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Worklessness: A city approach

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Executive Summary

Worklessness - all those without a job either actively or not actively seeking work - is one of the biggest challenges facing our cities. Having a lower proportion of the working age population available and appropriately skilled for work can frustrate employer demand, impact the local economy, and divert funds away from other city initiatives. These economic impacts, as well as the implications for social exclusion and equality, make reducing worklessness one of the top priorities for both national and local government.

The Centre for Cities commissioned the Centre for Economic and Social Inclusion to explore the prevalence of worklessness in cities, critically review previous and current initiatives and approaches, and to consider how best to move forward and empower cities to tackle the issue.

Key Points

- **Worklessness is concentrated in our cities - they contain 59% of Great Britain's population, but have 68% of benefit claimants and 64% of the workless.**
- **Within urban areas, there are 121 Local Authorities with heavy concentrations of worklessness – areas in need of a more tailored approach.**
- **National approaches to worklessness, such as the New Deals, have largely failed to move those furthest away from the labour market into work, and have had lower success rates in cities.**
- **The localisation of initiatives to tackle worklessness – giving cities more direct**

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control over planning and delivery - will mean that employment and skills initiatives are integrated with other local services, more accessible to the individual, and more responsive to labour market needs. This should result in an increase in economic performance and reduction in geographic disparities.

- **The UK is far more centralised in its approach to worklessness than other European countries and performs poorly on OECD measures of effective decentralisation.**
- **There have been some steps towards a more place-focused approach, for example through 15 City Strategies pathfinders – where neighbouring Local Authorities and relevant agencies are encouraged to work together to combine and align efforts to combat worklessness.** Although these pathfinders have now been extended beyond two years, they have few powers and little ability to influence mainstream employment and skills spending.

Policy Recommendations

To have a more city-focused approach, and hence be more effective in tackling worklessness in our cities, three steps need to be taken:

- **STEP 1: Expand City Strategies to all High-Workless Cities:**

Building out from the 15 current City Strategy areas, which cover 34% of all benefit claimants, the Government should now extend City Strategies to all urban areas with high levels of worklessness (as defined in Annex 2). This would result in 58% of all benefit claimants being covered. Local Authorities in these areas need to be encouraged to work beyond their administrative boundaries to tackle worklessness. The City Strategy initiative will help to boost their capacity to respond to worklessness and other labour market challenges, as well as their ability to deliver improvements.

- **STEP 2: Employment and Skills Boards for city-regions:**

Beginning with the existing 15 City Strategy areas, create powerful Employment and Skills Boards to hold new responsibilities, prioritise funding, and deliver a range of training and labour market initiatives. Employment and Skills Boards should hold responsibility for: 1) working with the new Skills Funding Agency to prioritise adult skills funding according to economic need; 2) participating in the selection and monitoring of contractors delivering employment services on behalf of the Department for Work and Pensions (DWP); 3) scrutinising the performance of Jobcentre Plus; and 4) determining the priorities and spending of the Working Neighbourhoods Fund at city-regional level as well as European funds.

- **STEP 3: Pilot devolution of employment and skills funding:**

A large-scale pilot is needed to test whether a devolved approach – with budgetary and commissioning powers – would be more reactive to the demands of the local labour market, and deliver personalised services that reflect local economic conditions. In a city-region pilot, the budget for all eligible claimants should be passed down to the city-region Employment and Skills Board which should have the discretion to commission and deliver provision according to the needs of its local economy. The opportunity to retain any benefit savings would incentivise the city-region to get people into work. Retained benefit savings would then be recycled into further employment and skills programmes.