' groups with sustainable employment.

Single Local Management Centres

6.47 The SLMC approach will identify and bring together local stakeholders involved in local service delivery to explore better ways for working that would remove local bureaucracies and create more time for frontline delivery activities.

6.48 The approach presents an opportunity for innovative solutions to address local or national 'red tape', and for more radical thinking around pooling budgets, improved joint working and streamlined delivery.

6.49 The SLMC approach started in 2003 and there are currently 12 SLMCs in operation. In a number of areas, the SLMC is seen as an important strand of LSP development.

Local Area Agreements

6.50 The Spending Review 2004 announced new 'Local Area Agreements' (LAAs). They will simplify funding streams, allow more flexible local solutions for local problems and will help join-up public services at a local level.

6.51 The agreements will be between the Government, local authorities and the major delivery partners in an area (working through the LSP) to focus on:

- a range of agreed outcomes that are shared between the partners and which they all agree to work towards; and
- rationalisation of the funding programmes providing support to the area (allowing much more flexible use of the resources between partners towards shared outcomes).

6.52 The proposals for LAAs also offer the potential for LSPs to engage effectively with central government before the imposition from the centre of initiatives and programmes. This would allow the LSP to function as the gatekeeper of initiatives or programmes coming out from the centre.

Local Area Agreements

LAAs are intended to build on the existing LPSAs and to provide a means for rationalising Area-Based Initiatives (ABIs) and ring-fenced funds, and to give greater freedom to local agents over how money is spent. The idea is that instead of each department launching its own initiatives, these will be brought together and managed in a single agreement with each LSP. The process will take the following form:

1. Departments outline their outcome priorities, their geographical priorities, and the funding they wish to commit to this programme.
2. Government Offices will then be responsible for overseeing a series of conversations with each LSP about the targets to be specified in the agreement, which will be divided between a series of high-level aims. The agreement will then specify the targets and the associated funds available to spend in the pursuit of those targets. NRF funds will be used towards all these targets.
3. Once the agreement has been made, LSPs will be responsible for spending the money how they see fit in order to achieve the outcomes set out in the LAA.
4. Government Offices will be responsible for performance managing LSPs on behalf of departments.
5. There will continue to be an element of reward grant, dependent on the LSP achieving its outcome targets through the LPSA mechanism, which will form part of the broader LAA.

6.53 The ODPM published a prospectus on LAAs in July 2004. The intention is to have LAAs in place from 2006/07, with pilots in each of the English regions starting in 2005. The Social Exclusion Unit will work on the development of LAAs and will aim to ensure that the pilots explore the issue of worklessness.

What these changes could mean in the future

John runs a voluntary sector one-stop shop specialising in employment advice in a deprived estate. He used to have to spend much of his time producing reports to satisfy the requirements of the many funding streams which he received, which he found demoralising and a waste of time. But the local council's new LAA with the Government has drastically reduced all that, and John is able to spend less time filling in forms and more time working with clients.

CHAPTER 7: Better support for people with multiple disadvantages

The problem

Government policy has been very successful in helping and supporting most people to move from welfare to work. But for the **most** disadvantaged – often those with multiple problems – this transition has been more difficult.

People who are relatively **less** disadvantaged are easier to help and have therefore been the main beneficiaries of the Government's Welfare to Work policies.

The way forward

The Department for Work and Pensions' (DWP) report *Building on New Deal* proposes increased flexibility for Jobcentre Plus staff to tailor services to meet individual needs. It recognises that a separate approach, including specialist help and a national strategy, is needed for the most disadvantaged clients.

In developing this national strategy, the DWP will consider:

- outreach using community-based personal advisers
- an expanded range of tailored support, including intermediate labour markets
- an appropriate target regime
- a 'work-focused' rather than a 'work-first' approach; and
- a more flexible attitude towards compulsion for clients participating in specialist provision.

The Social Exclusion Unit will work with the DWP to inform the development of this strategy.

The problem

Who are people with multiple disadvantages?

7.1 The term 'multiple disadvantage' is used to describe some of the serious issues a person can face which prevent them from finding a job.⁷⁷ These issues can also discourage people from using the support that is available to help them find a job. They vary from client to client but are likely to include some of the following:

- mental health condition
- physical health condition
- disability
- low skill levels
- substance misuse problems

- lengthy spells without work
- housing difficulties
- family problems
- cultural barriers (including ‘no one round here works’ attitude); or
- criminal record.

7.2 The most disadvantaged people face many of these issues at the same time, or have one problem that is particularly severe.

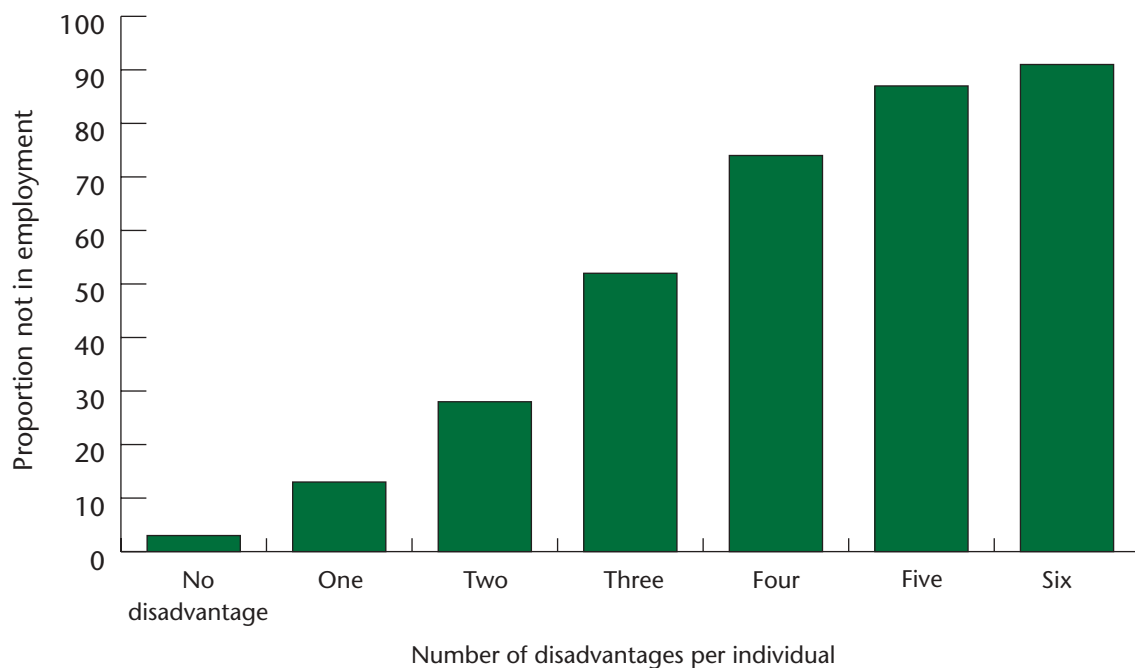
Multiple disadvantage and worklessness

7.3 Certain types of people are more likely to be workless:⁷⁸

- those over 50 years old
- single people
- those with low skill levels
- people with an impairment
- members of particular ethnic groups; and
- people living in an area with a low demand for labour.

7.4 The problem is worse for people who face multiple disadvantages, as Figure 22 shows. The problem is additive – the weight of each disadvantage adds extra burdens which makes people less likely to be in employment.

Figure 22: The chances of being out of work rises with the number of disadvantages



How many workless people are there with multiple disadvantages?

- 7.5 Estimating the numbers of people with multiple disadvantages can be difficult. Support services are not designed to provide aggregate data on the barriers faced by customers. It is also difficult to track clients' use of different services.
- 7.6 However, it is possible to estimate the number of workless people with complex needs using other data sources. Research suggests that in 2001 there were approximately one million workless people with three disadvantages in relation to employment.⁷⁹
- 7.7 Jobcentre Plus has estimated that 62 per cent of the clients of Action Teams for Jobs (ATfJs) have multiple disadvantages – a figure that will probably increase as the ATfJs increasingly focus on customers who are not on Jobseeker's Allowance.

Multiple disadvantage and concentrations of worklessness

- 7.8 Many concentrations of worklessness are in deprived areas: over three-quarters of all 'concentrations of worklessness' fall within the 15 per cent most deprived wards. Deprived areas also have many residents with multiple disadvantages – such as problems in relation to drugs and physical and mental health problems.

What is happening already?

- 7.9 Jobcentre Plus has a national 'points target' which is subsequently broken down to targets at regional, local and even individual level. The points system aims to focus efforts and resources on helping into work clients belonging to 'priority groups', such as lone parents, people on Incapacity Benefit and residents of some disadvantaged areas.
- 7.10 In addition, there are a number of area-based programmes that operate in areas of high rates of worklessness: Employment Zones (EZs), ATfJs and Working Neighbourhoods Pilots (WNPs), for example.
- 7.11 There are also a number of programmes and pilots designed to help disadvantaged client groups. These include progress2work and progress2work LinkUP, Pathways to Work, StepUp and the New Futures Fund.

What is the problem with existing provision?

- 7.12 The Government's Welfare to Work policy has been successful in reducing worklessness for some disadvantaged groups.
- 7.13 But there is considerable evidence to show that the **most** disadvantaged within deprived communities are not benefiting from this improvement to the same extent. And the more complex a person's needs, the more likely they are to fall between the gaps in the services society provides.⁸⁰

“Evidence from a range of sources indicates that national training programmes have not been very effective in meeting the needs and improving the employment prospects of groups who face the greatest disadvantages in the labour market ... There is strong evidence that the New Deals have been relatively less successful for more disadvantaged client groups. In all cases, achievement of job outcomes has been lower for those with poorer educational qualifications and skills, for those unemployed longer and with less work experience, for those with poor health and disabilities and personal problems such as alcohol or drug dependency, homelessness, or a criminal record, and for ethnic minority groups.”

25–40 per cent of clients have needs which cannot be met in the current 39-week timescale that operates in EZs.

Employment Zones – A study of local delivery agents and case studies, DWP 2002.

7.14 The Social Exclusion Unit has identified six reasons why multiply disadvantaged clients do not benefit to the same extent as less disadvantaged clients:

- multiple disadvantages are not addressed
- targets that create perverse outcomes
- ‘cherry picking’
- unsuitable jobs too soon
- a need to build trust; and
- issues around compulsion and sanctions.

Multiple disadvantages are not addressed

7.15 Jobcentre Plus has a number of programmes that offer a discrete range of support based on the particular need they are targeting. Some programmes are flexible enough to address a wide range of issues. For example, the progress2work and LinkUp programmes, albeit relatively small, allow for the creation of personalised packages of support that target the sometimes overlapping needs around drugs, alcohol, offending and homelessness. But the majority of programmes are mostly offered only in small areas of need which do not overlap, and it is very difficult to access the support from two (or more) different programmes.

7.16 Organisations such as Jobcentre Plus, which have an employment focus, often lack the range of skills and experience to understand and help clients with multiple disadvantages. No single mainstream programme offered by the organisation covers the entire range of needs and the additive problem of multiple disadvantage – where the effects of having a number of needs pile on top of one another – is not addressed.

7.17 Some clients face significant personal problems that need to be overcome before even thinking about employment issues becoming a realistic possibility.⁸¹ The employment problems of these clients are deeply rooted in other social problems. These can include individual problems, such as poor health, drug and alcohol misuse, family crises, and severe self-esteem issues, as well as prevailing cultural attitudes to work and learning in their immediate communities.

“One Personal Adviser working on the New Deal for Lone Parents says ‘You almost had to be a social worker to start with because they’d got emotional and other problems’.”

Working Brief 118 – Lone Parents, CESI.

“Some staff, across the different Jobcentre Plus roles, reported that they did not have the necessary knowledge and expertise to conduct their jobs effectively.”

Experiencing Jobcentre Plus Pathfinders: Overview of early evaluation evidence, DWP, February 2003.

- 7.18** Clients often have a greater range of problems than mainstream employment programmes are designed to cope with. They require specialist support delivered by organisations which have expertise in understanding and meeting their range of needs.

Targets that create perverse outcomes

- 7.19** The targets that are set for Jobcentre Plus are designed to encourage staff to focus on disadvantaged clients. However, the evidence is mixed on whether this approach works.
- 7.20** There is some evidence that the points system had encouraged managers to focus resources on some disadvantaged groups.⁸² But not all such groups are covered yet – offenders or drug abusers, for example – although the DWP is considering this. Also, the extra points currently available for job entries in disadvantaged areas have not increased job outcomes. Staff complained that the system did not fully reflect the extra work involved in helping some of the priority clients.⁸³
- 7.21** As described below, evidence from other sources suggests that the targets for getting the most disadvantaged into employment had actually created the opposite effect.

‘Cherry picking’

- 7.22** The target system does not recognise that some clients within the target groups are easier to help than others. For example, some lone parents have high skill levels and a good career history. The target system therefore provides incentives to staff to cherry pick those within designated groups that are easiest to help into employment.

“The pressure to meet job entry targets means that Jobcentre Plus and provider staff focus their efforts on those clients who are most job ready within each client group.”

A New Deal for All, National Employment Panel (NEP) report on New Deal 25 Plus, January 2004.

Unsuitable jobs too soon

- 7.23** Targets for job entries can result in the clients furthest from the labour market being pushed towards employment opportunities before they are ready, or being pressured into accepting unsuitable employment which they leave soon after.

“Targets drive adviser behaviour in Jobcentre Plus. For example staff will send people to jobs who aren’t ready.” Jobcentre Plus manager.

“Some Jobcentre Plus targets contradict the principles at the heart of the personal adviser model. Work with Personal Advisers has found that they feel targets work against the ‘client centred’ approach they have been encouraged to develop. Targets are said to encourage advisers to place clients into unsuitable and unsustainable jobs.”

Joyce & Pettrigrew, Personal advisors in the New Deal 25 Plus and EZs, DWP 2002.

A need to build trust

7.24 Cherry picking and pushing people into unsuitable jobs creates distrust between Jobcentre Plus and the communities they serve, including employers. Also, targets can create perverse outcomes for clients with complex needs if they discourage staff from engaging in activities like relationship building, which have a longer-term payoff.

7.25 Many clients with multiple disadvantages report that they mistrust state delivery agents, particularly jobcentre Plus. This lack of trust means that recent reforms to welfare policy have not been as effective as they might have been, as chapter 9 on work incentives shows. The relationship of lone parents to the jobcentre illustrates this point. The evaluation of a Lone Parent Outreach programme highlighted their opinions of the jobcentre.

Few customers had visited a jobcentre. Of those who had been in contact, their visits were typically occasional, ‘one-off’ enquiries often made some time in the past. The general preconception was typically negative.

Engagement by Outreach staff who were or had been single parents themselves made a difference to customer perceptions and trust. Others were drawn particularly because it was “someone other than the Jobcentre”.

“The programme for Lone Parents would probably perform better if it was not run by the Jobcentre – if it was totally independent – because it is not just the suspicion that clients have its also the suspicion that community organisations have.”

NDLP Adviser, Hirst *et al.*, *Evaluation of Lone Parents and Partners Outreach Service*, DWP, December 2003.

7.26 The ability to build trust between a client and a personal adviser is hampered by the time constraints and target pressure faced by Jobcentre Plus staff.

“The target regime, combined with excessive paperwork results in inadequate time and attention for the client.”

A New Deal for All, NEP report on New Deal 25 Plus, January 2004.

7.27 People find it easier to build relationships with other people who share similar experiences and who are part of the same community.⁸⁴ ATfJs pilots deliberately recruited a proportion of their advisers from the areas they served, but there is no overall policy for this within mainstream employment services.

“The evidence from this review ... indicates the importance of a local presence within the neighbourhood in easily accessible locations; of involving the local community in the developments of local initiatives so that they have a stake in them; of ‘intermediary’ organisations who can gain the trust of local people.”

Ian Sanderson, *Work & Skills in Deprived Neighbourhoods: A Review of Evidence*, Neighbourhood Renewal Unit (NRU), 2003.

Compulsion and sanctions

7.28 One of the core principles of *Building on New Deal* is a national framework of rights and responsibilities. Although compulsion and sanctions have proved effective motivators for many clients, there is evidence that compulsion – in the guise of benefit sanctions – are not effective at engaging clients with a number of disadvantages.

“Our perception is that in some cases they [sanctions] are used with the wrong people, including the most vulnerable, who have not intended to break the rules.”

A New Deal for All, NEP report on New Deal 25 Plus, January 2004.

“Emotionally, sanctioned jobseekers generally felt **‘fed up’** and **‘stressed’** about losing their benefits. Some jobseekers felt that the impact on their mental health had been quite serious; claiming Income Support because of depression, or relying on prescription drugs to cope.”

Saunders et al., *The impact of the 26 week sanctioning regime*, DWP Report 100, April 2001.

7.29 There is evidence that the use of sanctions on people with multiple disadvantages results in increased social exclusion and participation in the informal economy. It is also possible that some are pushed into criminality.⁸⁵ The side effects of compulsion and sanctions push those who are already marginalised further from the reach of employment organisations.

Lack of presence in communities

7.30 Jobcentre Plus offices are increasingly not found in the areas which need them most. Regions with a greater number of concentrations of worklessness have a lower ratio of Jobcentre Plus offices per concentration than regions with less concentrated worklessness.⁸⁶ This means it is more difficult for staff to engage with clients: 64 per cent of ATfjs clients strongly agreed with the statement that “I prefer to access the Action Team service in my neighbourhood rather than travel to the Jobcentre”.⁸⁷

The way forward

7.31 So far the approach to supporting clients with complex needs has been left to local initiatives and to a range of pilot programmes. Programmes such as the New Futures Fund and progress2work demonstrate that central government is able to devise programmes which successfully help clients with complex needs. What is now required is a national strategy for promoting employability for this client group.

7.32 The Government intends to test a comprehensive and consistent approach to helping the most disadvantaged clients of Jobcentre Plus. The DWP's *Building on New Deal*⁸⁸ introduces changes in the way that the Government helps people to find a job. It introduces a number of changes in the way employment programmes are designed and delivered:

- increased flexibility for frontline staff to design tailored support for individual clients
- a separate approach – including a national strategy – for the most disadvantaged; and
- using a broader range of providers to deliver services for the most disadvantaged.

7.33 The development of the national strategy and prototypes under *Building on New Deal* will consider:

- outreach using community-based personal advisers
- an expanded range of tailored support to meet complex needs, including Intermediate Labour Markets
- an appropriate target regime for clients with multiple disadvantages
- an approach that recognises intermediate steps to work, rather than simply a 'work-first' approach; and
- a more flexible attitude towards compulsion.

7.34 Any model drawing on these elements will need to be tested over a significant period, given the characteristics of this target group and the time needed for them to progress. The following paragraphs set out in more detail the elements that the design of the prototypes or pilots could include.

Outreach using community-based personal advisers

7.35 Outreach activity engages with potential clients and draws them into activities which help to make them more employable. The purpose of outreach activity is to build relationships with clients, encouraging them to use employability services, and building their trust that the service will be able to meet their needs. The process of outreach is exemplified by the DWP's Ethnic Minority Outreach initiative, which aims to increase engagement of disadvantaged ethnic minorities to help them move closer towards the labour market.

7.36 For outreach to be effective, a range of organisations should be brought together into local outreach networks, including a broad range of statutory service providers, such as GPs, the Prison Service and social services.⁸⁹ This would ensure that there are many doors which lead to employability support and, further, that clients would be able to approach organisations they trust as a first step into employability.

7.37 Local outreach networks could be co-ordinated by personal advisers employed in one or more of the community-based organisations. These community-based personal advisers would perform similar functions to those employed in Jobcentre Plus/EZs, but with the following differences:

- they would be drawn, at least in part, from the communities they serve
- they would not be part of the job centre, enabling clients to overcome any mistrust of jobcentre services; and
- they would be specialists with detailed knowledge of the local area and/or client group.

- 7.38** Under the DWP paper *Building on New Deal*, new flexibilities will be introduced which allow individual Jobcentre Plus district managers the option of pursuing specific outreach activities. Outreach is also a major factor in the progress2work and progress2work LinkUp pilot areas.

Expanded the range of support

- 7.39** Client-centred support packages begin from the premise that people with multiple disadvantages have needs that must be addressed alongside employability issues. Employability issues would be addressed at the point which it becomes relevant to the client's needs and abilities.
- 7.40** An element of this specialist support could be an Intermediate Labour Market programme designed to support clients directly back into paid employment. This could be based on an expanded version of the StepUp programme, dependent upon the results of the evaluation due in September 2005. StepUp is designed for those unemployed people who have not been able to secure a job after participating in the New Deal and who require help to make the move to unsupported employment in the open labour market. Jobs are being provided for up to 5,000 people in 20 pilot areas for 50 weeks in the private, public and voluntary sectors.
- 7.41** A range of organisations would be required to deliver the tailored support for individual clients. The organisations involved would be as diverse as the range of clients' needs: social services departments, training providers, youth workers, debt advice centres, drug/alcohol support organisations, mental health organisations, etc.

A different target regime for clients with multiple disadvantages

- 7.42** Specialist provision for clients with multiple disadvantages could have a number of 'slots' allocated to it that would be exempt from the current Jobcentre Plus target-based performance management mechanism. This intensive support could have an overall budget allocated by the Government, which would also determine the eligibility criteria for accessing them. The responsibility for this budget would be devolved to the local level.
- 7.43** Under *Building on New Deal*, Jobcentre Plus will develop and test target-incentive regimes for clients with complex needs.

A work-focused approach

- 7.44** The objective of the client-centred support package is to help the client to find work. However, the complexity of the barriers to work which clients with multiple disadvantages face means that it is more accurate to describe the package as 'work focused' rather than 'work first'.
- 7.45** Although, for some clients with multiple disadvantages, some work would be possible with appropriate levels of in-work support, for many of the clients in this group employment is not a realistic short-term goal. A job often lies at the end of a long process of engagement with a client. In order to keep the client motivated to stick with this long process, and to reward the work of delivery agents in helping them along it, it is necessary to measure intermediate outcomes for clients. It is also necessary to be aware of the very real danger of creating perverse incentives, such as placing people on a training course as an end in itself rather than the means to an end.
- 7.46** Work to implement *Building on New Deal* will include developing and testing intermediate outcomes, and a work-focused rather than a work-first approach is being considered as part of the strategy that the DWP are devising for the most disadvantaged.

A different attitude towards compulsion

- 7.47** Participation in this specialist support programme should not be compulsory. It should be a service open to clients, who could choose to access it if it meets their needs. This principle is taken from the New Futures Fund experience, where evaluation highlighted that the marketing of support as a service rather than as a compulsory programme was an important factor in clients making a positive choice to change their lives.⁹⁰
- 7.48** Clients who regularly accessed the service and who continued to receive benefit from it could be exempt from their normal benefit duties (such as Work-Focused Interviews or New Deal Options). Instead, they would be responsible for making progress against the individual plan agreed with their community-based personal adviser. Repeated failure to take actions outlined in the plan would count as a decision to no longer access the service, and clients would be returned to their standard benefit duties.
- 7.49** In this way, the strategy uses a form of light-touch compulsion. Clients are given the option to choose a range of specialist support tailored to their needs and, for as long as they continue with that choice, they could be outside the normal sanctions regime of the jobcentre. However, since clients cannot choose to refuse participation in some form of employment activity, this cannot be seen as a soft option, and the dangers of moving away from compulsion altogether are avoided.
- 7.50** The DWP will consider how a distinct approach to the most disadvantaged clients should relate to mandatory interventions and will benefit sanctions.

What these changes could mean in the future

Nick, 20, has never managed to hold down a job for more than a month, and he lives in a town that used to be dependent on steel manufacturing. He suffers from depression, and has problems with drug and alcohol abuse. He also spent a year in prison and has lost most of the contact he had with his family. He did not trust Jobcentre Plus before as he felt they were only interested in getting him any job and did not care about his other problems. But now his adviser has more flexibility, so is able to refer Nick for appropriate help before submitting him for jobs. Next week Nick will be beginning a detox programme, and he is starting to feel much more confident about his ability to work in the future.

CHAPTER 8: Housing choice, social mix and mobility

The problem

The housing market 'sorts' – or groups – the most disadvantaged people together. For example, residents with the necessary financial resources can choose to move out of poorer neighbourhoods. Housing policy can unintentionally exacerbate 'residential sorting'. Social housing is increasingly home to workless people who are sometimes housed together in the same street or on the same estate. In the 1970s, 11 per cent of households in council housing had no-one earning a wage. In 2003 it was 65 per cent.

The way forward

Concentrations of worklessness are not just an employment problem. Creating communities that are mixed in terms of the housing and the people that live in them is an important part of creating sustainable communities. Looking ahead, the Government will:

- publish updated planning policy guidance on housing (PPG3) and practice guidance outlining the principles of creating mixed communities by the end of 2004
- continue to tackle low demand and housing abandonment through the nine Market Renewal Pathfinders and expand the approach to wider areas of low demand as announced in the 2004 Spending Review
- encourage the use of low-cost home ownership to give people a stake in their local community and promote this as an additional work incentive; and
- produce practice guidance for housing authorities on local lettings policies in spring 2005 to support their use in tackling intense concentrations of worklessness.

In developing and managing homes, organisations such as housing associations and local authorities can play an important role in tackling the problem. For example, by working with local jobcentres to help tenants to get a job.

The problem

- 8.1** Chapter 4 outlined how the housing market 'sorts' or groups workless people together, and how planning and housing policy can unintentionally contribute to the problem. In some places, housing factors are a **primary** cause of the problem, in others labour market policy and economic development are more important.

Consultation responses

“Concentrations of worklessness in [our] area are associated in ‘small pockets’ within the County, often associated with social housing areas (whether Local Authority or Housing Association). These pockets are in the context of an overall situation where there is a relatively low proportion of worklessness within the County.”

Local authority, Wales.

“Local Authorities’ allocations policies over time have created ghettos of large numbers of disadvantaged people. It is not just the lazy people in an area but high concentrations of disabled, lone parents, elderly, as well as families with intergenerational poverty traits that cause the problem. Combine this with other ‘problem’ tenants that councils tend to dump onto estates (addicts, ex-offenders, ex-homeless, refugees) and a pattern emerges.”

Voluntary sector organisation, London.

“It’s safe to say that economically active people will move to the better areas of any rural, urban or suburban environment even when the housing and environment are improved. On inner city estates the low levels of self-esteem, personal responsibility and aspiration means that estates soon revert back to their previous condition.”

Voluntary sector organisation, Yorkshire and the Humber.

The way forward

Planning policy for housing

- 8.2** Planning policy and decisions affect how different types of housing are developed in local neighbourhoods. The local housing mix can affect the likelihood that the area will also be a concentration of worklessness. As we saw in chapter 4, there is a significant overlap between areas with high levels of social housing and concentrations of worklessness.
- 8.3** Local planning authorities are already encouraged to use their powers to create mixed communities through planning policy guidance for housing (PPG3): **‘Local planning authorities should ... encourage the development of mixed and balanced communities in order to avoid areas of social exclusion’**.⁹¹
- 8.4** The Office of the Deputy Prime Minister (ODPM) has also published a proposed update to PPG3. This includes a lowering of the threshold above which affordable housing can be sought, from 25 dwellings (1 hectare) to 15 dwellings (0.5 hectares). This will help to facilitate a better mix of housing on smaller development sites.
- 8.5** The Social Exclusion Unit consultation with practitioners suggests that lack of clarity as to what constitutes a mixed community causes some confusion locally. Practice guidance which will be published by the end of 2004 will outline the principles of creating mixed communities. This will provide local planners with a clearer understanding of the outcomes that the Government expects local planners to deliver.
- 8.6** The Government’s policy on Section 106 agreements (agreements between local authorities and developers negotiated in the context of the granting of planning consent⁹²) has made an important contribution to the delivery of mixed tenure developments in high-demand areas. The Government is currently consulting on the reform of this policy and will ensure that any reform supports the delivery of mixed communities.

Addressing low demand

- 8.7** Chapter 4 noted how the processes that lead to low demand and housing abandonment can also lead to concentrations of worklessness, as residents who are able to leave, generally those with jobs, do so.
- 8.8** Nine Housing Market Renewal Pathfinders have already been set up to tackle the problem of demand in the North and in the West Midlands, backed by a £500 million Housing Market Renewal Fund. Based on new partnerships of local authorities and other key regional and local stakeholders, including the private sector, the pathfinders aim to reinvigorate housing markets in these areas. This includes replacing obsolete housing with modern sustainable accommodation, through demolition and new building or refurbishment. Alongside housing, each of the pathfinders is also addressing other issues in their areas, such as jobs, and so it is vital that organisations responsible for employment and economic development play a key role in these partnerships.
- 8.9** The nine Pathfinders cover a total of 700,000 homes – approximately half all of low-demand properties. The nine Pathfinders capture over one-quarter (26.3 per cent) of the concentrations of worklessness that exist in the North West, North East, West Midlands, and Yorkshire and the Humber regions. Overall, just under one-fifth (18.5 per cent) of all concentrations of worklessness in England are covered by this policy.
- 8.10** To date, eight of the nine Pathfinders have been awarded their funding until March 2006. ‘Early action’ funding has already allowed for properties to be identified for refurbishment/demolition to make way for new mixed tenure developments that people want to live in.
- 8.11** As announced in the 2004 Spending Review, spending to help regenerate communities suffering from low housing demand in the North and in the Midlands will be over £450 million in 2007/08, compared to £180 million in 2004/05, and will be directed through the nine existing Market Renewal Pathfinders and by expanding the approach to wider areas of low demand.
- 8.12** Poor liveability can mean that people move away from deprived areas as soon as they get a job. The ODPM has a new national Public Service Agreement (PSA) target to: **“Lead the delivery of cleaner, safer and greener public spaces and improvement of the quality of the built environment in deprived areas and across the country, with measurable improvement by 2008”**.⁹³ This should encourage people to stay in these areas rather than move away as soon they can afford to do so.

Promoting the wider use of low-cost home ownership schemes

- 8.13** Low-cost home ownership (LCHO) can help working people living in concentrations of worklessness and elsewhere to own their home or a share in their home without having to move away from their local neighbourhood. The Sustainable Communities Plan highlighted the Government’s commitment to encourage social tenants to move into home ownership where they can afford to do so, while minimising the loss of social housing.
- 8.14** There are number of LCHO schemes already in existence but opportunities for social tenants to buy a stake in their home are small in scale, and practitioners have told the Social Exclusion Unit that existing schemes are too complicated, inflexible and may be financially risky for housing associations.

8.15 The Government is working closely with local authorities, housing associations and the Housing Corporation to develop a straightforward and transparent framework for LCHO that can be tailored to suit local needs. It is already taking forward recommendations from the Home Ownership Task Force report (November 2003) in order to:

- ensure better information for potential purchasers
- encourage housing associations to provide flexible tenure schemes that allow people to decrease as well as increase the share of equity that they own as their circumstances change
- include the option to increase/decrease their share of equity in smaller tranches of 10 per cent instead of the current 25 per cent
- improve the management and operation of shared ownership leases
- develop a system of performance indicators to benchmark housing associations performance on LCHO; and
- assist with the retention of affordable housing and prevent the risk of profiteering by giving registered social landlords first refusal of repurchasing property sold under LCHO schemes.

8.16 Regional Housing Boards also have to recognise the importance, and consider the use of, LCHO schemes in each region as part of their regional housing strategies.

LCHO schemes

In areas of high demand for housing it is important not to add to the existing pressures of limited availability of social housing stock, and schemes such as Homebuy have provided a useful way of reducing pressure on housing waiting lists and freeing up social rented accommodation.

Homebuy residents (and people on waiting lists) can be helped to purchase a home on the open market, with the help of an interest-free equity loan of 25 per cent of the purchase price. The remaining 75 per cent is funded by the applicant through a conventional mortgage and savings. The loan is paid back when the property is sold and is paid at 25 per cent of the value of the property at the time it is sold.

While this type of scheme does encourage greater choice and mobility, there are concerns that it can contribute to 'residential sorting' by encouraging economically active people to move away from an area. Therefore, its relevance for different areas must be carefully considered. The introduction of a new Homebuy option in the Housing Corporation's programme for 2004–2006 enables tenants and local authority nominees to buy a new build property from a housing association with an equity loan and should help to address this problem in some areas.

Conventional shared ownership residents buy a share of a property and pay rent on the remaining share. The amount of equity purchased initially is normally between 25 per cent and 75 per cent. Gradually the shared owner may buy further shares and eventually own their home outright.

In low-demand areas, conventional shared ownership schemes have been used to encourage people to remain in their neighbourhood, and have proved to be effective in attempts to regenerate failing markets and improve the mix in communities. These schemes have been effective in helping people who would not have been able to purchase a property outright.

- 8.17** The opportunity to buy a home, or a share in it, can provide a powerful incentive for people to get and retain a job, but workless people are often not aware of the opportunities that could be available to them if they were to enter sustained employment. The Government will work with housing associations and Jobcentre Plus to test out the benefits of marketing LCHO as a work incentive.
- 8.18** The good management of such schemes is essential. Tenants entering into shared ownership arrangements need to fully understand the financial responsibilities and implications of doing so. It is important that shared owners in financial difficulties receive the appropriate advice. Housing associations should ensure that systems are in place to monitor situations where arrears have built up and they should provide a prompt response in terms of money management advice and liaison with lenders.

LCHO schemes in action

Touchstone and Orbit Housing Associations, Coventry offer shared ownership schemes that allow residents to purchase a percentage share of a property, usually starting at 50 per cent, but occasionally properties will be sold on a 25 per cent share. Residents then pay rent on the remaining share. In most cases, as their circumstances improve, individuals can 'staircase' up their equity share to 50, 75 or 100 per cent. Properties include existing stock and new developments on which a percentage of property is set aside for lower cost affordable housing. As landlords, Touchstone and Orbit approve prospective purchasers, where a share is being sold which helps to perpetuate affordable housing. However, leaseholders can exercise their staircasing right and sell on the open market.

East Thames Housing Group, London, plays an active role in ensuring that residents live in balanced communities with opportunities to access good quality employment, training and education. They have already given a number of households the opportunity to 'downcase', reducing the equity they own in a shared ownership property, which allows residents to cope with significant issues in their lives such as marriage breakdown or the need to make changes to cope with issues of disability. This allows people to remain in their own homes. In a few cases this has been extended to owner occupiers, with people moving into shared ownership to avoid becoming homeless in similar circumstances.

East Thames are currently promoting a flexible tenure scheme which gives residents a range of options about the rent/equity balance that they have in their home in addition to current government programmes such as right to acquire or shared ownership. The scheme aims to encourage residents in work to stay in an area instead of moving.

Right to Buy

- 8.19** The Right to Buy (RTB) policy has contributed to mixed-tenure communities by giving working households an opportunity to stay in neighbourhoods that would otherwise be dominated by the social rented sector.
- 8.20** But ex-council properties in areas of strong housing demand are frequently let or sublet to workless tenants, and this affects attempts to improve the mix of the local population living in the local area.
- 8.21** This practice is contrary to the aim of the scheme. Action is being taken to tackle the subletting of ex-RTB homes by some companies which enter into 'deferred resale' deals with tenants to acquire properties cheaply and to let them out at market rents. A provision in the Housing Bill, which is currently completing its progress through Parliament, will require tenants who enter into such deals with companies to repay the discount.

Social housing

Lettings

- 8.22** Letting policies and practice in the social sector can contribute to the problem of concentrated worklessness if they segregate workless tenants together.
- 8.23** Over the three years to March 2003, the Government funded 27 pilots of a new approach to letting social housing – choice-based letting. This offers social housing tenants a greater choice as to where they live than in the past. More than 25 per cent of housing authorities have already adopted a choice-based letting system and all authorities are expected to have done so by 2010.
- 8.24** Anecdotal evidence suggests that the introduction of choice-based letting systems is beginning to change the socio-economic make up of some communities, with working tenants starting to move into some areas with high levels of worklessness. In areas of lower demand for housing, landlords have started to open up their stock to non-traditional clients.⁹⁴ The Government will monitor the impact of choice-based letting on social segregation as part of its ongoing evaluation of the system.
- 8.25** Existing legislation already allows the use of local lettings policies. This means that housing authorities take account of the characteristics of potential clients and how that will alter the economic or demographic make up of the local area. Where it is appropriate to local circumstances, the Government supports the use of local lettings policies to tackle concentrations of worklessness and will provide practice guidance on this issue in spring 2005. This will include information about the different type of local lettings policy that exist and their implementation.

Labour market mobility

- 8.26** Steps have already been taken to make it easier for social housing tenants to move house both within and between different regions. The 2002 Homelessness Act, for example, amended legislation governing the allocation of accommodation by local authorities that sought to breakdown barriers to cross-boundary moves.
- 8.27** The Government has also funded a number of mobility schemes over the past few years. To date, the link between residential and labour market mobility has been weak in these schemes.
- 8.28** The Government is currently in the process of introducing a new Housing and Employment Mobility Service (HEMS). This aims to improve mobility, especially labour mobility, for social housing tenants throughout the UK by bringing together information on employment opportunities and social housing vacancies, as well as transport. However, in the context of the short supply of social housing, opportunities for social tenants to choose where they live or to move between authorities, particularly in high-demand areas, are likely to remain limited.

Deconcentrating poverty in the USA

A variety of initiatives have been adopted in the USA to encourage the dispersal of concentrations of disadvantaged and workless people.⁹⁵ Since the mid-1990s, some of the largest public housing projects in the USA have been demolished and converted into mixed-income developments, for example the HOPE VI programme. It is likely that this has contributed to the decline in high-poverty neighbourhoods that has occurred in US cities such as Detroit, Milwaukee, Chicago and Minneapolis since the 1990s.⁹⁶ Many of these areas have seen significant improvements. The redevelopment of the area around Park DuValle in Louisville, for example, saw an 82 per cent reduction in crime rates.

Housing Benefit Reform

- 8.29** As chapter 4 highlighted, delays in Housing Benefit can act as a disincentive for people living in concentrations of worklessness to get a job.
- 8.30** The DWP is working with local authorities to improve the administration of the benefit. This has helped to reduce average processing times by seven days (around 5 per cent), since 2002/03, with the biggest improvements seen in some of the poorest performing local authorities.
- 8.31** More fundamentally, radical changes to Housing Benefit are being tested. The new Local Housing Allowance (LHA) provides housing support based on location and household size instead of individual rents. In the majority of cases, the allowance will be paid to the tenants. This approach is currently being piloted in nine local authorities, including areas of both high and low housing demand. Evaluations will tell us more about the impact of the allowances on work incentives, choice and mobility. The first interim report will be available by early 2005.
- 8.32** The Government also intends to extend the same approach to tenants in social housing.⁹⁷ This sits alongside other reforms that are underway, such as the restructuring of council and housing association rents, to provide people with a greater say in where they live.

What can local authorities and housing associations do to tackle the problem?

- 8.33** In developing and managing homes, organisations such as housing associations and local authorities can play an important role in preventing worklessness from becoming concentrated and in tackling existing concentrations. It is in their own self-interest to do this. Having a lot of workless and vulnerable people living together in a small area can make it difficult to let or sell properties and to manage them.

Helping tenants into work

- 8.34** Social landlords are increasingly aware of the potential role that they can play in helping tenants into employment, as part of the wider engagement in regeneration for the areas they serve. As well as helping individual tenants, there are often long-term benefits for the housing associations themselves in terms of reduced management costs. Local authority housing offices are also often a key source of advice for tenants and a potential gateway to various other government services, such as jobcentres, because of their physical presence on estates with few or no other services and their relatively trusted relationship.
- 8.35** But the Social Exclusion Unit has been told by a number of housing officers of the potential conflict between their narrow objectives on rent collection and their broader social and economic goals. Tenants who leave benefits for low paid work often have difficulties managing their money and can get into arrears and debt. This can have significant costs for the landlord, compared to the stability and certainty of payments from Housing Benefit.

8.36 Housing associations and local authorities operating in concentrations of worklessness will want to consider the support that they provide to workless tenants living in these areas. Such support can be provided in a variety of different ways, including:

- information about local employment and support services
- work with local jobcentres to reach particular groups of unemployed people
- the provision of work experience placements
- the physical co-location of housing and employment services; and
- the direct provision of support related to employment and enterprise, or additional services, such as childcare, that help tenants to get a job.

8.37 Local planners can also help to tackle the problem by providing reviews of planning applications to Jobcentre Plus, enabling staff to get involved in at early stage, for example, helping new employers to recruit staff locally. Leeds City Council, for example, has adopted this approach (see the case study at paragraph 6.19).

How do housing associations help tenants into work?

The **Metropolitan Housing Trust** is working with the local **Jobcentre Plus** in West Hendon to provide outreach targeted at lone parents who are out of work. As part of this, a New Deal adviser from the jobcentre has started to work in the local community centre to ensure that lone parents have access to advice and guidance about the New Deal for Lone Parents programme.

The **Notting Hill Housing Group (NHHG)** is based primarily in west London. While employment levels are generally high in the area, there are still small pockets of deprivation and worklessness. They provide a range of employment and training schemes for their local residents, including construction training, work placements, professional careers advice and community based job brokerage.

The **Devon and Cornwall Housing Association (DCHA)** work in rural areas, including small isolated villages, market towns and the city of Plymouth. They have set up a variety of schemes to enable and encourage their tenants into work, including:

- affordable childcare provision and training for parents as childminders in Plymouth
- a neighbourhood renewal project in west Cornwall led by residents and recruiting staff locally; and
- a pathways project which offers employment support for over 450 people in Cornwall. As a result of this, more than 200 people have a job or are working on a voluntary basis.

Both the neighbourhood renewal and pathways projects are run in partnership with Cornwall Neighbourhoods for Change.

Lettings

8.38 Housing authorities that are operating in concentrations of worklessness will want to consider using local letting policies to promote the sustainability and regeneration of these areas. Although this approach will not be appropriate in all circumstances, it has been used successfully in a range of different circumstances.

- 8.39** The Social Exclusion Unit consultations with practitioners have highlighted the importance of effective and clear nominations processes in areas where there are many people who have multiple disadvantages and who are out of work. In some cases, housing associations do not receive adequate information about tenants and are unable to meet their needs as a result. There is some good practice in these areas, for example, single registers which allow different partners to share information, but it needs to be more widespread.

Local lettings policies in practice

Camden Local Authority, London – has implemented a sensitive local letting policy for certain estates where there is a perceived need for it.

The aim of the sensitive lettings policy has been to reduce the concentration of certain needs groups, which is impacting on housing management or to the sustainability of the local community, and to promote a more balanced community by seeking to select/not select households with particular characteristics. One of the criteria for implementing this policy relates specifically to increasing the number of employed people in a certain block or area.

North British Housing Association (part of The Places for People Group) – has attempted to create a better mix in communities by developing a model where vacancies are allocated to applicants in one of three access streams:

- general stream (75 per cent) continues to offer housing on the basis of those in greatest need measured by a points system
- community stream (15 per cent) aims to extend applicant choice and counter imbalances in existing communities; and
- economic stream (10 per cent) covers people who are in employment or who want to move to the area to take up a job.

Estate viability indicators have also been introduced to monitor the community mix and to help determine future investment and local letting plans for different neighbourhoods. Consequently the ratio of lettings drawn from each stream may vary depending on local circumstances.

Tackling concentrations of worklessness

The **Joseph Rowntree Housing Trust in York** have a policy of voluntary sales on their New Earswick estate. The policy was introduced to broaden the economic base of the local community. Half of the properties that become vacant on the estate are sold. The proceeds are then used to replace stock in less deprived localities. Covenants are used to control the sub-letting of these properties and there is no discount on the property price.

Ashley ward has relatively high levels of unemployment – 6 per cent compared to 3.1 per cent in Bristol city as a whole. To tackle high levels of supported housing, including direct hostel provision in the area, **Bristol City Council** took a deliberate decision, following concerns expressed by the local community and its housing association partners, not to support any more supported housing provision in the area. The council is working with other agencies to develop services in other parts of the City.

In the context of developing a comprehensive long-term housing strategy for London, the **London Housing Board** is developing policies to develop sustainable communities across the capital. This includes tackling the uneven balance of housing provision in London where the highest concentrations of social housing are found in inner London, in boroughs which also have high concentrations of social exclusion and deprivation. Among the options the Board is considering are ways to release the equity in the high land value in some social housing to redevelop estates and to accelerate the development of choice and mobility for social tenants.

What these changes could mean in the future

Alan, 45, is out of work and lives in a tower block in an inner city area. Many of his neighbours and friends are also out of work, and Alan has found it difficult to find job opportunities as he has always found previous jobs through word of mouth. The council has often used the tower block to accommodate single homeless people who are out of work. The council has introduced a local letting policy in the area and more working people have moved in. Alan has now heard about a possible job from one of his new neighbours, as well as about a bus service to get to that work, which he was previously unaware of. He is much more confident about his future.

CHAPTER 9: Work incentives in deprived areas

The problem

Policies to 'make work pay' have had considerable success, but the Social Exclusion Unit's evidence suggests that there are still many people who do not think it is worth taking paid employment. This is because of a combination of:

- distorted perceptions of the job opportunities in the area and the support available from the Government
- remaining problems where the available work genuinely provides little or no financial gain over benefits; and
- the availability (and acceptability) of cash-in-hand work in the informal economy.

These can exist anywhere, but are more acute in places with many people out of work.

The way forward

The main policies are already in place – the in-work tax credit and the national minimum wage, as well as measures to help ease the transition to work. However, more work is needed to ensure that these reach all the people they are intended to help. The reforms to Housing Benefit and Incapacity Benefit currently being piloted should improve incentives to move into work and improve the support to help people consider their employment options.

Plans for Building on the New Deal, including greater local and individual discretion in Jobcentre Plus, should allow people and places still suffering from these problems to be targeted more effectively with whatever methods are most appropriate.

The Government will also consider:

- how it can improve the Social Fund, and how to help provide better access to affordable credit for people on low incomes; and
- ways of doing more to take advantage of some of the skills and entrepreneurship in the informal economy.

The problem

9.1 The local area issues described in chapters 2–4 can affect both the work incentives facing some people, and how they react to them. This means that, although the Government in recent years has put a great deal of resources into improving financial incentives to leave benefits for paid work, there are still people in concentrations of worklessness who do not think it is worth working.

9.2 Four factors can foster this view:

- distorted **perceptions** of the nature of job opportunities in the area, and of the financial and non-financial advantages of taking them

- a lack of awareness of the help available from the Government, or misplaced fears about the loss of benefits
- sometimes the jobs available genuinely do not pay as much as staying workless because of low wages or particularly high in-work costs like childcare and housing; and
- the availability (and acceptability) of cash-in-hand work in the informal economy, which can make a formal job less attractive

9.3 It is not always possible to completely separate problems of perception and reality with regard to work incentives. Whether it is 'worth' a particular person working is more complex than a simple calculation of in-work income minus benefit income. People make personal judgements about whether to work based on a range of factors, including the value they place on free time or family commitments, the status it brings and the nature of the work itself. Some jobs may offer little financial gain over benefits in the short term, but can lead on to more rewarding or better paid work in the longer term.

9.4 Many of the commonly known 'barriers to work' affect the relative attractiveness of a paid job compared to being on benefits. For example, for people with poor transport links near them, a job might be physically possible to get to but the journey may be too long, inconvenient and expensive compared to how desirable it is.

The way forward

9.5 The Government has given high priority to making sure that work pays, and will continue to do so. It has also put a great deal of effort into making sure that workless people understand the advantages of working, and are aware of the help that is available to look for a job. This will continue to be reflected in Welfare to Work policies, and in ongoing tax and benefit reforms. Local authorities, Regional Development Agencies (RDAs) and business support organisations will also have a role in diverting people from the informal economy into legitimate business activity.

Enhancing awareness and understanding of the advantages of working

9.6 Some misunderstandings about the tax and benefits system should be eased over time, as both practitioners and the intended recipients fully catch up with the reforms and the extra support introduced in recent years.

Jobcentre Plus

9.7 At present, New Deals participants get the personalised and intensive advice and support that has helped to overcome severe barriers to work or issues like deep mistrust of official agencies. Work-focused interviews are being extended to more benefit claimants, along with the 'Pathways to Work' pilots in Incapacity Benefit, which should mean more people get accurate and personalised information.

9.8 The 'menu' open to advisers and local managers set out in the Department for Work and Pensions' (DWP) report *Building on New Deal* will include 'motivational assistance' to address clients' concerns about the impact on their lives of returning to work. This may include the offer of in-work support tailored to the needs of the individual. The 'Working Neighbourhoods' programme, being tested in 12 deprived areas, offers further flexibility to tackle barriers and support clients in work. The DWP will also pilot help for lone parents to remain in work through an In Work Emergency Fund.

- 9.9** Putting these programmes into practice will mean communicating changes to frontline staff, and give training and encouragement to use the existing discretion as well as new freedoms.
- 9.10** Since most people moving off benefit into work will gain financially, assistance from Jobcentre Plus advisers may also include a 'better-off' calculation. This calculation cannot give the full picture of the financial impact of working, since, in the short term, in-work income can be affected by a number of factors. For legal reasons, the better-off calculation includes a disclaimer. Some practitioners have suggested that this undermines the trust between clients and their personal adviser. In their view, a firmer commitment to ensuring that the expected gains from work are realised would help to allay suspicions. The implications of such a commitment include placing undue emphasis on this, sometimes minor, part of a wider package of support but the Government will explore options for addressing these concerns.
- 9.11** The prospect of a long-term career and job progression can be important for motivating workless people to seek a job. Given the limited time, skills and experience of Jobcentre Plus staff, they cannot offer detailed careers advice. However, they do need to be aware of the need not to just focus on the entry level job as an end in itself. The Employment Retention and Advancement (ERA) scheme is already testing the effectiveness of the support for people after they have got a job. This is being evaluated over several years, but the lessons from it will be applied more widely when it is complete.

The Employment Retention and Advancement (ERA) scheme

The Government announced in the Budgets 2001 and 2002 the intention to run a demonstration project to test the effectiveness of interventions designed to improve retention and advancement rates for Jobseeker's Allowance customers and for lone parents on the margins of the labour market.

The ERA scheme will run from 27 October 2003 to December 2007 and is designed to provide robust, comparative evaluation evidence on which ERA elements help customers stay and advance in work.

It will be delivered in six Jobcentre Plus districts: South East Wales; Renfrewshire, Inverclyde, Argyll and Bute; Gateshead and South Tyneside; Derbyshire; Manchester; and north-east London.

The groups included in the research will be: New Deal 25 Plus; New Deal for Lone Parents and Working Tax Credit lone parent customers (working more than 16 hours but less than 30 hours per week). Around 27,000 customers will be invited to volunteer and to take part in the demonstration. Of these, around 13,500 customers will be randomly assigned to the programme group and around 13,500 customers to the control group.

The ERA services offered will be the following:

1. A one-to-one dedicated adviser (Advancement Support Adviser) who will work with individuals, both pre- and post-employment up to a maximum of 33 months.
2. The payment of financial incentives, which will include:
 - a retention bonus which will be a payment of £400 for customers who work 13 weeks out of a 17-week period (customers can qualify for a maximum of six payments, totalling £2,400)
 - a training bonus at a rate of £8 per hour of course study (up to a maximum of £1,000) will be paid on successful completion of an agreed training course; and
 - training course tuition fees up to a maximum of £1,000 for agreed training.

- 9.12** The 'New Deal for Skills' was announced in the 2003 Pre-Budget Report, bringing together the Government's various activities to help low-skilled people. This should help provide better quality advice to people on the margins of the labour market, with improved entitlements to training and qualifications.
- 9.13** There is still scope to improve 'signposting' – passing on information about other agencies' services, especially by Jobcentre Plus, since it is the one body that is in contact with all workless people on benefits. Any form of contact with official agencies is a potential opportunity to promote the range of services on offer, or to direct people to information about tax credits or services offered by agencies like Business Links.
- 9.14** Given the evidence on inter-generational unemployment and children's development, another important objective is to enhance the understanding, aspirations and expectations of the world of work among children and young people living in concentrations of worklessness. There are already Enterprise education schemes, and much of this can come from mainstream schools and further education policy. Connexions and youth services should be aware of concentrations of worklessness in their local area and they should develop work-related programmes for young people in these areas, possibly in partnership with Jobcentre Plus.
- 9.15** In close-knit communities that are disengaged from official agencies, and in networks of people with little contact with the labour market, there is the opportunity for wider impacts of help to get a few people into jobs. If they see a few people benefiting, this could encourage others to seek or take work.

Improving financial incentives, especially in the transition to work

- 9.16** There are already a number of measures to ease the transition to work – such as benefit run-ons, Adviser Discretion Fund, Job Grant, linking rules and Rapid Reclaim. The DWP's planned menu of solutions for advisers will build on these, as well as the experience of Employment Zones (EZs) and Action Teams for Jobs (ATfJs).
- 9.17** This menu of solutions also includes 'wage subsidies'. However, there is more work to do to determine how these will operate, and how far district managers or personal advisers would have discretion over these. They are potentially expensive, although for long-term benefit claimants there should be significant potential savings. The principle of providing extra financial help to certain people in areas facing particularly high costs – in addition to nationally set in-work tax credits – has already been broached:
- the Budget 2003 announced that in 12 locations across the country, including four in London, the Government would pilot a £40 per week in-work credit for lone parents who have been on Income Support for one year or more from October 2004; and
 - the 2003 Pre-Budget Report announced that "to tackle the particular problem of work incentives in London, all parents in London who have been out of work and on certain benefits for more than one year will be eligible for the in-work credit from April 2005".
- 9.18** The Working Neighbourhood pilots already in operation in 12 small areas across the country are already piloting a number of measures which should improve work incentives:
- a flexible discretionary fund to deal with community barriers like poor transport or childcare (as well as individual problems); and
 - retention payments for people who move into and stay in full-time work of £500 after 13 weeks in full-time employment, and a further £750 after 26 weeks.

- 9.19** Lessons from these can be applied by local managers in other areas, even if they are unlikely to have the level of resources that these pilots have.
- 9.20** A number of national initiatives will help deal with poor work incentives in deprived areas:
- Housing Benefit reforms, including pilots of a fixed personal allowance, and more money for local authorities to improve administration – although processing times in some of the most deprived districts still fall short of the Government objectives
 - the national minimum wage will rise to £4.85 an hour in October 2004, and the Low Pay Commission will continue to consider rises
 - the National Childcare Strategy, which will increase access to childcare places and which has a focus on places in the most deprived areas; and
 - Regional Skills Partnerships (RSPs), led by RDAs, with the Learning and Skills Council (LSC), Jobcentre Plus, the Small Business Service (SBS) and the Sector Skills Development Agency (SSDA), will integrate action on skills, training, business support and labour market services at the regional level. The first RSPs are in place and it is envisaged that others will follow in the course of the year up to April 2005.
- 9.21** The Government's plans to promote the wider use of Low Cost Home Ownership schemes, described in chapter 8, should not only give tenants a stake in their local community but they could act as an incentive to take up and stay in work. This is especially the case in areas where high housing costs can undermine the financial gain to employment. There is an opportunity for social landlords to market these schemes to people currently out of work who might be encouraged to take a job by the chance to gain equity in their home and to benefit financially.
- 9.22** The Government will continue to improve the Social Fund. It will also explore mechanisms that allow loans to be made available to people on low incomes. This could help people to deal with financial difficulties in the early weeks of work, without resorting to loan sharks and getting into problem debt. There would be some difficulties and cost involved, but there is a case for allowing the loans to become grants if people stay off benefits for a certain time, given the costs savings to the Government. This might also be restricted to people who have been on benefits for more than a certain time.

Helping people move from the informal economy to legal jobs and businesses

- 9.23** The Grabiner Report⁹⁸ for the Treasury in 2000 highlighted the various ways in which informal economic activity can be a problem for the economy as a whole. This led to a number of national policy changes on tax and benefits. A number of its general recommendations, including the need to help people who want to 'go legit' and the need to make it easier to enter formal employment or set up a legal business, remain valid, even though considerable progress has been made since then.
- 9.24** The Government recognises that there is potential to take more advantage of the work and enterprise that already exists in deprived areas but is unregistered. The Inland Revenue, the SBS, HM Treasury and the DWP will consider a number of ways of doing so, including directing people caught for benefit fraud and tax evasion to business support and employment advice, as well as enforcement action.

- 9.25** This could involve consideration of the use of ‘corrective’ ways of dealing with low-level ‘working and signing’ benefit fraud (ie working while claiming out of work benefits). This could build on pilots carried out by the DWP in 2003, where, for certain cases, DWP fraud officers took the decision to recover overpaid benefit but not to pursue a full criminal prosecution.
- 9.26** The evidence gathered by the Social Exclusion Unit suggests that many people who might be the target for help into self-employment or business start-ups in deprived areas are already engaged in business (some estimates suggest that up to 50 per cent are). This should be recognised explicitly, since people already working informally are likely to need a different type of help and different expertise from someone with a business plan contemplating a start-up.
- 9.27** In practice, private and voluntary sector agencies already do this, since clients are likely to be more open about the experience or contacts they already have than they would be if they were talking to a Jobcentre adviser, for example. A number of private and voluntary sector contractors in EZs said that they could use their flexibility and distance from the benefit administration to tacitly acknowledge and take advantage of work that their clients were already doing informally in the legal job market.
- 9.28** The Inland Revenue provides a helpline for people wanting to ‘come clean’ and regularise their business activities. Several local authority and voluntary sector schemes are specifically aimed at helping people to turn illegal or unregistered businesses into legal ones. Of course, this can be difficult for any official agency to deal with since they could be portrayed as condoning tax evasion, but more innovative approaches should be tested and these services can be expanded and improved.
- 9.29** A common problem relevant to all small enterprise in deprived areas, but especially to people in the informal economy, is that they may be highly skilled at hairdressing, plumbing or other trade, but have very little knowledge of finance or how to market their services other than by word of mouth. This suggests that RDAs should consider giving supporting low-cost professional services, such as accountancy and bookkeeping, perhaps focused on Enterprise Areas. There would be an ongoing need for these services, even for firms that have successfully made a transition from informal to fully legal businesses.

What these changes could mean in the future

Sarah, 40 is a lone parent living in a flat in inner London, with three children aged 5, 7 and 9. Sarah’s only job has been as a nanny when she was 19, and she is concerned that her children think she never does any work. She occasionally babysits for her friends and neighbours, for which she charges a small fee. Now that all her children have started school, Sarah has been invited to attend her local Jobcentre for an advisory interview with the New Deal for Lone Parent adviser. She is prepared to work for the time her children are at school, but is concerned that she may not earn enough to meet her needs and may lose her benefits, as many of her friends and neighbours have said it is not worth getting a job. Her adviser encouraged her to register as a childminder, calculated how much she could earn, and helped her apply for Social Fund and other relevant benefits that she was entitled to. As a result, Sarah’s income in work will be more than she received while claiming benefit – even more importantly, the prospect of work has raised her self-esteem and made her feel that she will be a much better role model for her children.

CHAPTER 10: Supporting self-employment and enterprise

The problem

Self-employment in concentrations of worklessness is half the national average. The Government is committed to promoting an enterprise culture in deprived areas and to using the untapped potential in workless communities, although it recognises that self-employment will not necessarily be the most appropriate route out of worklessness for everyone.

Support for self-employment and enterprise has had considerable success through the work of Business Link, the New Deals, projects supported by the Phoenix Fund and the measures focused on Enterprise Areas. However, there are still some challenges, including: general low levels of enterprise awareness, poor understanding among potential clients of the help available (and the division of responsibility between agencies is not always clear at the local level) and too little support for some groups, notably those out of work for less than six months or those seeking to change job.

The way forward

More effective joint working

The DWP and the DTI will work with the Regional Development Agencies (RDAs) to encourage Jobcentre Plus and Business Link to work more closely with each other and with the wider business support infrastructure. They will seek to ensure that there are no gaps between services, including better signposting for those out of work for less than six months.

Business Link operators and Jobcentre Plus both often contract out the provision of start-up services to other providers, but often in an uncoordinated and inefficient manner. DWP and DTI will examine if local providers can develop a joint contracting strategy.

Improving the services on offer

The Small Business Service (SBS) will work with Regional Development Agencies over the rest of 2004 to develop a national core Business Link offer of advice and support for those considering self-employment, and will then issue guidance through RDAs on how to implement this. Once the shape of the national core offer is agreed SBS will then discuss with RDAs the possible design of an "enhanced" offer of support in Enterprise Areas.

The SBS will work with the Community Development Finance Institution (CDFI) sector and others to investigate ways of improving the provision and accessibility of small-scale finance for those entering self-employment.

Government will produce a pre-start-up leaflet to spread awareness of what support is available and launch it as part of Enterprise Week in November 2004. It will be actively promoted to providers, potential clients and to places which may have contact with workless people.

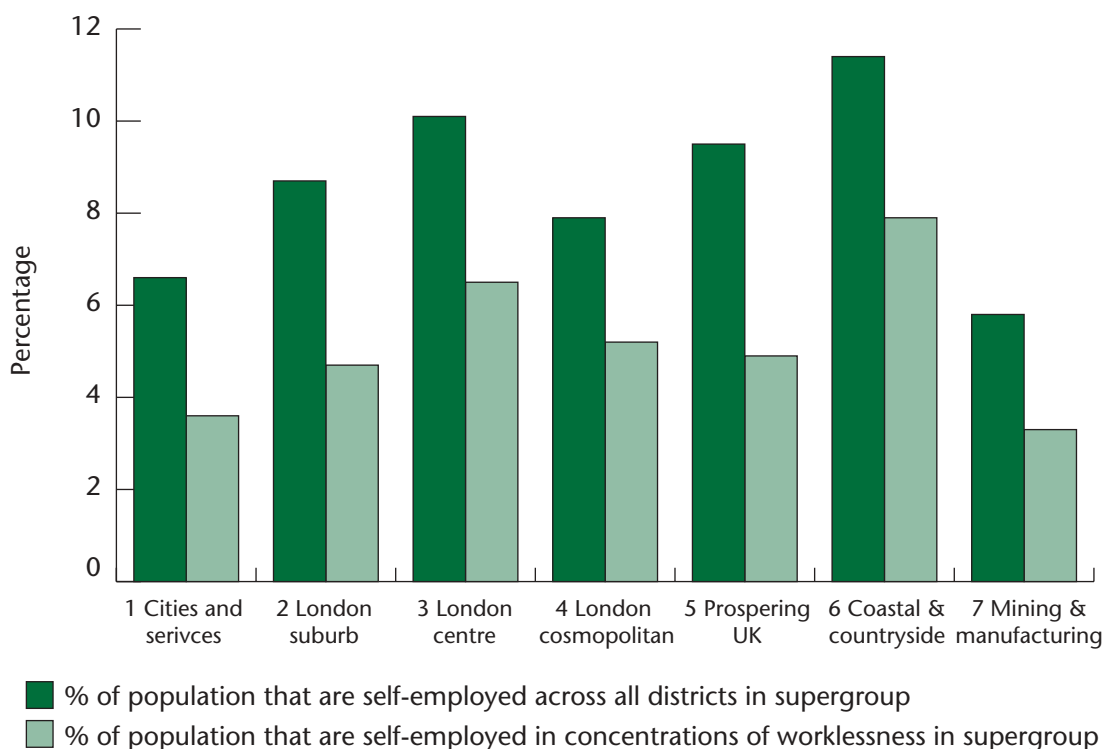
Where relevant the measures above will be particularly focused on Enterprise Areas (in England and Scotland the Areas selected are the most deprived 15 per cent of wards). The DTI will encourage RDAs to give more prominence to targets around enterprise in deprived areas.

The problem

Self-employment and enterprise in deprived areas – the evidence

- 10.1** The Government is committed to raising levels of enterprise and self-employment in concentrations of worklessness. Rates of self-employment in those areas are, on average, half those in England as a whole. Of the working-age population, 4 per cent are self-employed compared to 8 per cent in England as a whole.⁹⁹ A little over 9 per cent of **employed** people¹⁰⁰ in concentrations of worklessness are self-employed compared with almost 14 per cent of all employed people in England. This is not surprising given the inevitable link between local wealth and business sustainability.
- 10.2** This implies that an extra 130,000 people would have to become self-employed if rates of self-employment in concentrations of worklessness (among the 16–74-year-old population) were increased to the England average.
- 10.3** There is a strong overlap between workless streets and Enterprise Areas. Three-quarters of concentrations of worklessness are located in Enterprise Areas. As might be expected, the level of self-employment in Enterprise Areas is disproportionately low. One in 20 people are self-employed in Enterprise Areas compared to one in 12 in England as a whole.¹⁰¹
- 10.4** Enterprise Areas have particularly acute problems of worklessness. Therefore, an important focus of the Government's action to increase self-employment and enterprise will be focused on these wards.
- 10.5** Not all concentrations of worklessness have low rates of self-employment. Across the streets with the highest rates of worklessness, rates of self-employment range from zero to half of the working-age population. Although the majority of concentrations of worklessness do have below average rates of self-employment, 7 per cent have rates **above** the national average. The greatest proportion of those above-average areas (22 per cent) are in London and the least are found in the North East (3 per cent).
- 10.6** Looking at different **types** of areas (as classified by the Office for National Statistics (ONS)), Figure 23 shows that rates of self-employment in concentrations of worklessness are lowest in mining and manufacturing areas (3.3 per cent) and are highest in coastal and countryside areas (11.4 per cent).

Figure 23: Rates of self-employment are lowest in local authorities classified as mining and manufacturing



Challenges for individuals considering self-employment

10.7 Overall, and as with paid employment in general, certain factors make it easier for people to enter self-employment, such as living with a partner or having qualifications.¹⁰² Groups that face specific barriers to work are often unlikely to be able to enter self-employment. However, it is important to understand people's motivations – for some, such as ex-offenders, self-employment may be the only route back to work. Similarly, a 2003 Countryside Agency report¹⁰³ noted that “there are some very vulnerable groups amongst the rural self-employed, especially the estimated 75,000 on very low earnings ... and the 230,000 who become self-employed from unemployment or economic inactivity”. In other words, many of the self-employed are so because they have no better choices for work.

10.8 For a business to be successful, a number of factors need to be in place including good accessibility (such as the location and operating hours of the business and transport links to get there) or the availability of affordable childcare.

10.9 Of course some people already have businesses but are operating in the informal economy (see chapter 9 on Work Incentives). Here the challenge is to encourage them to make the transition into the formal economy – paying taxes and complying with the relevant regulations.

10.10 Although self-employment will not always be a viable route out of worklessness, there are clear benefits to deprived communities for having an enterprise culture, which is why the Government has support in place for those hoping to take this route into work.

Government support for self-employment and enterprise

10.11 Annex B provides an outline of the main parts of central government responsible for promoting self-employment and enterprise – the DTI through the SBS and the DWP.

The way forward

Problems in policy delivery and how the Government will tackle them

10.12 The Social Exclusion Unit consultation, area studies and work with practitioners found that, although there is a range of support in place, there are problems with delivery that need to be addressed. Delivery arrangements are currently being revised as set out in the 2004 Spending Review, particularly in regard to the management of the Business Link service at regional and local levels. This is being transferred to the RDAs and the Government is currently discussing with these bodies how the tasking of delivery will take place in the future.

10.13 The areas where the Government believes that improvements can be made to the delivery of self-employment and enterprise support are:

- joined-up delivery and joined-up contracting
- better support for currently under-served groups
- a national 'core' offer of support and, potentially, an enhanced offer in deprived areas
- better provision of small-scale finance, especially for those aged 30–49
- better communication and promotion of self-employment support; and
- increased linkage between national and local targets on enterprise in deprived areas.

10.14 In tackling these, the Government will build on a number of changes that are already in train:

- the DWP's consultative paper *Building on New Deal*
- the SBS's review of self-employment support
- commitments in the 2003 Pre-Budget Report
- the designation of 2,000 Enterprise Areas
- the 2004 Spending Review; and
- devolution discussions around RDAs and plans for Business Link Operator (BLO) activities.

Joined-up delivery and contracting

10.15 Government departments are generally aware of each other's responsibilities in this area, as described earlier in this chapter, even if this is often in terms of overall goals rather than specific tasks for their agencies. However, the different agencies on the ground do not always understand the roles of other organisations, and there is not enough information about what is available for potential clients.

10.16 As with any set of organisations with different perspectives and priorities, it is vital that Business Link and Jobcentre Plus work together more systematically. Jobcentre Plus district managers and Business Link need to discuss how they can support each other's targets on start-ups and self-employment, and they also need to share information about signposting. Many Business Link operators do have a regular presence in Jobcentre Plus offices, with, for example, a BLO adviser

being available once a week. However, this is not always as proactive as it could be, since it relies on advisers knowing what each other can offer and that the service is there in the first place. As well as increased discussions, there needs to be more proactive communication with clients and providers, and this is picked up in the section 'Communication and promotion' below.

- 10.17** It is also important that Business Link and Jobcentre Plus connect with the wider business support infrastructure, such as Learning and Skills Councils (LSCs) and micro-finance providers, which is better co-ordinated at the regional level by RDAs. It is also important to learn from innovation and good practice. Through the Phoenix Fund, the SBS have helped test new innovative solutions with specific groups and communities. The SBS is commissioning a study on how the lessons from this can be applied more widely.
- 10.18** BLOs and Jobcentre Plus both often contract out the provision of start-up services to other providers, but often in an uncoordinated and inefficient manner. Furthermore, some Jobcentre Plus offices have contracted to a BLO in the past and then changed to another provider, which can reduce the level of trust between the two organisations. Since both Business Link and Jobcentre Plus are acting on behalf of the Government, and both are seeking in part to support self-employment, it would be sensible for them to adopt a joint contracting strategy.
- 10.19** The DWP and the DTI will examine if local providers can develop a joint contracting strategy.
- 10.20** An example of contractor support is contained below.

InBiz

InBiz delivers a range of self-employment support programmes that are particularly targeted at the unemployed. The organisation has expanded widely since it was set up in 1990 from an original team of two to now include over 250 people operating from 44 centres across the country. InBiz operates in nine Jobcentre Plus regions and has contracts to deliver the self-employment option of the New Deal, offering a complete package of assessment and rehearsal for clients wishing to move from benefit dependency into sustainable self-employment. They particularly target disadvantaged areas with problems, such as the decline of major industries, and with little tradition of legitimate self-employment.

The range of self-employment support offered by InBiz includes:

- one-to-one assistance to discuss potential business ideas and to agree the best way to proceed
- business planning workshops to develop skills
- a test-trading period, which enables participants to advertise their product or service and begin trading without affecting benefit payments
- business advisers on hand to give advice and guidance to clients – monitoring progress and offering practical assistance as necessary. With clients the advisers set and review targets as businesses grow until it is felt that the business is strong enough for clients to become independently self-employed
- help to open up a business bank account and signposting to micro-finance; and
- aftercare – InBiz provides continued support for as long as individual clients need it.

An independent survey of InBiz established businesses found that after the first year 91 per cent of clients remained off benefit.

Better targeted support for currently under-served groups

10.21 Jobcentre Plus are funded to provide self-employment support for those out of work for more than six months. While the short-term unemployed can use BLO support, clients and advisers are often not aware of what is available.

10.22 As part of their joint working, BLOs and Jobcentre Plus will examine the current gaps in signposting to support for those out of work for less than six months and for those changing job. They will then ensure that signposting is improved through the pre-start-up leaflet (see the 'Communication and promotion' section below).

Core and enhanced offers of support

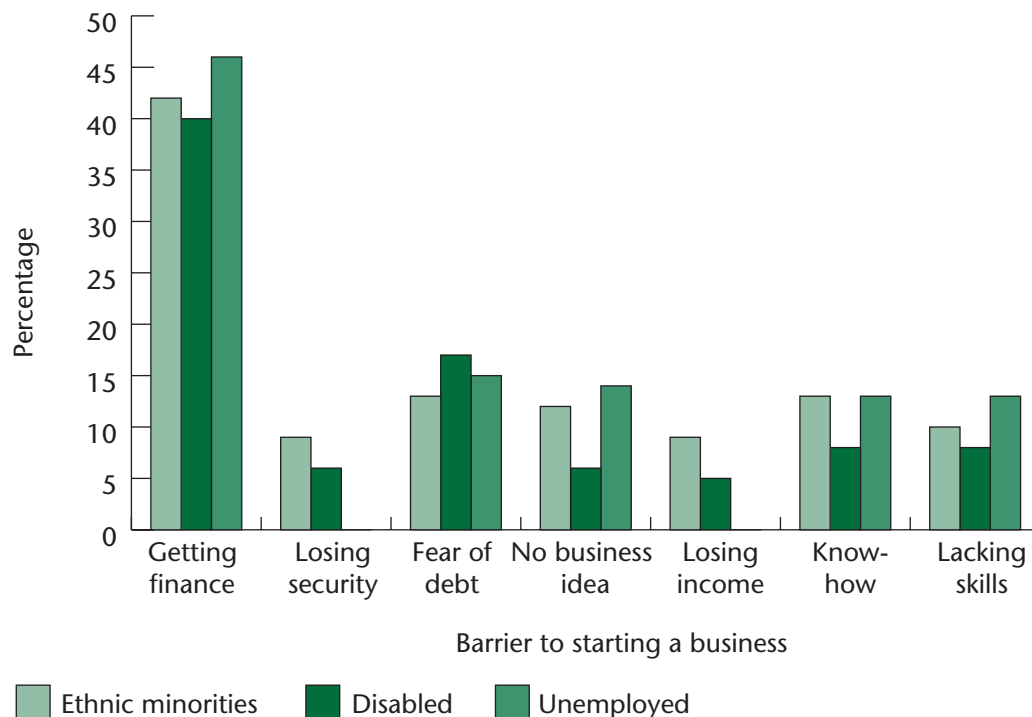
10.23 There is currently no national 'core offer' that **all** customers can expect to receive from Business Link regardless of where they are located. This makes it difficult to encourage new clients, and it also makes signposting difficult if advisers from Jobcentre Plus or elsewhere do not know exactly what they are signposting to. The SBS will be working with the RDAs over the rest of 2004 to develop a national core Business Link offer which would provide the customer with greater clarity than at present about what to expect from Business Link in this area, and would ensure a consistent offer across England.

10.24 Once this national core offer is established, the SBS will discuss with the RDAs how it could be 'enhanced' for those in disadvantaged communities. Possible options might include providing additional expert support at a local or regional level.

Better access to small-scale finance

10.25 Businesses started by benefit recipients are likely to be in business sectors that require low levels of start-up funding.¹⁰⁴ Research has identified that over half of businesses started by clients from disadvantaged areas begin trading with less than £2,000.¹⁰⁵ However, people from deprived backgrounds or leaving unemployment are **more likely to find it hard to secure start-up finance**.¹⁰⁶

Figure 24: Difficulties getting finance is an important barrier to setting up a business for the unemployed



Source: Small Business Service, *Household survey of entrepreneurship, 2002*

10.26 It is difficult to secure bank finance without capital investment in the business. Similarly, other potential sources of capital – loans from friends or family, realising assets and so on – are generally unlikely to apply to those in concentrations of worklessness. The Prince's Trust provides support for those under 30, and the PRIME programme provides similar support to those 50 and over. But those aged 30–49 do not have that extra help.

10.27 The Phoenix Challenge Fund has supported the development and growth of the CDFI sector. It has provided capital finance to develop new and existing CDFIs for lending and loan guarantee purposes, with additional revenue support to help the management of, and access to, loan funds. It has also encouraged them to lend to business start-ups and existing businesses (including social enterprises) that could not meet the lending criteria of commercial banks but nevertheless have a viable business idea which could succeed with the right kind of support. The CDFIs can charge variable rates of interest in order to reflect the risk involved and the resource-intensive nature of their work. But, as indicated above, the provision of the right kind of finance can often be all that is required to start someone in self-employment, and can be paid back relatively quickly if it is a small amount, or over a much longer term if it is a larger sum.

10.28 However, the CDFIs are not always linked to Business Link and Jobcentre Plus as closely as they might be, so advisers do not always know what financial support is available. The CDFI network also needs to increase capacity in some places, and to generate increased client volumes to help achieve operational sustainability.

10.29 To address these issues, the SBS will work with the CDFI sector and others to investigate ways of improving the provision and accessibility of small-scale finance for those entering self-employment.

10.30 The DWP provide a number of programmes that allow jobseekers to investigate self-employment. This can include 'test-trading' where people can trade while on benefit in order to ensure that they have income while developing their business (see Annex B for more details). It can take longer than six months for a new business to break even, especially where the individual has been out of the job market for a long time. Jobcentre Plus will test longer trading for some clients (based upon adviser and provider guidance). However, it will be important to ensure that this does not simply mean longer test-trading for all, since a balance needs to be achieved between longer and shorter periods which remain within financial limits.

Communication and promotion

10.31 As part of the cross-government Business Support Strategy there will be continued promotion of the 'No Wrong Door' policy to connect employers with advice and support. Customers will have access to a variety of information and can use Business Link as a single point of contact to access the most relevant Business Support solution. There are two key communication issues. Firstly, the Government needs to further raise awareness among customers and providers about the kind of advice and support that is available. Secondly, there needs to be more promotion among disadvantaged groups about BLOs' role in supporting business start-ups as well as encouraging business growth.

10.32 The Business Link website, www.businesslink.gov.uk, is an example of a successful cross-government programme to provide customers with easy access to appropriate business support information. The total number of user sessions since the site was first launched in November 2003 is approaching 2 million, and there will be further publicity around the website. Business Link also have hard-copy guides available in the 'No nonsense' series, with a good take-up in the first year of the guide on Rules and Regulations.

10.33 However, consultation responses indicate that those in the most deprived areas are still not necessarily aware of what is available, and that Jobcentre Plus advisers are also sometimes unaware of what they can signpost clients to. It also needs to be borne in mind that those with complex needs or with low basic skills will probably not find it easy to access the information on-line or in written form.

10.34 To address these issues, the Government will improve the dissemination of information on self-employment, taking full account of the communication problems referred to above. As the basis for this communication, the Government will produce a cross-agency pre-start-up leaflet aimed at those considering self-employment, as well as at advisers and service providers who may come in contact with the workless. It will give a simple overview of what support is available, who is responsible for what, and how to access the support. It will be proactively disseminated, including during Enterprise Week in November 2004, and Business Link and Jobcentre Plus advisers will be encouraged to pass it on to, and discuss it with, potential clients. The dissemination strategy will ensure that intermediary bodies recognise communication problems, and include different methods of communication, including verbal and web-based information.

10.35 On promotion issues, 89 per cent of the general business population who are aware of Business Link (and who expressed an opinion) think that it concentrates on start-up support.¹⁰⁷ However, our consultation responses and discussions with practitioners in disadvantaged areas indicate that there remains a widespread perception among disadvantaged groups that Business Link activity is more focused on existing businesses and business growth rather than start-up activity. It is true that BLOs currently deal with three times more existing businesses each year than start-ups, but this is not due to any particular target and reflects the different number of people already in business compared to those wishing to set up.¹⁰⁸ This misconception can often mean that those who might consider self-employment will not approach a BLO as they would think it was not for them.

- 10.36** The SBS will ensure that promotion of the Business Link branding includes information on access to start-up support, and this message will be emphasised in the Government's pre-start-up leaflet.
- 10.37** There are similar perception problems relating to Jobcentre Plus support. Jobcentre Plus programmes provide up to six months' training allowance (a guaranteed income whatever the earnings of the business) and there is also a minimum income guarantee through Working Tax Credits. However, there remains a limited awareness of these measures and thus a perception that going into self-employment can leave the individual with a much lower income, certainly in the early stages. These issues will also be picked up in the leaflet.

Focus on deprived areas

- 10.38** The Government has a Public Service Agreement (PSA) target to create "more enterprise in deprived areas" (DTI PSA 6iii), the delivery of which is the responsibility of the DTI and a core objective of the SBS. The target framework for Business Link currently contains 'promoting enterprise in deprived areas' and 'supporting start-ups' as two of the 14 Key Delivery Themes. Poor performance in these areas is taken into account when BLO contracts are considered for renewal. **However, it is felt that this is not translated into the targets of implementing bodies as strongly as it might be:**

"There are widespread concerns that the mainstream is not taking the inclusion agenda seriously enough ... Although SBS and RDAs share a tier 2 target for enterprise in disadvantaged areas there is remarkably little evidence of significant budget allocations to pursue this policy goal either from RDAs or Business Links."

Evaluation of the Phoenix Fund for the SBS, September 2004.

- 10.39** In the future, RDAs will be encouraged to give greater prominence to enterprise in deprived areas, through their focus on and commitment to PSA 6 iii (to increase rates of enterprise in the 15 per cent most disadvantaged areas), and their management of the Business Link brand. Work on branding underway by the SBS may also provide an opportunity to develop a national strategy through the Business Link brand to specifically target business support activity into deprived areas.
- 10.40** People living in deprived areas are less likely to encounter positive role models or mentors (mainly because there are fewer of them) through which to raise self-employment or enterprise aspirations and offer ongoing support.
- 10.41** Practical experience has shown that contact with a mentor for a new entrepreneur can be successful in helping unemployed people to start and sustain their own business.¹⁰⁹ There are currently initiatives in place in schools to introduce children to the concept of enterprise (Enterprise Learning Pathfinders). In addition to this, the Phoenix Fund has been supporting the Business Volunteer Mentor, run by the National Federation of Enterprise Agencies, in which experienced businesspeople give mentoring to pre-starts and start-ups. The SBS are evaluating this and will take steps to mainstream the lessons.
- 10.42** The SBS will evaluate the Phoenix Fund and its various elements, and will seek to mainstream the lessons by developing practical tools for replicating good practice, and disseminating them to practitioners.
- 10.43** In addition, many consultation responses highlighted the **high level of mistrust of the Government's initiatives among some socially excluded groups**. There is generally a high level of trust placed in local services, for example community centres and tenants' facilities, as socially excluded people feel that these local organisations are relevant to them.

10.44 The Phoenix Fund has an element called the Development Fund. This is a fund for developing innovative solutions and ways of working with different disadvantaged communities and groups under-represented in business ownership. From April 2001 until March 2004 the Development Fund supported 96 projects, of which 26 are being supported for a further two years until March 2006 through the Building on Best programme. These programmes are delivered through a range of organisations involving public, private and voluntary sector groups who have been highly effective in reaching their target groups.¹¹⁰ Again, the SBS will be seeking to apply the lessons to mainstream delivery. The Development Fund is also supporting enterprise development projects run by housing associations and later in the year it will be funding projects run by organisations supporting people with mental health conditions. The Phoenix Bursaries Fund is providing support to enhance the capability of organisations involved in enterprise support.

10.45 An example of an organisation sponsored by the Phoenix Fund, which provides self-employment support in the community is given below.

The Civic Trust and the New Economics Foundation – BizFizz

A joint venture between the Civic Trust and the New Economics Foundation, BizFizz has designed a one-stop shop service for start-ups, micro and small enterprises in disadvantaged areas that provides an innovative two-pronged approach to support local entrepreneurs. First, a business coach based in the community offers one-to-one support focused on the needs of the entrepreneur. Second, a panel made up of a diverse group of stakeholders use their local knowledge, specialist expertise and networks to help solve specific practical problems for BizFizz clients. Four pilot projects have tested this support model in a market town, a rural location, a coastal town and an inner city area. The pilots helped a broad mix of people. In 20 months, 454 clients were supported, 74 were already in business, and 131 have started their own businesses. With further Phoenix Fund support through the Building on the Best programme the range of projects is expanding with eight new projects, targeting isolated rural, coastal, and inner-city areas with a diverse ethnic mix. For more information go to www.bizfizz.org.uk

10.46 Another example, albeit not sponsored by the Phoenix Fund, is given below.

The REFLEX Project – Islington

The REFLEX project is developing an innovative model which uses the direct involvement of community groups to open up business creation processes and tackle barriers facing small and medium enterprises run by minority groups in areas of deprivation. The project is funded through the European Union's **Equal programme**, and aims to tackle inequality and discrimination through new forms of business creation and growth. The London Borough of Islington leads the project, with support from private, public and voluntary sectors.

REFLEX uses the services of community organisations, training providers and business support agencies to provide proactive outreach and targeted support. Features include the provision of training to enable members of community organisations to become accredited business advisors; research to identify enterprise development in black and ethnic minority communities and other groups excluded in the labour market; development of business networks, and programs to increase the capacity of community organisations to promote and support enterprise; and the identification and implementation of good practice.

The Association of Community Based Business Advice (ACBBA) has been set up as a membership body for community organisations to sustain and embed the work of the project.

10.47 People living in concentrations of worklessness are likely to face the greatest barriers to work and face the most acute obstacles to self-employment. These issues are covered in more detail in chapter 7 concerning people with multiple disadvantages and in chapter 5 on the Government's approach.

Enterprise Areas

10.48 Increasing levels of enterprise and economic activity go hand in hand with tackling poverty, unemployment and social exclusion. Starting or running a business is difficult enough, but there are additional barriers to enterprise faced by those who live in the most deprived areas of the country. This is one of the key reasons for much lower rates of enterprise seen in disadvantaged communities – just where the need for enterprise is the greatest.

10.49 It is for this reason that the Government designated around 2,000 Enterprise Areas in the 2002 Pre-Budget Report, which reflect the Government's broad-based approach to tackling disadvantage by addressing the barriers to economic activity and opportunity for all.

10.50 Enterprise Areas encompass a range of measures to tackle the market failures and barriers to enterprise that can be most severe in disadvantaged areas, including:

- £16m to fund Enterprise Advisers, to work along head teachers and give pupils experience of business
- stamp duty exemptions (exclusive to Enterprise Areas)
- capital and loan support to CDFIs to improve access to finance for small businesses
- Community Investment Tax Relief
- projects under the Phoenix Development Fund
- enhanced and targeted support from the Inland Revenue and HM Customs & Excise; and
- the Bridges Community Development Venture Fund – a £40 million fund from the Government and the private sector to provide venture capital funding.

10.51 The Government intends to develop the policy approach being taken in Enterprise Areas as evaluation, research and experiences of local authorities provide further evidence of the scale of market failures. Given the strong correlation between concentrations of worklessness and Enterprise Areas, a number of the measures in this chapter could be piloted in Enterprise Areas in order to build on the range of measures currently in place.

What these changes could mean in the future

Liz, 29, lives in a deprived inner-city area. She has had various short-term jobs in the past but has been out of work for five months. She had been thinking for some time of setting up her own catering business, but assumed it would be too difficult. She had mentioned this to her Jobcentre Plus adviser, who had initially not encouraged her as he did not know what was available. However, after receiving the pre-start-up guide he has put Liz in touch with Business Link. As a result, she now has a mentor who is helping her put a business plan together, and she has received financial advice and a loan from the local Community Development Finance Initiative. She is excited about the future.

CHAPTER 11: Supporting employers

The problem

Despite being classed as 'concentrations of worklessness', these areas have, on average, four out of 10 working-age residents actually **in** work, and 15 per cent of these areas are in local authority districts with employment rates **above** the national rate.

Effective partnership working is crucial to the Government's aim of promoting employment among deprived groups and areas.

Working people in concentrations of worklessness tend not to get their jobs through informal recruitment channels – word of mouth or advertisements in shop windows, for example. They get them through Jobcentre Plus. So Jobcentre Plus needs to offer access to a sufficient number of appropriate vacancies. To do this, it must engage effectively with employers.

The way forward

Specific measures already exist to help employers:

- Jobcentre Plus has introduced specialist employment advisers and public sector relationship managers to work with employers
- business brokers have proved beneficial in getting people into jobs in deprived communities and also in boosting business representation on Local Strategic Partnerships (LSPs); and
- Employment Zones (EZs) and Action Teams for Jobs (ATfJs) have developed innovative approaches and proved effective at creating links between employers and jobseekers.

New measures include:

- greater flexibility for Jobcentre Plus district managers to develop customised approaches with employers
- the Office of Public Sector Reform is devising a strategy to maximise public sector engagement with Jobcentre Plus; and
- starting in autumn 2004, Jobcentre Plus will begin seven large-scale marketing campaigns supported by locally-determined strategies for employer engagement. In addition, there will be a renewed effort to engage with small- and medium-sized enterprises (SMEs).

The problem

11.1 Despite being classed by the Social Exclusion Unit as 'concentrations of worklessness', such areas have, on average, four out of 10 residents **in** work, suggesting there are many areas where jobs are available. Fifteen per cent of concentrations are in local authority districts with employment rates **above** the national rate.

11.2 The most obvious effect of living in a neighbourhood with many workless people is a loss of contact with employed people and, therefore, information on job opportunities and what employers want.

- 11.3** There is evidence that informal sources of information about jobs are just as important as formal sources, such as jobcentres. The recruitment to low-skill jobs, in particular, often takes place on an informal basis through word of mouth or advertisements in shop windows.¹¹¹ However, people living with few other working people are less likely to come into contact with these informal links.¹¹²
- 11.4** So in order to widen the access to job opportunities for people living in concentrations of worklessness, it is therefore important that Jobcentre Plus is able to offer access to a sufficient number of appropriate vacancies. It follows that Jobcentre Plus needs to engage effectively with employers to meet their needs and carry their vacancies.
- 11.5** It is also important for Jobcentre Plus to improve the matching of candidates it puts forward to employers. Evidence shows that an important – and increasingly given – reason for not using Jobcentre Plus was the unsuitability of the applicants put forward.¹¹³
- 11.6** The role of the public sector as an employer is very important in deprived areas. Public service organisations tend to be major employers in such areas and are more likely than other employers to recruit someone who is workless.¹¹⁴ But the sector does not use Jobcentre Plus to the extent that it could. It is estimated that Jobcentre Plus handles just 15 per cent of the 300,000 jobs in the NHS that are advertised each year,¹¹⁵ and between 1–2 per cent of all public service childcare vacancies.

What is happening at the moment?

Jobcentre Plus

- 11.7** Working effectively with employers allows Jobcentre Plus to increase the volume and range of vacancies available to workless clients. It also improves the quality of the individuals available to employers by ensuring that employers' needs are taken into account when preparing clients.
- 11.8** The Department for Work and Pensions' (DWP) *Building on New Deal* paper proposes greater flexibility for district managers to be able to develop customised approaches with employers and supply them with better-quality candidates and more effective partnership working to help meet the needs of employers. Also, a new element to the 'employer outcome target' has been introduced to measure how well Jobcentre Plus matches individual customers to employers' vacancies.
- 11.9** The DWP and Jobcentre Plus have specific targets to promote employment among disadvantaged groups and in deprived areas. In the work that Jobcentre Plus does with employers this translates as:
- creating specialist employment advisers to work with employers to try and reduce the gap between the national employment rates and the employment rate for ethnic minority groups – initially the advisers will be working with public sector organisations;¹¹⁶ and
 - public sector relationship managers were introduced into Jobcentre Plus in 2003 (alongside 11 regional account managers) to focus specifically on the employment needs of local and central government and the NHS.

The National Employment Panel

- 11.10** The National Employment Panel (NEP) has set up 10 'Employer Coalitions' to engage local businesses in the development and promotion of Welfare to Work. The coalitions also work with staff from Jobcentre Plus, helping to expand their understanding of employers' requirements.
- 11.11** The NEP is also implementing a new initiative, Fair Cities, which is engaging business leaders in the development of employer-led strategies to promote employment opportunities for ethnic minority communities.

Public sector bodies

11.12 Jobcentre Plus can make a significant contribution to matching the skills demand to supply across the public services and can help them meet their diversity objectives. In return, public sector bodies can help Jobcentre Plus achieve their aim of getting more employers to advertise vacancies with them.

The Nottingham Work's hub

The Nottingham Work's hub, which involves Nottingham City Council, Jobcentre Plus staff, local partnerships and employers, working jointly, is one of the delivery models used to tackle areas of high unemployment within the city, which exist despite a strong local economy and an expanding pool of jobs.

The team found that one of the major barriers preventing people accessing local vacancies was the risk of giving up benefits for an insecure job. It was also clear that many employers found that the 'available labour' was not job ready.

To address these issues, the hub delivery model was introduced (alongside a number of other programmes) and involves:

- working closely with local employers to pinpoint the skill set required for each sector
- liaising with colleges to develop appropriate learning programmes that address these skills needs and enable local people to access the local employment opportunities; and
- relevant work experience included in the pre-employment phase of the programme.

The sectors involved in the programme so far include: Administration, Care, Driving, Hospitality and Retail – which, in the past, have had thousands of 'entry level jobs' that employers have found difficult to fill.

Staff in the hub believe that the key to the programme's success is the partnership between employers, clients and project staff, which has resulted in people being given a more focused training which, in turn, leads to a real job. The benefits to employers are that they have a pool of local people who are equipped with the skills and commitment to take up work.

In addition to this, Nottingham City Council aims to increase the number of people on New Deal programmes that are recruited to the council and now offers all entry-level jobs to Jobcentre Plus so that people on the New Deal can be targeted directly.

11.13 Jobcentre Plus has the second largest Internet job pool in the world. Working with Jobcentre Plus will ensure that vacancies are seen by the widest possible number of jobseekers from diverse backgrounds.

11.14 Many public sector organisations are now committed to using Jobcentre Plus through their pay and workforce strategies. Some government departments have identified the potential for collaboration at regional and local levels where there is competition for scarce or key worker skills. As a result, the Office for Public Sector Reform has created a Pay and Workforce Co-ordinating Group to address recruitment and retention issues in a more collaborative way across the public sector.

11.15 Good examples of this already exist, but they need to be more widespread:

Fife Council made a policy decision to advertise all entry-level jobs exclusively through Jobcentre Plus. A member of Jobcentre Plus' staff was seconded to the council and a dedicated Vacancy Services Manager worked exclusively with the council's vacancies. The job starts and job outcome rates were excellent. This led to this sort of provision being extended to include short-term temporary vacancies and recruitment for Fife Constabulary and Fire Brigade.

11.16 The NHS, one of the largest employers in England, aims to ensure that its workforce is drawn from the local community. It is working with Jobcentre Plus to create an action plan for joint activity to make Jobcentre Plus the NHS 'recruiter of choice'.

11.17 Local authorities, in partnership with Jobcentre Plus and the DWP, launched an 'accord' in May 2003. Under the accord, local authorities are encouraged to use Jobcentre Plus for all vacancies. A toolkit designed to promote the accord was published in July 2004.

11.18 Local authorities can also apply to become 'Beacon Councils'. The Beacon scheme, first established in 1999, provides a way of celebrating and promoting excellence in local government. It enables local authorities to share examples of good practice and so learn from each other to improve the services they deliver. Portsmouth City Council was awarded Beacon status for their work on reducing the barriers to employment.

Portsmouth City Council services to employers

Portsmouth City Council has developed a number of services to assist recruitment and retention difficulties experienced by local employers. As well as advice on the benefits of New Deal for employers and Jobcentre Plus services, details of other programmes developed include the following:

- **Pride in Pompey** – provides training (including work placements and NVQ Level 2) to unemployed people to help equip them with the skills required by employers in the customer service, tourism, administration and IT fields. They specialise in helping young people (16–18) and adults provide tasters in a wide range of jobs/courses as well as confidence building courses. They also offer a range of LearnDirect courses, including basic skills courses and online National Tests Level 1,2 in literacy/numeracy.
- **Age Diversity in Employment** – the programme is provided by Portsmouth County Council in partnership with Portsmouth and South East Hampshire Chamber of Commerce. This service provides advice to employers on how to improve recruitment and retention by examining the benefits of looking at the abilities of older workers.
- **Work-life balance** – provides advice and guidance on how to 're-structure' jobs so as to make them more attractive to parents and other people with domestic responsibilities. Employers are shown how flexible work patterns can increase the number of potential recruits available, as well as helping to motivate and retain existing staff.
- **Ethnic Pride** – offers support and advice on issues relating to the employment of people from ethnic minorities. They also work closely with individual jobseekers and can arrange work trials between employers and potential employees.
- **Portsmouth CHAT (Childcare Advice and Training) Children's Information Service** – helps with the recruitment and retention of parents with young children. CHAT offers advice for employers on childcare issues, for example searching and paying for good-quality childcare.

11.19 Over half of all civil service vacancies for lower grade posts notified to Jobcentre Plus are filled. But only 16 per cent of all vacancies in this field area **are** actually notified to Jobcentre Plus.

Business brokers

11.20 Local business advisers – business brokers – are proving to be a successful way of engaging business in neighbourhood renewal. There are 10 brokers in nine regions in a pilot that is co-funded by the Office of the Deputy Prime Minister (ODPM), the Department of Trade and Industry (DTI) and the Home Office. The pilots started in 2002 and will last until 2005.

11.21 Business brokers support existing small businesses, encourage start-ups and get people into jobs in some of the most disadvantaged communities. They are also boosting business representation on LSPs.

11.22 The interim evaluation of business brokers shows a 20 per cent increase in business engagement over a 12-month period.

Employers

11.23 Jobcentre Plus needs more employers – including the public sector – to use its services. However, in order for this to happen, Jobcentre Plus needs to improve the quality of candidates supplied and to market their services to employers more effectively:

- The majority of employers that did not use Jobcentre Plus said they did not do so because they did not need to – other sources were adequate. But the quality of candidates was cited by many respondents as a concern: either that under-qualified applicants or too many unsuitable applicants were put forward.¹¹⁷
- There is little marketing of Jobcentre Plus services to employers – a recent survey found that very few employers had recently visited a jobcentre and most said they had not received any marketing materials.¹¹⁸ The proportion of employers who do not use Jobcentre Plus because they lack knowledge about the services on offer has almost doubled from 5 per cent in 2001 to 9 per cent in 2002.¹¹⁹

“We need to re-educate employers and get them to start using Jobcentre Plus and realise that if they want good quality people, we can actually take steps to make sure they get good quality people.”

“The problem is NR5. If you’ve got that post-code on a letter, an employer won’t reply.”
NELM Development Trust.¹²⁰

“These persons largely do not want to work, or are incapable of securing and maintaining a job.” Director of one large employer in a Social Exclusion Unit area study.

11.24 By encouraging employers and businesses to work with Jobcentre Plus – perhaps through the LSP – it may be possible to breakdown employers’ attitudes to the new Jobcentre Plus.

Action Teams for Jobs and Employment Zones approach

11.25 Innovative approaches developed through ATfJs and EZs have generally been successful. An evaluation of ATfJs found that the teams were particularly effective at creating links between employers and clients: “employers reported confidence in recruiting Action Team clients when they would be less confident about recruiting from the Jobcentre. Most employers interviewed said they would recruit from the team in future. Around a third of employers said that the team enhanced their ability to recruit new staff, most commonly by referring only suitable candidates.”¹²¹

- 11.26** EZs recognise the need to raise the profile of their organisations: “Almost all Zones have now taken the decision that general marketing to raise awareness of the Zone ... does increase access to available vacancies. An important distinction in the message is that the Zone markets a service – the matching and presentation of clients who turn up and do want the job.”¹³⁰
- 11.28** EZs recognise that an individual approach to employers is as necessary as it is with their clients. EZs have created specialist marketing staff to work with employers in much the same way as the personal adviser works with clients.¹²²
- 11.29** They also recognise that to prepare a client properly for a vacancy, it is helpful to know about the vacancy before it is advertised. So in some areas, EZs are marketing to employers on the basis that they can save the cost of an advertisement – up to £2,500 – if they talk to the EZ first.
- 11.30** Jobcentre Plus needs to learn from the successes of ATfJs and EZs. The recent report from the NEP²² found that, despite the efforts of Jobcentre Plus, more needs to be done to engage with employers to identify job opportunities for the most disadvantaged clients.¹²²
- 11.31** The report points out that the subsidised employment option within New Deal 25 Plus is little used – by March 2003 only 9,000 of the 174,000 leavers from the programme since April 2001 had been through this option.
- 11.32** But the ‘fit’ between the areas covered by EZs, ATfJs and concentrations of worklessness is poor.

The way forward

What more needs to be done?

- 11.33** The three steps that should be taken to promote the role of employers in reducing concentrations of worklessness are:
- more effective marketing of Jobcentre Plus
 - the increased use of business brokers; and
 - mainstreaming the lessons from ATfJs and EZs.

Effective marketing of Jobcentre Plus

- 11.34** Jobcentre Plus is a relatively new organisation. It will not be fully rolled out until 2006. There needs to be a concerted effort to market the free service Jobcentre Plus can offer to employers, and Jobcentre Plus needs to make a concerted effort to extend their engagement with employers to those outside of the public sector.
- 11.35** Starting in autumn 2004, Jobcentre Plus will begin seven large-scale marketing campaigns supported by locally-determined strategies for employer engagement. In addition, there will be a renewed effort to engage with small- and medium-sized enterprises (SMEs).

Expanding the numbers of business brokers

- 11.36** The interim evaluation of business brokers¹²³ has shown that they are effective in encouraging businesses to work with local partners to tackle deprivation and boost local economies. They have made a real impact in getting different organisations to work together, making things clearer and simpler for businesses, many of whom may have been reluctant to get involved due to the complexities of the ‘regeneration maze’.

11.37 Rather than wait until the full evaluation in 2005, a case can be made for the immediate roll-out of brokers to other deprived areas to ensure that their benefits are more widely known. Local groups, such as LSPs, should explore the potential for funding brokers as a means of promoting employment and enterprise in their areas.

Mainstreaming the lessons from area-based initiatives

11.38 We have seen that the approaches towards employers adopted by ATfJs and EZs have proved beneficial. In areas with high numbers of concentrations of worklessness, Jobcentre Plus could adopt the best practice of ATfJs and EZs.

What these changes could mean in the future

Naeem, 43, lives in a deprived area on the coast. He has been trying to find work for some time. Now, however, an innovative recruitment partnership between Jobcentre Plus and Bentham's Plastics, a new local company, has resulted in Naeem, along with six other workless people, getting jobs.

A dedicated team within the jobcentre dealt with advertising vacancies locally through the press, on the Jobcentre Plus website and on touch-screen Jobpoints in Jobcentre Plus offices. The team also assessed Naeem's application form before Bentham's Plastics carried out the final interview.

Bentham's Plastics are happy that they have been helped to overcome their recruitment problems at the same time as supporting their local community.

CHAPTER 12: Providing better information

The problem

The freedom to make decisions regionally or locally is of little use unless policy makers and practitioners have the information they need to decide what it is that their particular area needs. Social Exclusion Unit research suggests that four key problems undermine evidence-based policy making and delivery in relation to concentrations of worklessness:

- the limited use of small spatial scales in analysis of the problem
- the limited access to small area data across public agencies
- the limited analysis of trends in worklessness over time; and
- the limited knowledge of people's travel-to-work patterns which constrains understanding of the economic context in which concentrations of worklessness exist.

The way forward

Key measures to address many of these issues are already in hand. Data on benefit claimants at the Super Output Area level, for example, will be published on the Department for Work and Pensions' (DWP) website in autumn 2004. These data will also be available from the Neighbourhood Statistics website.

The Office for National Statistics (ONS) will continue to disseminate information on local data and analysis to local delivery organisations/local strategic partnerships as well as to policy makers at national, regional and local level. The ONS and the Department for Constitutional Affairs (DCA) will also continue to provide advice and guidance on the existing freedoms that organisations have to share data, and will consider what more needs to be done to tackle the barriers that stop organisations from sharing data to improve service delivery.

Building on previous work to produce travel-to-work areas (TTWAs), new analyses of the 2001 Census commuting data will be undertaken to improve understanding of the labour market context in which concentrations of worklessness exist. This will include separate analysis of key groups that are over-represented in concentrations of worklessness, such as those with no or few qualifications.

Making small area data available is not enough, the insight that it provides needs to inform policy making and particularly delivery. To support this:

- the ONS will embed Super Output Areas as the basis of neighbourhood analysis across government departments. The DWP, for example, will consider moving to a Public Service Agreement (PSA) target defined at the Super Output Area level as part of the 2006 Spending Review process; and
- the DWP, in partnership with the National Employment Panel (NEP) are currently evaluating the usefulness of a geographical information system (GIS) tool, which maps where people on benefit live. If the evaluation is favourable it can be rolled out within Jobcentre Plus nationally in a relatively short period of time.

The problem

12.1 As previous chapters have shown, in many areas of government, local and regional managers and frontline practitioners will have greater freedom and flexibility to do whatever is appropriate for the problem in their area. But to take advantage of this, they will need access to sophisticated data and analysis to inform better choices about interventions.

Understanding concentrations of worklessness

In order to understand concentrations of worklessness and to intervene effectively, what information do policy makers and frontline practitioners need?

- Where do workless people live and where is worklessness severely concentrated?
- Are workless people unemployed or disengaged from the labour market (economically inactive)?
- What are the jobs and economic opportunities in their area?
- What barriers to work do they experience to taking up these opportunities, for example poor transport links?
- Are concentrations of worklessness made up of a transient local population or do the same people remain in the area over time?

The answers to these questions are likely to be different in relation to different concentrations of worklessness. Tailoring policy and the delivery of services to these different circumstances is key to the success of action to tackle the problem.

12.2 Much of the research that has informed this report is based on qualitative sources, such as area studies and the Social Exclusion Unit's national consultation as well as data that provides a snapshot of the problem across England in 2001. This is indicative of the analysis and the data that existed at the time of writing: there is national data, but analysis, particularly over time, is limited.

12.3 At present, activity to tackle local concentrations of worklessness is less effective than it could be because:

- **policy at national, regional and local level is not sufficiently guided by analysis of available evidence** – the Government's policy to tackle concentrated worklessness should be based on a sound understanding of the problem. This may mean using available data to identify pockets of worklessness and unpack the prevalent problems in these areas, and developing an understanding of the trends over time; and
- **evidence based delivery is limited** – frontline workers, such as those in jobcentres and local authorities, often do not have access to up-to-date local data to improve the effectiveness of their interventions, such as targeting resources on the areas of greatest need.

12.4 The Social Exclusion Unit research suggests that four key problems undermine evidence-based policy making and delivery:

- limited use of small spatial scales
- limited access to data
- limited access to trends over time; and
- limited understanding of the economic context in which concentrations exist.

Limited use of small spatial scales in analysing the problem

12.5 This project reiterates the conclusions of the Social Exclusion Unit's Policy Action Team 18 report about the importance of sub-ward analysis in understanding worklessness and deprivation.¹²⁴ The limited use of small spatial scales, such as Census Super Output Areas and Output Areas, in the analysis of worklessness means that small pockets of worklessness are not identified. At present, the majority of published analyses of worklessness do not go below the ward level.

Concentrations of worklessness – the inadequacy of ward-level analysis

In May 2003, there were 8,005 electoral wards in England. The analyses of worklessness that are based on wards are likely to suffer from a number of limitations. Wards are:

- too big – this means that analysis masks what is going on at a very local level, such as a street (see chapter 2 for examples of this in the six Social Exclusion Unit area studies)
- too varied in size – in 2001 the working-age population of wards varied from less than 400 in Teesdale and Berwick upon Tweed to 20,500 in Middlesbrough and Sheffield, and 22,000 in Headingley in Leeds; and
- too inconsistent – frequent boundary changes impede the direct comparison between areas and impede comparisons over time.

Limited access to data

12.6 Access to up-to-date small area data on the problem is relatively limited. Census data does provide a very useful snapshot of the issues at the micro-area level. The biggest problem is that the census only occurs every 10 years, so policy makers and local delivery agencies often have no option but to rely on out-of-date data when designing and monitoring their interventions. Data sharing between different organisations can also be problematic. Misunderstanding of the Data Protection Act can lead to over caution in making data available across agencies. At the same time, legal requirements and individual expectations about privacy and confidentiality must be respected.

12.7 This means that frontline organisations often do not have access to any additional data to that available to the general public. This can adversely affect their ability to intervene appropriately in local neighbourhoods and to target resources most effectively within them.

Consultation responses

“Partnerships can only succeed when they effectively share information and data.”
Local authority, Yorkshire and the Humber.

“There needs to be less restriction on information sharing so that projects can effectively target workless households.”
Local authority, West Midlands.

How does poor access to local data inhibit effective local service delivery?

Staff working in one of the New Deal for Communities (NDC) told the Social Exclusion Unit that they do not know exactly where unemployed and workless people in the NDC area actually live. As a consequence, outreach services designed to help people to get a job are not geographically targeted within the NDC area.

A similar picture emerged in Jobcentre Plus districts and in local offices visited by the Social Exclusion Unit. Jobcentre staff often do not have a clear idea of where concentrations of different groups of benefit claimants live in their patch. Subsequently a substantial amount of mass marketing of services is undertaken, often producing minimal results.

Limited analysis of trends over time

- 12.8** Changing geographic boundaries limits the ability to do longitudinal analysis and so hampers the understanding of trends in worklessness over time. The ONS does regularly look at issues over time, for example in labour market trends, but this is on an ad hoc basis. The Neighbourhood Renewal Unit's Indices of Multiple Deprivation provide a detailed understanding of the problem at the local level but are not comparable over time.
- 12.9** Initial Social Exclusion Unit analysis of the dynamics of worklessness (see chapter 1) indicates that there is a persistent problem in some areas of the country. We need to expand the knowledge of this in order to understand the trajectory of different areas, as well as to monitor progress and to evaluate the success of policy approaches and interventions.

Limited understanding of the economic context in which concentrations exist

- 12.10** The appropriate strategy to tackle concentrated worklessness will depend substantially on the economic conditions in the wider area. If the wider area is characterised by a high demand for labour then residents of a struggling neighbourhood may be able to share in local prosperity through supply side initiatives, such as the provision of childcare or local transport provision. By contrast, if the whole labour market is characterised by low demand for labour, supply side measures will not be enough.
- 12.11** However, limited knowledge of people's travel-to-work patterns constrains understanding of the broader economic and labour market in which concentrations of worklessness exist. At present, TTWAs, based on the 1991 Census, offer an approximation of local labour markets. However, they are beset by problems. Current TTWAs are based on information that is over a decade old and so cannot accurately reflect current patterns of work and labour markets. Nor do they distinguish between different types of occupational or social group and, as a result, are likely to overestimate the jobs that are realistically accessible to people living in concentrations of worklessness, many of whom will walk or rely on bus services to get to work. The whole of London and the surrounding area, for example, forms a single TTWA.

The way forward

Better access to small area data on the problem

12.12 A number of the problems listed above were identified in the Social Exclusion Unit Policy Action Team 18 report on 'Better Information'. This report produced 20 recommendations to ensure access to information for all through the creation of a one-stop shop for small area statistics. The Government accepted and commissioned a programme of work – the Neighbourhood Statistics Programme – to deliver on these.

Neighbourhood Statistics Service¹²⁵

Launched in 2001, the Neighbourhood Statistics Service (NeSS) is a cross-government initiative led by the ONS. As a result, a wide range of small area statistics, including some that were previously not publicly available, have been drawn together into a single access point.

Use of small spatial scales: the NeSS is in the final stages of establishing a new small area geography that makes use of Census Output Areas and Super Output Areas to provide data at a sub-ward level in a consistent manner over time.

Access to small area data: a range of ward-level statistics relating to worklessness and deprivation more widely is available on the NeSS website, including data on the numbers of people claiming key benefits. This information is also released via the DWP's departmental website.

Following the publication of 2001 Census data, key statistics on economic status are available at the Census Output Area level. From autumn 2004 information on the number of benefit claimants at the Super Output Area level will be published on the DWP's website and will be updated on a regular basis. These data will also be available from the NeSS website.

Analysis of trends: although the NeSS currently includes limited trend data, this will improve as time series are built up, allowing change in local areas to be tracked and progress to be monitored.

Visit the NeSS website at www.neighbourhood.statistics.gov.uk

Visit the neighbourhood level statistics section of the DWP's website at www.dwp.gov.uk/asd/asd1/neighbourhood/neighbourhood.asp

What are Super Output Areas?

Super Output Areas are aggregates of Census Output Areas. They contain a minimum of 1,000, 5,000 or 20,000 people and are more resilient to disclosure of confidential information. The Indices of Multiple Deprivation 2004 were published at the Super Output Area level earlier this year and can be accessed via the Office of the Deputy Prime Minister's (ODPM) website at www.odpm.gov.uk

12.13 Policy makers and delivery agents should ensure that their policies, strategies and day-to-day operational decisions on worklessness are informed by analysis of data that is available. At local level effective co-ordination of analysis and the sharing of results across agencies is an important part of the LSP's role (see chapter 6).

12.14 To support data sharing between organisations, the DCA has produced a toolkit for the public sector on this issue. The toolkit provides guidance on when personal information can and cannot be shared as well as examples of good practice on information handling. It is available on the DCA website at www.dca.gov.uk/foi/sharing/toolkit/index.htm. The DCA will respond to queries on any aspect of data sharing. Telephone enquires can be made on 020 7210 8034 during normal office hours.

12.15 The ONS is also producing good practice guidance on data access and confidentiality, consistent with the National Statistics Code of practice and its supporting protocols, which will be disseminated to those in central and local government who have responsibility for data about people, households or businesses.

Improving understanding of the economic context in which concentrations exist

12.16 The appropriate strategy to tackle concentrated worklessness will depend substantially on the economic conditions in the wider area. Understanding the labour market context in which concentrations exist is therefore crucial.

12.17 Building on previous work to produce TTWAs, new analysis of 2001 Census commuting data will be undertaken to develop knowledge of the labour market context in which concentrations of worklessness exist. This could take the form of a single revised travel-to-work set, several different sets or a completely different approach altogether.

12.18 The ONS are in the lead on this work, the first stage of which is to scope the different options together with explanations of the sort of products that result and how they might be used for consultation.

12.19 Separate analysis of the commuting patterns of key groups that are over-represented in concentrations of worklessness, such as those with no or few qualifications, will also be undertaken.

12.20 This analysis should provide a more robust evidence base for strategic decisions relating to the balance of policy intervention on the demand and supply side of the labour market at the national, regional and local level.

Supporting evidence-based policy making and delivery

12.21 The Government's commitment to evidence-based policy making is well established. Small area data on worklessness are increasingly being used to inform central government policy making on worklessness and enterprise, for example:

- the designation of Enterprise Areas – *The Indices of Multiple Deprivation 2000*, based on ward-level analysis, informed the designation of around 2,000 Enterprise Areas in the 2002 Pre-Budget Report; and
- the selection of Working Neighbourhood pilots – ward and sub-ward analysis of worklessness informed the selection of the 12 areas that are currently participating in the Working Neighbourhoods Pilots. Introduced in April 2004, the pilots target economically inactive and unemployed clients across a range of benefit regimes, providing individual support, financial incentives and compulsory work-focused interviews.

- 12.22** Building on the progress to date, the Government will embed Super Output Areas as the basis of neighbourhood analysis across government departments. And policy makers should ensure that Super Output Areas analysis informs the selection of areas that are the focus of a) floor targets and b) new area-based initiatives.

DWP PSA target

The DWP has a new PSA target to tackle local pockets of worklessness:

“Increasing the employment rate across the local authority wards with poorest labour market performance by one percentage point and reducing the gap between the employment rate across these wards and the national average by one percentage point.”¹²⁶

This target, which takes effect from April 2005, will focus on around 1,000 wards. Approximately half of these will be English wards with the highest rates of worklessness.

Initial analysis undertaken by the Social Exclusion Unit suggests that the new ward level target will miss out approximately half of the streets with the highest rates of worklessness in the country (ie concentrations of worklessness). A target using the same methodology but defined at Super Output Area level would miss out around one-third of these streets.

A Super Output Area target would, however, nearly double the number of local authority districts that would be included in the PSA. Therefore, although targeting of concentrations of worklessness would be improved, a Super Output Area defined target would require resources to be more thinly spread across a wider geographical area.

The DWP will consider moving to a target defined at Super Output Area level as part of the next Spending Review process.

- 12.23** It is not enough to simply make local data and analysis available. Policy makers and delivery agents need to understand what is available and how it can be used to understand the issue in their local area. The ONS, as part of the NeSS programme, has a communications and outreach programme. The ONS will ensure that this includes the dissemination of local data and analysis to local delivery agents, for example Local Strategic Partnerships (LSPs) as well as to national, regional and local policy makers.
- 12.24** Local data also needs to be accessible – ie in a form that can be easily utilised to inform operational decisions that are made by frontline workers on a day-to-day basis. The Jobcentre Plus GIS tool provides an excellent example of how this can be achieved. This is described in more detail in the box below.
- 12.25** The DWP, in partnership with the NEP, are currently evaluating the usefulness of GIS as an operational tool within Jobcentre Plus. If the evaluation is favourable, it can be rolled out nationally within Jobcentre Plus. The DWP will work with the Social Exclusion Unit and other government departments to consider how information can be safely shared within the existing framework of data protection and related legislation.
- 12.26** Organisations that share the aim of promoting jobs and enterprise, and which would benefit from the intelligence provided by the Jobcentre Plus’ GIS tool, include:
- Business Links – to inform the targeting of support for unemployed and workless people who might consider moving into self-employment

- Regional Development Agencies (RDAs) – particularly officers developing the regional plans to deliver enterprise in deprived areas and those working to improve economic inclusion
- local authorities – for example officers leading on accessibility audits for Local Transport Plans; and
- housing associations – to inform the decisions about the use of local lettings polices.

Jobcentre Plus GIS tool

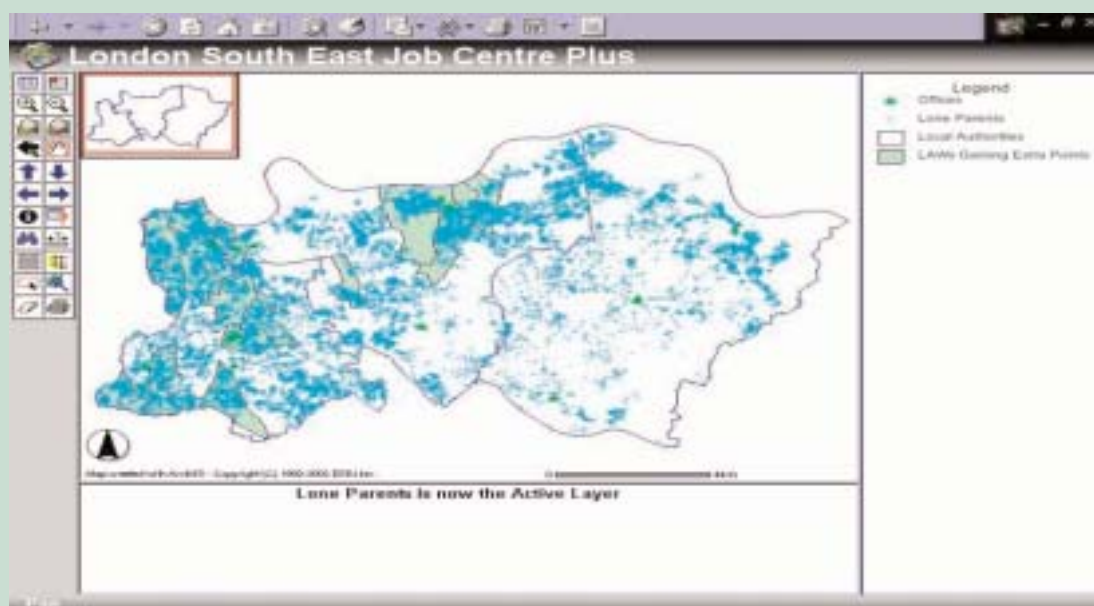
“It has helped us to confirm, and in some cases challenge, views about where particular issues and concentrations of client groups are in the district.”

Jobcentre Plus manager.

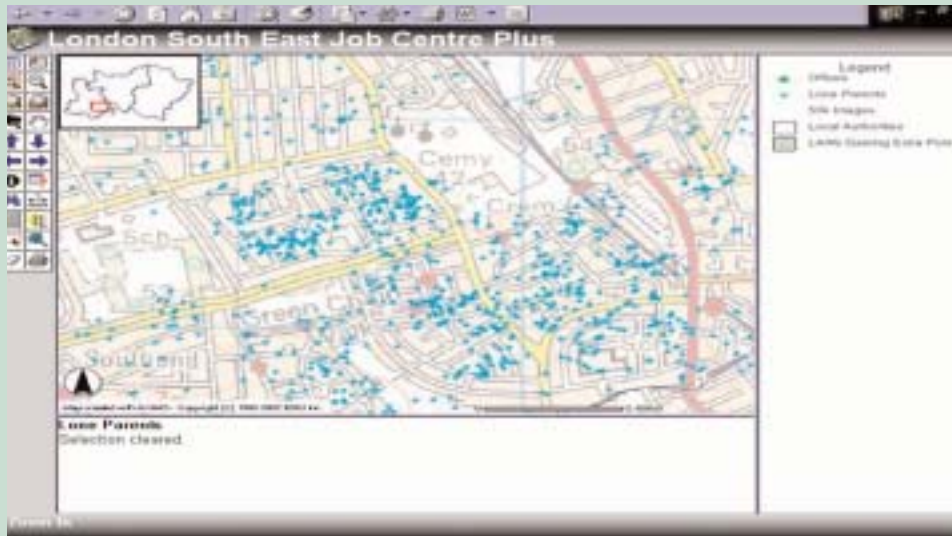
The Jobcentre Plus’ GIS claimant tool is an interactive mapping system based on the DWP Intranet that shows the location and characteristics of benefit claimants, childcare suppliers, transport links, jobs vacancies and census summary data.

The location of benefit claimants on working-age benefits can be identified through the system. Claimants on these benefits have been merged together using claimants’ National Insurance numbers so there is just one observation for each claimant listing the combination of benefits that they are on. Claimants are plotted to within a 100 metre randomised area of the centre of their actual postcode.

The map below, for example, plots all Lone Parent benefit claimants in south-east London.



It is then possible to zoom into areas in more detail to get a clear picture of the distribution of claimants at the individual postcode level.



The GIS tool has been piloted in two Jobcentre Plus districts since March 2004:

- as a centralised model in south-east London, where access to the tool was limited to the Districts Performance Team who carried out analysis at the business manager's request; and
- as a local office model in north London, where access to GIS was given to business managers and their deputies.

Operational benefits provided by the tool include:¹²⁷

- better understanding of the customer base – for example, identification of concentrations of priority group clients, such as Incapacity Benefit claimants and lone parents
- improved accuracy in resource and target allocation – in one pilot, concentrations of lone parents have been sent details of the New Deal for Lone Parents and information on local childcare places. The analysis of concentrations of lone parents has been used to challenge the location of the 'extended schools pilots' in one district in order to maximise results of the initiative; and
- support of partnership working – following analysis of the location of lone parents, partnership arrangements between Jobcentre Plus and housing associations have been agreed to introduce New Deal for Lone Parents surgeries in local community centres. The tool has also supported the involvement of district managers in LSPs.

Stage two of the evaluation will assess the impact of the tool on job entry performance.

What these changes could mean in the future

Pauline is a Jobcentre Plus District Manager in a rural area. She has done a great deal to move people off benefits and into work, though this has been more to do with meeting the demand of those who came to her. Now the GIS mapping tool makes it easier for her to identify areas where workless people are clustered together and to target outreach and marketing activity on these places. She has also used the data to work with local transport planners to improve the local bus service so that it links up these areas with the industrial estate on the other side of the district.

CHAPTER 13: What happens next?

- 13.1** This report has set out the Government's strategy for tackling concentrations of worklessness. A timetable of the main actions to be taken is set out at the end of this chapter.
- 13.2** The analysis outlined in this report represents an important advance in our understanding of why concentrations of worklessness occur, even as employment grows and unemployment falls.
- 13.3** It is clear that the way to deal with the problem will be to build on the huge amount of work that has **already** been done to regenerate deprived neighbourhoods and to help people to get jobs and start businesses. The consultation showed that the last thing people delivering services want is lots of new structures in this area. However, there is clearly room for better co-ordination of existing programmes and for the avoidance of duplicated effort.
- 13.4** The Social Exclusion Unit's analysis has already been used to help develop national policy, for example changes to targets on employment and enterprise and the funding that goes with them. But since one of the main conclusions is that the solutions to problems of local worklessness will be different in different places, central government is increasingly giving freedom to local and regional managers and frontline practitioners so they can do what each person or area needs.
- 13.5** The role of central government will be mainly to set overall objectives and minimum national standards where relevant, but also to provide practical guidance so that local decision makers can learn from other's experience. This is why a number of the actions listed below talk about the devolution of powers or the publication of guidance rather than very tangible changes. The real effect on people's lives will come when people in Jobcentre Plus, local authorities, Regional Development Agencies (RDAs) and others act on it. To help illustrate the wide range of measures that these bodies can take, a number of examples are set out in annex A.
- 13.6** The freedom to make decisions locally is of little use unless people have the information to decide what it is their particular area needs. This is why the planned improvements to the dissemination of data set out in chapter 12 are so important. The Social Exclusion Unit will also have an ongoing programme to disseminate the findings of this project to managers and frontline practitioners in:
- local authorities
 - housing associations
 - Jobcentre Plus
 - RDAs; and
 - voluntary and commercial organisations involved in employment and regeneration.

Who will be responsible for making sure that this happens?

- 13.7** At a national level, the Department for Work and Pensions (DWP), the Department of Trade and Industry (DTI) and Office of the Deputy Prime Minister (ODPM) will have overall responsibility for leading implementation, monitoring the progress of the strategy, and for the long-term policy development.
- 13.8** They will work closely with other departments and report to the Cabinet Committee on social exclusion and regeneration.
- 13.9** Looking ahead, key actions are listed below.

Chapter 6: Better joining-up of agencies and initiatives

- a) The Spending Review 2004 announced new 'Local Area Agreements' (LAAs). They will simplify funding streams, allow more flexible local solutions for local problems and help join up public services at the local level. LAAs will reflect the priorities identified by the local Community Strategy. Community Strategies are designed to promote the economic, social and environmental well-being of the area. The Social Exclusion Unit will contribute to the cross-government development of LAAs.
- b) The Jobcentre Plus Partnership Strategy, published in March 2004, stipulates that Jobcentre Plus engagement with Local Strategic Partnerships (LSPs) is now non-discretionary and that Jobcentre Plus must seek to play an appropriate and effective role.

Chapter 7: Better support for people with multiple disadvantages

- c) The DWP will develop a national strategy for Jobcentre Plus's most disadvantaged clients. The Social Exclusion Unit will work with the DWP on the production of the strategy. In developing this national strategy the DWP will consider:
 - outreach using community-based personal advisers
 - an expanded range of tailored support, including intermediate labour markets
 - an appropriate target regime
 - a 'work-focused' rather than a 'work-first' approach; and
 - a more flexible attitude towards compulsion for clients participating in specialist provision.

Chapter 8: Housing choice, social mix and mobility

- d) By the end of 2004 the ODPM will publish updated planning policy guidance on housing (PPG3) and practice guidance outlining the principles of creating mixed communities.
- e) The ODPM will continue to tackle low demand and housing abandonment through the nine Market Renewal Pathfinders, and will expand the approach to wider areas of low demand as announced in the 2004 Spending Review.
- f) The ODPM will encourage low-cost home ownership as a housing option for people in social housing and will work with the DWP to promote this as a work incentive.
- g) The ODPM will produce practice guidance in spring 2005 for housing authorities on local lettings policies to support their use in tackling intense concentrations of worklessness.

Chapter 9: Work incentives in deprived areas

- h) The DWP will examine the scope for improving the Social Fund. It will also look at how it can help provide better access to affordable credit for people on low incomes.
- i) The Government will also consider ways of doing more to take advantage of some of the skills and entrepreneurship in the informal economy through, for example:
 - directing people caught for benefit fraud and tax evasion to business support and employment advice, in addition to taking enforcement action; and

- adapting business support services to help those with unregistered businesses to 'go legit'.

Chapter 10: Supporting self-employment and enterprise

- j) The DWP and the DTI will work with the RDAs to encourage Jobcentre Plus and Business Link to work more closely with each other and with the wider business support infrastructure. They will seek to ensure that there are no gaps between services, including through better signposting for those out of work for less than six months.
- k) Business Link Operators (BLOs) and Jobcentre Plus both often contract out the provision of start-up services to other providers, but often in an uncoordinated and inefficient manner. The DWP and the DTI will examine if local providers can develop a joint contracting strategy.
- l) The Small Business Service (SBS) will work with RDAs over the rest of 2004 to develop a national core Business Link offer of advice and support for those considering self-employment, and will then issue guidance through RDAs on how to implement this. Once the shape of the national core offer is agreed, the SBS will then discuss with RDAs the possible design of an 'enhanced' offer of support in Enterprise Areas.
- m) The SBS will work with the Community Development Finance Institution (CDFI) sector and others to investigate ways of improving the provision and accessibility of small-scale finance for those entering self-employment.
- n) Jobcentre Plus will test the approach of providers giving some clients more than six months of test-trading, as long as the average time is maintained at six months or less.
- o) The Government will produce a pre-start-up leaflet and launch it as part of Enterprise Week in November 2004. It will be actively promoted to providers, potential clients and to places which may have contact with the workless.
- p) Where relevant, the measures above will be particularly focused on Enterprise Areas (in England and Scotland, the Areas selected are the most deprived 15 per cent of wards). The DTI will encourage RDAs to give more prominence to targets around enterprise in deprived areas.

Chapter 11: Supporting employers

- q) The DWP will give greater flexibility for Jobcentre Plus staff to develop approaches tailored to the needs of employers and to supply them with more suitable candidates. Better partnerships will be developed to help meet employers' needs.
- r) Jobcentre Plus will begin seven large-scale marketing campaigns in autumn 2004, supported by locally determined strategies for engaging with employers.
- s) The Office for Public Sector Reform is devising a strategy to maximise public sector engagement with Jobcentre Plus, so more public sector jobs would be accessible to people living in concentrations of worklessness.

Chapter 12: Providing better information

- t) To help policy makers and delivery agents to identify small areas where there are a high number of people out of work and on benefit, the Office for National Statistics (ONS) and the DWP will regularly publish benefit claimant data at Super Output Area level (areas with between 1,000 and 1,500 people living in them) from autumn 2004 on the neighbourhood statistics/DWP websites.
- u) To improve understanding of the labour market context in which concentrations exist, the ONS will provide new analysis of Census 2001 commuting data. This will include separate analysis of commuting patterns of key groups over-represented in these areas, such as those with no or few qualifications.
- v) The DWP will consider moving to a Public Service Agreement (PSA) target on deprived areas defined at local area level (Super Output Area which have between 1,000 and 1,500 people living in them) in the next Spending Review process in 2006.
- w) The DWP, in partnership with the National Employment Panel (NEP), are currently evaluating the usefulness of the geographical information system (GIS) as an operational tool within Jobcentre Plus. If the evaluation is favourable, it can be rolled out nationally within Jobcentre Plus within a relatively short period of time.
- x) The ONS will continue to disseminate information on local data and analysis to local delivery organisations/LSPs as well as to policy makers at national, regional and local level.
- y) The ONS and the Department for Constitutional Affairs (DCA) will continue to provide advice and guidance on the existing freedoms that organisations have to share data, and they will consider what more needs to be done to tackle the barriers that stop organisations from sharing data to improve service delivery.

Timeline of events

13.10 The key dates for action are listed below.

Date	Action
2004	
Autumn	<p>The publication of the Social Exclusion Unit report on Jobs and Enterprise in Deprived Areas, accompanied with an ongoing programme to disseminate findings to managers and frontline practitioners.</p> <p>The launch of seven large-scale marketing campaigns to promote employer engagement with Jobcentre Plus, including a renewed effort to engage small- and medium-sized enterprises (SMEs).</p> <p>Over 1 million people should benefit from the National Minimum Wage rise to £4.85 per hour and to £4.10 per hour for 18–21-year-olds.</p> <p>£40 per week in work credit for lone parents who have been on Income Support for one year or more starts being piloted in 12 locations across the country.</p> <p>The publication of updated planning policy guidance (PPG3) on housing and practice guidance on the principles of creating mixed communities.</p> <p>The publication of benefit claimant data at the Super Output Area level on the DWP and NeSS websites.</p>

Date	Action
Winter	<p>Enterprise Week, including the launch of the pre-start-up guide aimed at people considering entering self-employment and at advisers in contact with workless people.</p> <p>The selection of areas for pilots of LAAs between central and local government.</p>
2005	
Spring	<p>The new DWP PSA target on employment rates in the worst wards takes effect, extending coverage of concentrations of worklessness from 25 to 50 per cent. The new DTI target on enterprise in deprived areas and the ODPM targets on cleaner, safer, greener places also take effect.</p> <p>Pilots of LAAs to start.</p> <p>The RDAs formally take over Business Links and the responsibility for promoting enterprise in deprived areas.</p> <p>All parents in London who have been out of work and on certain benefits for more than one year will be eligible for the in-work credit.</p> <p>The publication of guidance for housing authorities on local lettings policies – and how they can be used to tackle severe concentrations of worklessness.</p> <p>The publication of the interim evaluation report on local housing allowances pilots.</p>
Autumn	<p>New local freedoms and flexibility in Jobcentre Plus take effect in ‘prototype’ areas. This will include a separate approach for the most disadvantaged.</p>
Winter	<p>By the end of 2006, Jobcentre Plus will be rolled out across the country. All benefit offices will be merged with jobcentres.</p>
2006	
Spring	<p>New Local Transport Plans take effect, with local authorities expected to improve people’s access to jobs as well as public services.</p> <p>The DWP will consider moving to a PSA 4 target, defined at the Super Output Area level as part of the 2006 Spending Review process.</p>
Summer	<p>Working Neighbourhoods pilots will come to an end, and lessons will be applied to other areas.</p>
Ongoing	<p>The DTI will continue to work with the RDAs to develop a core Business Link offer of advice and support for those considering self-employment, and will issue guidance through RDAs to BLOs on how to implement this.</p>

ANNEX A: Potential solutions for different types of place

The solutions to concentrations of worklessness will vary from place to place. They will include measures in transport, housing and training, as well as Welfare to Work and business support. It will often mean people in different agencies working together to share expertise, contacts and resources.

The table below sets out some examples of the range of measures which local and regional decision makers could consider when they are faced with different types of neighbourhoods where many people are on benefits. Some of these measures are possible already, but could be used more effectively and more widely.

Place	Problems	Potential solutions
<p>Ex-heavy industry Northern estate on the outskirts of a town.</p>	<ul style="list-style-type: none"> ● High levels of inactive lone parents, people on Incapacity Benefit. ● Benefit trap – low-paid jobs are not seen to be worth doing. ● Evidence of second and third generation worklessness. Young people have low aspirations. ● Low-demand housing. High percentage of empty properties. People who get work tend to move away from the area and are replaced by inactive people. 	<ul style="list-style-type: none"> ● Jobcentre Plus and the local authority agree to work together to raise awareness of help, training, jobs and in-work benefits available to residents ● Outreach work by voluntary sector organisations working with Jobcentre Plus to target clients with complex needs (eg people with drugs problems), and to bring them into contact with employment support. For example, visiting and advertising in local schools, nurseries, doctor surgeries and community centres. ● Jobcentre Plus to work closely with local employers and training providers to identify local labour market needs and provide relevant training. ● Business Links, working with the Regional Development Agency (RDA), to focus their promotional activity on the area, encouraging people to consider setting up a business. ● Local authority and housing associations to encourage working people to take-up places in renovated spare housing on the estate.

Place	Problems	Potential solutions
Inner-city London estate.	<ul style="list-style-type: none"> ● High-cost housing, with pressure on limited places. ● Despite major employment opportunities in the city, unemployment and inactivity levels are very high among people living there. ● Problems of low basic skills. 	<ul style="list-style-type: none"> ● Local authority working with registered social landlords (RSLs) to introduce a local lettings policy that is sensitive to the pressures of housing those in greatest need, but avoids housing too many vulnerable workless people in the same few streets and helps to create more mixed communities. ● Local housing associations to play a more active role in improving the employment prospects of residents, including promoting training and education opportunities to them. ● Introduction of low-cost home ownership (LCHO) scheme, such as Homebuy, would increase people's choice and mobility, and could help to free-up social housing places. ● Local authorities and RSLs to ensure that new housing developments include affordable housing for people on low incomes.
Inner-city area once dominated by manufacturing industries.	<ul style="list-style-type: none"> ● Most employment in low-paid retail and catering sectors. ● High levels of activity in the informal economy, especially in the catering and textile industries. ● Language barriers to services and employment opportunities (population is mostly from the Bangladeshi and Pakistani communities). ● Long delays processing Housing Benefit claims act as a barrier to employment. ● Low-demand housing. People in work tend to move out of the area. 	<ul style="list-style-type: none"> ● An organisation with prior expertise of engaging with Bangladeshi and Pakistani communities could be used to provide employment support and help overcome language barriers. ● Local campaign to persuade people of the benefits of working and to raise awareness of tax credits, building on national Inland Revenue campaigns. ● Local public sector organisations, such as the NHS and the local authority should advertise their vacancies through Jobcentre Plus. For instance, Nottingham City Council advertises all of its entry-level jobs to ensure that New Deal clients are targeted directly.

Place	Problems	Potential solutions
		<ul style="list-style-type: none"> ● Introduce flexible tenure LCHO scheme which gives people the opportunity to increase or decrease their share in a property as their circumstances change. RSLs and Jobcentre Plus could actively market this as an additional work incentive to encourage people to take up and stay in employment. This would also encourage people to stay in the area once they have found work. ● Further resources should be targeted on local authorities to speed up the processing of Housing Benefit claims.
Declining sea-side resort.	<ul style="list-style-type: none"> ● Non-diverse seasonal patterns of employment in tourism and agricultural sectors. Very low wages. ● High numbers of older, inactive people on Incapacity Benefit. ● High levels of people working cash-in-hand or with unregistered businesses. ● Limited social housing places. 	<ul style="list-style-type: none"> ● Business Link and local authority to target business support on people already running businesses in the 'informal economy', helping them to register for tax and the relevant regulations. ● Jobcentre Plus to market its services more widely to attract local employers who have used private agencies to recruit staff.
Large estate in a rural location.	<ul style="list-style-type: none"> ● High concentration of single parents. ● Second and third generation worklessness. ● Existing vacancies are in low-skilled/low-paid employment. ● Poor transport networks. 	<ul style="list-style-type: none"> ● Local authority to work with employers to lay on a 'demand-responsive' minibus to an industrial estate where a normal bus would not be viable. ● Introduction of local measures to enhance awareness of financial and non-financial benefits of working – improve understanding of tax credits/help towards childcare costs. ● RDA and the Learning and Skills Council (LSC) to work with employers to raise productivity and the skill level of the jobs they offer.

ANNEX B: Who does what – agencies and policies involved in promoting jobs and enterprise

1. The organisations, partnerships and associated programmes involved in tackling worklessness are described below.
2. For analysis of some of the problems caused by the very number of departments and organisations, and the ways in which they interact, please refer to chapter 6 on better joining-up of agencies and initiatives.

National level

3. The **Department for Work and Pensions** (DWP) is responsible for the Government's Welfare to Work agenda. It has a target to improve employment rates among specified disadvantaged groups and areas.
4. The **Office of the Deputy Prime Minister** (ODPM) is the main department responsible for co-ordinating the Government's regeneration policy in England. The ODPM is responsible at a national level within the Government for housing and planning policy. Within the ODPM is the **Neighbourhood Renewal Unit** (NRU).
5. The **NRU** is responsible for the implementation of the National Strategy for Neighbourhood Renewal. The **National Strategy** (2001) aims to narrow the gap in terms of, among other things, economic prosperity between the 88 most deprived local authority districts and the rest of the country.
6. The **Department of Trade and Industry** (DTI) aims to create the best environment for business success in the UK. Through its key directorate, the Small Business Service (SBS), the DTI is responsible for co-ordinating government business support policy in England.
7. The SBS administers the Phoenix Fund, which has various elements that support innovative activity to promote enterprise among disadvantaged groups and communities. The SBS has commissioned a strategic suite of evaluations of all the main elements in order to examine their effectiveness:
 - Development Fund
 - Business Volunteer Mentor
 - City Growth – this enables towns and cities to develop an approach established in the US, in which local businesspeople develop strategies which put business at the heart of regeneration by focusing on the economic advantages of their areas rather than the social disadvantages; and
 - Community Development Finance Institutions (CDFIs).
8. The **Home Office** has responsibility for community cohesion and policing policy. The **Department for Culture, Media and Sport** (DCMS) provides support for the creative industries, a sector with fast growing employment opportunities.

9. The **Department for Environment Food and Rural Affairs** (Defra) aims to reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2006, and to improve the accessibility of services for rural people.
10. The **Department for Education and Skills** (DfES) is responsible for the Government's skills strategy.

Regional level

11. Nine **Regional Development Agencies** (RDAs) act as strategic drivers of regional economic development and draw up Regional Economic Strategies designed to improve the economic performance of their areas. RDAs also administer Selective Finance for Investment (SFI) in England and co-ordinate the Frameworks for Regional Employment and Skills Action (FRESA). From 2005, RDAs will be responsible for the Business Link network.
12. The **SFI** is designed for businesses that are looking at the possibility of investing in a certain area but need financial help to go ahead. The SFI is discretionary and normally takes the form of a grant or occasionally a loan.
13. **FRESA** involves the DWP, the DfES and the DTI, and provides a single regional process based on coherent, valid and accessible labour market and skills information and intelligence to promote a collaborative, proactive approach to employment and skills.
14. The DTI is the sponsor department for the RDAs. From April 2005 they will have responsibility devolved to them for the management of the network of 45 **Business Link Operators** (BLOs) in England within a national framework to be agreed with the RDAs. Work is underway to develop a consistent model for the Business Link business and brand, which concentrates on Business Link as the access to business advice from the public, private and voluntary sectors.
15. BLOs offer information, diagnostic and brokerage services for current businesses and those considering starting a business. Further information about the network is available at www.businesslink.gov.uk
16. **Regional Skills Partnerships** (RSPs), led by the RDAs, with the Learning and Skills Council (LSC), Jobcentre Plus, the SBS and the Sector Skills Development Agency (SSDA), will integrate action on skills, training, business support and labour market services at the regional level. The first RSPs are in place and it is envisaged that others will follow in the course of the year to April 2005.
17. **European Structural Funds** contribute to the economic development of disadvantaged regions of the UK. There are four EU-funded European Structural Funds and a region may have access to one or more of the four structural funds, depending on whether it has **Objective 1** or **2 status**. All regions have **Objective 3** status.
18. Objective 1 funding is available in areas which are underdeveloped or which are experiencing serious economic decline. Eligible areas are those that have less than 75 per cent of EU average gross domestic product (GDP). It is the highest level of regional funding available from the EU. The UK areas that qualify are Merseyside, South Yorkshire, Cornwall and the Scilly Isles, and West Wales and the Valleys. In total, the UK will receive over £3.9 billion of Objective 1 money between 2000–2006.

Sub-regional level

19. The 47 **LSCs** are responsible for a wide range of programmes designed to address supply side barriers to employment by focusing on workforce skills levels and vocational training. The LSC plans and funds all post-16 education and training provision (except higher education). Jobseekers who are channelled towards training and education rather than employment by Jobcentre Plus are therefore likely to be beneficiaries of LSC funding. The LSC's flagship initiative in relation to enterprise education and the development of entrepreneurship focuses on pre-16 activities at Key Stage 4 – the pilot Enterprise Adviser Service operates in some 1,000 secondary schools in deprived areas until the end of the summer 2005 term.
20. There are also 47 **Connexions Partnerships** throughout England. The partnerships are designed to help young people make a smooth transition to adult and working life, and to provide young people with support and advice about studying, jobs and careers.

Local level

21. The main vehicle for delivering the DWP employment targets is **Jobcentre Plus**. Jobcentre Plus, soon to have over 1,000 local offices, offers a range of services addressing both supply- and demand-side employment issues. Jobcentre Plus works with employers, local authorities and other partners to promote employment among individuals in groups deemed to face the greatest difficulty in the labour market.
22. To contribute towards the PSA target, Jobcentre Plus has a national Performance and Resources Agreement (PRA). This national target, which is subsequently broken down to regional, local and even individual level targets is to achieve a total points score of 7,681,000 based on job entry outcomes.
23. The points score system aims to focus efforts and resources on helping into work people in priority groups, such as lone parents, disabled people and those in the most disadvantaged areas.
24. Jobcentre Plus also has an area-related bonus for each job entry achieved for clients who live in the 30 local authority districts included in the DWP's PSA 4. The bonus is equal to 50 per cent of the client group score.
25. The DWP has a range of programmes to help achieve its targets. A key programme is **New Deal**, which is designed to help people to access the advice, guidance, education and training they need to increase their employability and to get a job. There are six main New Deal programmes, varying in a number of ways: size of target group, key aims and objectives, eligibility rules, conditions of involvement, type of support offered, and relationship to other policy measures.
26. The DWP, through Jobcentre Plus, provides a programme of support for budding entrepreneurs who are long-term (over six months) unemployed or at a particular disadvantage in the labour market, such as having a disability. Support is provided by experts who contract with Jobcentre Plus. The DWP and Jobcentre Plus also direct people to other government and private sector services which provide support to job changers (those in employment) and the short-term unemployed, though this of course depends on advisers knowing who they can signpost clients to.
27. Support for those who have been out of work for more than six months is open to all benefit groups and is provided through Jobcentre Plus by means of the New Deal programmes for: Young People; 25 Plus; Lone Parents; and 50 Plus. There is also a Work-based Learning for Adults (WBLA) programme (more details below).

- 28.** Most of the New Deal programmes above involve advice and then a test-trading period, and they provide self-employment support in three stages (set out in Table 1 below). The self-employment option in New Deal 50 Plus is different. It is essentially a subsidy in the form of tax credits paid for a year. In 2003, over 12,000 people took advantage of this subsidy to start their own business.
- 29.** The final stage ‘test-trading’ is where people can trade while on benefit in order to ensure that they have an income while developing their business.

Table 1: The three stages of self-employment support

Stages	Payment to provider ¹²⁸	Description
Stage 1	£25 per participant.	Half day session with a business adviser covering basic awareness, information, background and aspirations, and identification of support needs.
Stage 2	£300 (maximum) Payment in two parts: <ul style="list-style-type: none"> ● £200 for each business plan produced; and ● £100 per job outcome or self-employment start (ie test-trading). 	A minimum of four weeks’ induction, training and counselling in micro-business skills, and the production of an approved business plan and preparation for test-trading.
Stage 3 (test-trading)	£2,077 (maximum). Payment in two parts: <ul style="list-style-type: none"> ● half for test-trading (payable at £39.94 per week per participant); and ● £1,038.50 payable for each individual who commences independent trading (becomes self-employed) or instead enters paid employment as a direct result of test-trading. 	For a period of up to 26 weeks (six months) individuals can operate a business while still in receipt of an allowance equivalent to at least their previous benefit (in reality benefits are increased by a training premium of some £15.38 per week). Any money made by the business is held in a ‘special account’ to which the provider is a co-signatory. This money can only be used for business purposes (buying stock, reinvesting, paying business expenses). There is no access to this money for personal use (that is what the allowance is for). During ‘test-trading’, the individual has the ongoing support and advice of the business expert (provider) and mentoring support. Once the test-trading period is over and the individual decides to continue trading, all monies held in the ‘special account’ are paid fully to the individual.

- 30.** The WBLA programme is open to adults (age 25 plus) who have been unemployed for six months. It offers a test-trading period (where clients can run their business while still receiving benefits) for 13 weeks (recent changes allow test-trading on WBLA to continue for a further 13 weeks but this is discretionary). The New Deal option offers test-trading for up to 26 weeks.
- 31.** The number of participants declines at each stage as set out in Table 2. It shows that in 2003, there were up to 43,400 participants in the New Deal receiving support for making the transition from worklessness to self-employment. Of those, 26 per cent entered test-trading.
- 32.** This support is accessed through Jobcentre Plus in consultation with personal advisers, although, as mentioned above, it is not delivered directly by Jobcentre Plus.
- 33.** Jobcentre Plus contracts with independent business advisers who work with individuals to develop realistic business plans (stage 1). Where this is not achievable, providers and advisers filter those participants out and talk to them about other options for employment. Providers and advisers do not support those with unsustainable proposals but do, however, work with people to identify more realistic business opportunities and/or transfer the skills they have learnt through business planning into applying for jobs in the open labour market.
- 34.** The Government does not make any formal assumptions about the proportion of participants in the self-employment options of New Deal programmes or indeed the proportion of participants that will progress on to test-trading (stage 3). Stage 1 provides a test of employability and motivation, and it is important that clients can demonstrate the commitment required to make a success of test-trading. As with Business Link support, there is no 'correct' balance between support for self-employment and support for other forms of enterprise or employment, and this can create a tension in objectives.

35. Participation in stage 1 of WBLA tends to be high as there are more potential candidates (ie older age groups and people unemployed for only six months).

Table 2: Numbers of participants in each stage of self-employment option 2003*

	New Deal for Young People	New Deal 25 Plus	WBLA (including New Deal for Lone Parents)***	Total
Stage 1	2,620	9,360**	29,750	43,372
Stage 2	1,640			
Stage 3	1,180	4,070	5,850	11,099

Additional information about data sources:

- * Unless otherwise stated, figures are provided by the Unemployment Strategy Team, the DWP and refer to January to December 2003.
- ** There are no data for stages 1 and 2. This figure is an estimate calculated by the DWP based on previous calculations of the proportion of clients that enter each stage of self-employment support.
- *** Source: WBLA database. Figures for stages 1 and 2 have been combined and figures relate to the number of starts in self-employment during the calendar year 2003.

36. There are no comprehensive data on participants who are 'successful' in entering sustainable self-employment. Under the New Deal, sustainability is defined as those who trade independently of government support for 13 weeks after leaving test-trading. At present, these figures are included with those who find a job through the New Deal employment option (so it is hard to identify separate sustainability figures).
37. There are some data that suggest that at least half of those participating are successful:
- DWP commissioned research,¹²⁹ which showed that some 68 per cent of those who set up their businesses through the New Deal for Young People were still trading a year later; and
 - data for WBLA show that 50 per cent of those that start their business are still trading 13 weeks later.
38. However, it would be a useful measure of performance if Jobcentre Plus was able to capture data about self-employment outcomes.
39. The level of self-employment support varies greatly between Jobcentre Plus districts. This can be due to a number of factors, such as the enthusiasm of the district manager, the coherence and enthusiasm for the wider local network of business support, and the demand for support from clients. These are often driven by the effectiveness of the support offered by providers.
40. Two thousand of the most deprived wards have been designated **Enterprise Areas** to promote more enterprise in disadvantaged communities. They include a range of freedoms from planning and other regulation, and access to finance through initiatives such as the Bridges Community Development Venture Fund.
41. **Local authorities** also share central government's target of increasing employment rates among disadvantaged groups and areas, and they can address concentrations of worklessness either:
- directly – through economic development services (such as developing sites and local procurement), and through mainstream council services like housing and land-use planning; or

- indirectly – by working in partnership with other local organisations, such as the Chambers of Commerce or Business Links.
42. The Local Government Act 2000 places a duty on all main local authorities to prepare and implement **community strategies** for promoting the economic, social and environmental well-being of their areas.
 43. Over 70 local authorities now have **local PSA targets** in relation to employment. A local PSA sets out an agreement between central and local government, where the local authority commits itself to deliver specific improvements in its performance in specific areas in return for financial rewards and relaxed regulations. Eight local authorities have been awarded Beacon Status for their work in removing barriers to work for disadvantaged groups and areas.
 44. **Local Strategic Partnerships** (LSPs) aim to bring together, at a local level, a range of stakeholders from the public, private, voluntary and community sectors, and they are responsible for producing and delivering local strategies. These include managing the Neighbourhood Renewal Fund (NRF) to help improve mainstream services in the 88 most deprived local authority districts. Chapter 6 on better joining-up of agencies and initiatives gives details of other mechanisms for local co-ordination.
 45. The **Neighbourhood Renewal Unit** (NRU) is responsible for the implementation of the National Strategy for Neighbourhood Renewal. The **New Deal for Communities** (NDC), an area-based initiative focused primarily on deprived wards, is part of this strategy, and the 39 NDC partnerships administer projects concerned with access to employment and training provision.

ANNEX C: Glossary

Action Team for Jobs

These provide tailored help for jobless people in areas of high unemployment to overcome particular barriers in getting to work. The teams target disadvantaged people of working-age who want help to get into work, and they focus on finding them work in their locality wherever possible.

Employment Zones

A Government initiative to reduce unemployment in the 13 hardest hit areas of the country. The scheme focuses on people on lone parent and jobseeker benefits. Each person taking part will have a personal adviser appointed by their Employment Zone contractor. The contractors will provide an individually tailored plan and activities for each participant.

Enterprise Areas

The 2,000 most deprived areas across the UK. In England, Wales and Northern Ireland the areas are defined at ward level using the relevant indices of deprivation. In Scotland the areas are defined using postcode areas. In England and Scotland the areas selected are the most deprived 15 per cent of wards, in Wales and Northern Ireland they are the most deprived 42 per cent of wards to reflect higher levels of deprivation in these countries.

Housing Benefit

Housing Benefit is a benefit from local authorities to assist individuals with the payment of rent.

Incapacity Benefit

Incapacity Benefit is a social security benefit employees may be able to get because of their illness or disability when their Statutory Sick Pay (SSP) ends or if they cannot get SSP.

Index of Multiple Deprivation

The extent to which an area is deprived can be measured by the Index of Multiple Deprivation. The Index of Multiple Deprivation 2004 contains seven domains of deprivation: income deprivation; employment deprivation; health deprivation and disability; education, skills and training deprivation; barriers to housing and services; living environment deprivation; and crime.

Intermediate labour markets

The main aim of intermediate labour markets is to give those who are most removed from the labour market a **bridge back to the world of work** by improving participants' general employability. The core feature is paid work on a temporary contract (often up to 12 months), together with training, personal development and job search activities. In order to limit the risk of replacing 'real' jobs, the work is in additional economic activities, ideally of community benefit. Projects and programmes rely on packages of funding from various sources (for example, New Deal, the European Social Fund, local regeneration funds and project earnings).

Jobseeker's Allowance

Jobseeker's Allowance is a social security benefit for people who are actively looking for employment.

National Minimum Wage

The National Minimum Wage applies to nearly all workers and sets hourly rates below which pay must not be allowed to fall.

Rates effective from 1 October 2004 will be:

- the adult rate of the minimum wage of £4.85 an hour
- the development rate, for 18- to 21-year-olds of £4.10 an hour; and
- a minimum wage of £3 an hour will be introduced for 16- and 17-year-olds, with certain exemptions.

Northern Way

A comprehensive package of measures to create jobs, sustainable communities, growth in the economy across the North, and to reduce disparities between the North and the South. The cities involved include Sheffield, Newcastle, Liverpool and Leeds. Details can be found in *Making It Happen – The Northern Way*.

Outreach

When an organisation brings advice or other services to people at home or to where they spend time.

Progress2work

The progress2work initiative to help people recovering from illegal drug misuse into work was developed as part of the Government's wider approach to help those with the greatest disadvantage. Progress2work provides support for customers who have made sufficient progress in their recovery to be drug free or stabilised, but their history of drug misuse is likely to be a significant factor in preventing them from getting or keeping work.

Public Service Agreements (PSAs)

Overarching objectives around key outcomes that government departments agree to in exchange for funding.

Registered social landlords

Registered social landlords (RSLs) are independent housing organisations registered with the Housing Corporation under the Housing Act 1996. Most are housing associations, but there are also trusts, co-operatives and companies.

Right to Buy

Under the Right to Buy (RTB) scheme you can buy your council home at a price lower than the full market value. This is because the length of time you have spent as a tenant entitles you to a discount.

Social Fund

The Social Fund helps people in need with certain important expenses. Applications to the Social Fund are decided in different ways, depending on the type of payment.

The following payments will always be made as long as you meet the conditions of entitlement:

- maternity grants
- funeral payments
- cold weather payments; and

- winter fuel payments for people aged 60 or over.

Some Social Fund payments are discretionary, which means that as well as having to meet the conditions of entitlement, the payment will depend on the perceived priority of your need and whether that level of priority can be met from the local social security office's budget. Discretionary Social Fund payments are:

- community care grants; and
- crisis loans.

Budgeting loans are decided according to a fact-based decision-making process. If you meet the conditions of entitlement, the payment you receive depends on the set maximum amount which applies to your circumstances in the local office budget.

Super Output Areas

Super Output Areas are aggregates of Census Output Areas. They contain a minimum of 1,000, 5,000 or 20,000 people and are more resilient to disclosure of confidential information. The Indices of Multiple Deprivation 2004 were published at the Super Output Area level earlier this year and can be accessed via the Office of the Deputy Prime Minister's (ODPM) website at www.odpm.gov.uk

StepUp

StepUP is designed for those unemployed people who have not been able to secure a full-time job after taking part in a New Deal programme, and who require more intensive support to build up their experience and confidence in order to enable them to make the step into unsupported employment. Participants are guaranteed a job paying the National Minimum Wage, with employment opportunities running for 33 hours a week for a period of 50 weeks, although some part-time opportunities may also be available.

Tax credits

There are two key tax credits, the Child Tax Credit and the Working Tax Credit.

Child Tax Credit

This is for families with at least one child. It is made up of the following elements:

- A **family element** that is payable to any family responsible for a child. It is paid at a higher rate to families with at least one child under the age of one. This is known as the baby element.
- A **child element** for each qualifying child you are responsible for. This is paid at a higher rate if the child has a disability and at an enhanced rate for a child with a severe disability. This is known as the disabled child element.

Working Tax Credit

This is a tax credit for people who are in paid work.

Wards

Historically, wards have been the base unit of UK administrative geography and many higher units are built up from them, including local authorities, Westminster parliamentary constituencies and Primary Care Trusts (PCTs). Ward boundaries are subject to frequent changes. As of 1 May 2003,

England has 8,005 electoral wards/divisions. Population counts vary substantially between wards but the national average is about 5,500. Some urban wards in Sheffield and Birmingham, for example, are as large as small districts in other parts of England.

Working Neighbourhood pilots

From April 2004, Working Neighbourhood pilots began in 12 sites with high concentrations of worklessness. They are intended to help residents access the jobs that can often be found within travelling distance of where they live. In each pilot area:

- residents claiming Jobseeker's Allowance benefit from accelerated access onto New Deal programmes after just three months of unemployment
- partners and lone parents attend more frequent interviews with personal advisers
- new Incapacity Benefit claimants are also given more help to ensure that employment opportunities and barriers to work are regularly discussed
- all residents, whether or not required to attend interviews, have access to help from the pilots on a voluntary basis; and
- there is a £1 million flexible fund in each pilot area to be spent in consultation with Local Strategic Partnerships (LSPs) to address community barriers to work.

ANNEX D: Methodology

The Social Exclusion Unit commissioned new research from the Social Disadvantage Research Centre at Oxford University to develop a small area analysis of worklessness. This annex provides a brief introduction to this work, which is used throughout this report.

The analysis is based on the 165,665 output areas in England. In England the average working-age population (18–59) of an output areas is 335.

The analysis uses April 2001 benefit data from the Department for Work and Pensions (DWP) at individual claimant level to generate rates of worklessness at this very local level. The data incorporate people who are unemployed and inactive due to a disability or health condition, and who are claiming the following benefits:

- unemployment – those claiming Jobseeker’s Allowance (from JUVOS) and New Deal participants (New Deal for the under 25s and New Deal 25 Plus who are not included in the claimant count, and participants in the New Deal for Lone Parents); and
- sickness and disability – recipients of Incapacity Benefit and Severe Disablement Allowance.

The benefit data sets were combined to create a non-overlapping set of workless individuals and were then aggregated to output area level. Income Support is not included so as to keep this analysis compatible with the new Index of Deprivation, which was published by the Neighbourhood Renewal Unit (NRU) in the Office of the Deputy Prime Minister (ODPM) in 2004.

The denominator is the 18–59-year-old population from the 2001 Census, which was also collected in April 2001. The 18–59-year age group is used as a gender breakdown was not available and, hence, it was not possible to include only men of the 60–64 age group (ie those below state retirement age). Young people aged 16 and 17 years of age are also excluded as they do not tend to claim the key working-age benefits. ‘Claim rates’ of worklessness were calculated based on the benefit data and working-age population.

Benefit data, rather than self-reporting census information, was used as an approximation for worklessness as it can be regularly updated unlike census data, which is collected each decade. However, there is a close correlation between the numbers of people as identified as workless by benefit data and the numbers reported to be workless in the census.

Although the small area analysis conducted for the Social Exclusion Unit uses the most accurate data possible (benefit claimants from the DWP and population counts from the 2001 Census), some caveats should be borne in mind:

- The rates generated may **underestimate** actual rates of worklessness in areas where people who are included in the census are out of work but who are not claiming Jobseeker’s Allowance, Incapacity Benefit or Severe Disability Allowance, or are not participating in the New Deal. For example, worklessness for lone parents will be underestimated where the only benefits that they receive is Income Support and they are not participating in the New Deal for Lone Parents.
- On the other hand, the local rates may **overestimate** worklessness in those areas where people are registered as benefit claimants but are not included in the census population. Indeed, due to the small populations involved, any small inaccuracies in population data will have a big impact on the rates of worklessness calculated.

- Finally, the small area analysis cannot take account of those people who are claiming simultaneously to working in the informal economy or those who are neither receiving benefits nor likely to have been included in the census (for example, some homeless people).

This report refers to the results of the top 10 per cent of output areas (of which there are 16,562) ranked by their rates of worklessness and the top 1 per cent of output areas (of which there are 1,657). The reason that there are not exactly 1 per cent of the total number of output areas in the country in the top percentiles is that output areas with the same rate of worklessness are assigned to the **same** percentile and, hence, the number of output areas in each percentile varies slightly.

Further information is available on request from the Social Exclusion Unit.

ANNEX E: National consultation on jobs and enterprise in deprived areas

The Social Exclusion Unit has gathered evidence to inform this project in a range of ways, including a national written consultation. This took place from 1 July until 7 October 2003 and received 189 responses. A breakdown of the type of organisations that responded and the regions that they responded from are set out below.

The Social Exclusion Unit would like to thank all individuals and organisations that responded to the consultation for their comments and ideas. Quotes from the consultation responses are used throughout this report.

Organisation	Per cent of overall responses
National organisation/Government Agency	10
Local authority	30
Regional organisation	7
Other public sector	5
Provider of employment/enterprise services	5
Professional body	1
Other private sector	2
Charity	15
Social enterprise	5
Other voluntary sector	4
Academic/research organisation	2
Individual	4
Other type of organisation	10
Total	100

Region	Per cent of overall responses
London	15
South East	6
South West	3
East of England	6
East Midlands	9
West Midlands	12
Yorkshire and the Humber	10
North West	12
North East	10
Scotland	10
Wales	7
Total	100

ANNEX F: Case study contact details

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11	Ethnic Pride	Ramal Khan	023 9282 7110	Enquiries@ethnicpride.co.uk Portsmouth Council of Community Service 338 Commercial Road Portsmouth, PO1 2BT	www.portsmouth.gov.uk
11	Portsmouth CHAT	Carey Owen	023 9269 5000	CHAT@portsmouthcc.gov.uk The Early Excellence Administration Centre Flying Bull Lane, Buckland Portsmouth, PO2 7BJ	www.childcarelink.gov.uk/ chat

ANNEX G: Acknowledgements

Area studies

As part of its research, the Social Exclusion Unit conducted area studies in six wards. These wards were situated in the local authority districts of Birmingham, Brent, East Lindsey in Lincolnshire, Kerrier in Cornwall, Manchester and Middlesbrough.

These involved a series of visits to the areas, and meetings with staff from public, private and voluntary sector organisations operating in these areas, as well as local residents and employers.

The public bodies involved included local authorities, Jobcentre Plus, Learning and Skills Councils, Business Links, Chambers of Commerce, Regional Development Agencies, Sure Start and the Connexions Service.

Private and voluntary sector organisations who were visited or supplied information included: At Work, Butlins, Community Ventures, Confederation of British Industry, InBiz, Pertemps, Scarman Trust, Tesco and Working Links.

In addition, the Scottish Executive's Social Inclusion Division and Communities Scotland conducted an area study on behalf of the Social Exclusion Unit in a ward in Dundee.

We are very grateful for everyone who gave their time and help.

Visits and meetings

The Social Exclusion Unit project team also visited and met a number of projects and services in the UK. It also drew on the expertise of many different organisations and individuals throughout the project – both in analysing the problem and drawing up practical solutions.

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Paul Greg	Bristol University
Bruce Katz	Brookings Institute
Gareth Bray	Business in Focus
Eddie Rodgers	Business Link West Yorkshire
Julie Haywood	Castle Vale Housing Action Trust
Jane Howden	Centa Business Services
Dave Simmonds	Centre for Economic and Social Inclusion
Sheila Pryce	Centrepont
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Martin Cantor	Coalfields Communities Trust
Vivian Balmain	Community Enterprise in Strathclyde

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Fergus Murray	Cornwall Neighbourhoods for Change
Lucia Gorman	Coventry City Council
Keely Hancox	Coventry City Council
Jo Squires	Coventry City Council
Graham Maunder	East Brighton New Deal for Communities
Sean McGonigle	East Manchester New Deal for Communities
Victor da Cunha	East Thames Housing Association
Stephen Alambritis	Federation of Small Businesses
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Michele Walsh	Housing Corporation
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Anne Pleasant	Interact
Margaret Hodson	Jobcentre Plus
Carolyn Hulme	Jobcentre Plus
John Spindler	John Spindler Associates
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Matthew Brown	Kerrier District Council
Maxine Hardy	Kerrier District Council
Ian Sanderson	Leeds Metropolitan University
Ines Newman	LGIU
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Claire Tunley	London Borough of Camden
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Catherine Max	London Health Commission
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Ruth Lupton	London School of Economics
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Jenny Harris	National Housing Federation
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Shona Alexander	Newcastle City Council
Sheila Pigott	North Huyton NDC Partnership
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Andrew Hall	Nottingham City Council
Nicki Jenkins	Nottingham City Council
Jeffrey Lennon	One London
James McGregor	One London
Toby Lowe	One North East
Fran Harper	OPSR

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Rick Watts	Real Base Training
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Theresa Haran	Scottish Enterprise, New Futures Fund
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Bobby Cummines	Unlock
John Erskine	Wakefield Metropolitan District Council
Jill Adam	WENTA Business Services
Katrina Whittaker	Working Links

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 - unemployment – those claiming Jobseeker's Allowance (from JUVOS); and
 - sickness and disability – recipients of Incapacity Benefit and Severe Disablement Allowance.The benefit data sets were combined to create a non-overlapping set of workless individuals and were then aggregated to Super Output Area level. Further information is available on request from the Social Exclusion Unit.

- 19 The Office for National Statistics classification groups local authorities into clusters based on similar characteristics using 2001 Census data. It is based on 2003 boundaries. The largest cluster is 'supergroups' – there are seven of these for England:
- cities and services, eg Leeds
 - London suburbs, eg Redbridge
 - London centre, eg Hammersmith and Fulham
 - London cosmopolitan, eg Haringey
 - prospering UK, eg Maidstone
 - coastal and countryside, eg Caradon; and
 - mining and manufacturing, eg Blyth Valley.
- The examples given are the most typical local authorities in each of the seven groups. Further information about the classification is available on the National Statistics' website at www.statistics.gov.uk/about/methodology_by_theme/area_classification
- 20 Lone parent worklessness data came from the Department for Work and Pensions (DWP). Further information on this analysis is available on request from the Social Exclusion Unit.
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- 22 Strategy Unit, *Ethnic Minorities and the Labour Market* (London, Strategy Unit, 2003).
- 23 *Characteristics of the Inactive Population*, presentation by Fernley Symons, DWP, 2003.
- 24 Under the national qualifications framework, a Level 1 qualification is foundation level and is equivalent to GCSE grades D–G. A Level 2 qualification is intermediate and is equivalent to GCSE grades A*–C.
- 25 The 165,665 output areas have been ranked by the proportion of their population that has no qualifications. In the worst decile in the country, the proportion of the population with no qualifications exceeds 48 per cent. Half (49 per cent) of these areas coincide with concentrations of worklessness.
- 26 North East, North West, East of England, Yorkshire and the Humber, and West Midlands.
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- 33 Office for National Statistics, *Labour Market Trends*, vol. 112, no. 8 (August 2004).
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- 35 By calculating the proportion of the working-age population in a ward that live in a concentration of worklessness, it is possible to gauge how far concentrations cluster together. This is called the ward 'extent score'. In this report the term 'cluster' is used to describe wards that have an extent score of 50 per cent or above.
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Renewal Unit, forthcoming).

- 37 Adapted from R Lupton and A Power, Social Exclusion and Neighbourhoods in *Understanding Social Exclusion*, J Hills, J Le Grand and D Piachaud (eds) (Oxford, Oxford University Press, 2001).
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130. Cambridge Policy Consultants *Qualitative Evaluation of Employment Zones* (Cambridge, CPC, April 2002)

The Social Exclusion Unit report *Jobs and Enterprise in Deprived Areas* contains new evidence about very local pockets of unemployment and economic inactivity that exist across the country. The report explains where these places are, who lives in them and why they happen.

The report also sets out what more the Government will do to make sure the benefits of full employment are felt in every neighbourhood in England. This will build on the great deal of progress already made in recent years in helping people into work, regenerating deprived areas and supporting businesses.