

## Evaluation of Phase 1 City Strategy

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### Background

The City Strategy (CS) initiative was first announced in the Welfare Reform Green Paper – *A new deal for welfare: Empowering people to work* – of January 2006.

The initiative is intended to combat the issues of worklessness and poverty in urban areas by empowering local institutions to develop local solutions. This represents a wider Government commitment to reform the welfare system so that power is devolved to the local level.

The key aims are to:

- significantly improve employment rates (particularly among the most disadvantaged);
- ensure that individuals are better able to find and remain in work; and
- improve the skills of individuals so that they can progress in work.

### Evaluation of City Strategy

The Institute for Employment Research (IER), University of Warwick, was commissioned by the Department for Work and Pensions (DWP) to undertake the national evaluation of the CS initiative. In line with the broad ethos of the programme, responsibility for evaluation has also been devolved to the local level. City Strategy Pathfinderers (CSPs), with support from their Area Evaluation Advisers (AEAs), were given the task of producing evidence to inform the national evaluation. Hence, the national evaluation takes the form of a meta-evaluation where evidence from a number of sources (not just from the CSPs) is collated, synthesised and assessed. The overarching objective of the national evaluation is to assess the extent to which CSPs are suitable models for future

devolved employment programmes in deprived areas and for those groups most disadvantaged in the labour market.

The 15 areas selected to be initial pathfinders for a two-year period to March 2009 were:

- Birmingham, Coventry and Black Country;
- Blackburn with Darwen;
- Dundee;
- East London;
- Edinburgh;
- Glasgow;
- Greater Manchester;
- Heads of the Valleys;
- Leicester;
- Merseyside;
- Nottingham;
- Rhyl;
- South Yorkshire;
- Tyne and Wear;
- West London.

In July 2008 the Secretary of State for Work and Pensions announced that the CS initiative would be extended for a further two years up to March 2011.

The national evaluation aims to understand and assess the different models of partnership working in the CSPs, measure employment rates and benefit flows in the pathfinders, consider how devolving power to innovate helps the most disadvantaged groups, and to determine the most appropriate geographical level for employment service provision.

## Key research questions

The evaluation was intended to:

- assess the different models of partnership working used by the CSPs;
- assess the effectiveness of aligning the various employment-related funding strands by the CSPs;
- measure the employment rate and benefit off-load changes (especially for disadvantaged groups) for the individual CSPs and the CSPs in total;
- assess which groups can be most effectively helped by devolving responsibility to the local level;
- assess the most appropriate geographical level for the provision of employment services to disadvantaged groups.

## Key messages and themes

City Strategy is largely not about new money. Some seedcorn money and Deprived Areas Funding was available to CSPs, and some funding was secured from partners, but largely it is about getting better value from the services which are currently provided.

The 15 CSPs cannot be said to follow a smaller number of 'types'. The partnership and governance arrangements in each CSP are distinct.

Partnerships have evolved over time, with boards generally becoming smaller and more focused. A central core team is essential in ensuring that strategic decisions are translated into operational commitment and action in delivery.

One tension that has emerged is that between competition and co-operation. This has come to the fore where partners themselves are also direct deliverers of employability services.

There are limits to local action. In general, CSPs have had less local freedom than they envisaged originally and central-local tensions have been

manifest in relation to enabling measures and data sharing. Some of these issues, however, were related to specific circumstances which were beyond the control of both the CSPs and DWP. Data sharing has since been developed through a pilot in the CSP area of Merseyside, as well as Kent and the Leeds City Region (which are not CSP areas).

The role of CSPs is to work alongside and improve the mainstream welfare to work provision (though the exact nature of the relationship exhibits some tensions), identifying and plugging gaps and offering supplementary services to individuals or groups of clients at local and sub-regional levels.

The 'theory' of CS did not necessarily suggest new activities or interventions, but all CSPs have delivered something under that banner. The main thrust of activities has been in the fields of client engagement and employer engagement. Many CSPs have targeted their resources, either by area or by benefit sub-group.

Some CSPs have focused mainly on delivery in the form of new projects. Others have given primacy to strategic development, including budget enlargement, alignment of existing funding streams and more streamlined management of contracts – in some instances via co-commissioning.

Employer engagement has not been developed as much as client engagement. Where client engagement has occurred, there is some evidence of a positive effect of linking jobs to training through the individual 'pathway' models adopted by most CSPs. However, employer engagement needs to be handled carefully so as to avoid raising false expectations and to avoid CS resources effectively subsidising employers' recruitment.

There is clear evidence of cultural change and of new ways of inter-organisational working, evidenced by the successes of the partnerships and their ability to extend the worklessness brief to policy domains which traditionally

have had little involvement with this agenda. A consequence of this has been to elevate the profile of employability in policy debate.

Measuring outcomes by quantitative investigation has been difficult, and to some extent this has been compounded by the change in economic circumstances since the inception of CS. There are no clear-cut answers on the questions of attribution, added value and distance travelled. Information from CSP tracking systems may help to inform on these issues during the next stages of CS.

The recession has not only made the prospect of moving individuals off benefits into work much more difficult, it has also affected the balance of activities of CSPs.

Rises in Jobseekers Allowance (JSA) claimants have only served to reiterate the point that despite the engagement and training interventions used by CSPs, labour demand is a crucial factor in determining whether individuals move into employment.

As well as ongoing policy alterations, there has been a multitude of new initiatives since 2007, many designed to ameliorate the worst effects of the recession, but this has contributed to the CSPs being faced by ongoing contextual uncertainty.

The full report of these research findings is published by the Department for Work and Pensions (ISBN 978 1 84712 728 0. Research Report 639. March 2010).

You can download the full report free from:  
<http://research.dwp.gov.uk/asd/asd5/rrs-index.asp>

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