



# Influencing local employment support: reflections from two Mayoral Combined Authority Innovation Pilots

Anne Green, Sue Jarvis, Abigail Taylor and Belinda Tyrrell

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## Key takeaways

1. Analysis suggests there is no single model of integrating economic and social policy agendas within and across spatial scales to address worklessness, but it is possible to identify common features of a place-sensitive holistic approach.
2. Mayoral Combined Authorities (MCAs), with their reach across functional labour markets, are uniquely positioned to lead complex skills and employability programmes which straddle multiple policy areas and are rooted in place.
3. Evaluation findings from two MCA employment pilots demonstrate the value of moving beyond transactional relationships to steer collaborative partnerships and action at both national and local levels. It is important to build trust over time.
4. To build understanding across organisations regarding what has and has not worked, there is a need to improve data linking across policy domains and sharing of learning across organisations to create a shared body of knowledge for policy makers and practitioners.
5. In the face of entrenched worklessness in particular places it seems logical to suggest innovation in policy and approaches. However, measurement and evaluation of new initiatives have failed to keep up with the pace of change, in part due to shortcomings in capacity and resources (which, of course, vary between places).

## 1. Introduction

The UK's inter-regional inequalities – caused by complex interrelationships between the effects of economic geography, modern globalisation and governance (McCann, 2016) – is a long-standing policy challenge. Understanding the merits of place-based and place-blind interventions in tackling disadvantage is therefore a key consideration for policymakers (Nurse and Sykes, 2020). The Levelling Up White Paper, a flagship policy of Boris Johnson's government, offers the latest policy reset, with a decade-long policy agenda and 'complete system change' in how government works to address entrenched spatial disparities (HM Government, 2022).

This policy briefing provides insights from two employment pilots led by Mayoral Combined Authorities (MCA) which applied a place-based approach to tackle entrenched non-employment. Focusing on

case studies from the West Midlands and the Liverpool City Region it explores how collaborative working across different tiers of government and between local authorities and public, private and voluntary agencies across a defined labour market is delivering locally sensitive solutions to worklessness in disadvantaged areas.

## 2. Entrenched non-employment in place

Spatial disparities in economic fortunes and labour market outcomes persist at various geographical scales, including across metropolitan areas in the European Union (Ehrlich and Overman, 2020), regions in the UK (Gardiner et al, 2013) and urban neighbourhoods. Analyses of mobility out of and into deprived neighbourhoods show that neighbourhoods have mixed trajectories, reflecting their different functional roles.

While some people not in work move out of deprived neighbourhoods after securing employment and are replaced by others not in work, this does not appear to be the most important factor in the persistence of high rates of worklessness in deprived neighbourhoods (Barnes et al, 2012).

At the scale of local labour market areas, those with weak local economies suffered most in the 2008-2009 recession (Lee, 2014), and appear to also have been most adversely impacted by the Covid-19 pandemic (Houston, 2020). Even at times of more favourable macroeconomic trends and a reduction in unemployment rates, labour market trends are not positive in some large urban areas and former industrial towns in Britain (Beatty and Fothergill, 2020). To some extent this reflects the types of jobs that are available locally in the immediate area or are accessible through commuting. In analyses of what works to address worklessness the difficulties of integrating economic and social policy agendas within and across spatial scales are highlighted (North et al, 2009). There is no single successful model but common features can be identified. These include the importance of outreach, holistic approaches, individualisation, continuing support, flexibility, individuals' motivation and aspirations, partnership working and the role of employers (Green and Hasluck, 2009).

### **3. Case study 1: Connecting Communities**

Connecting Communities was an innovative place-based employment support pilot, delivered by nine different providers in nine neighbourhoods, commissioned by the West Midlands Combined Authority (WMCA) as part of its devolution deal with central government. Emphasising intensive, personalised, and locally-sensitive support, the programme sought to build social networks to foster positive behavioural and attitudinal

changes towards work, increase employment and work with local businesses to bolster the recruitment and progression of disadvantaged individuals. Adopting a geographical saturation model, it located personalised, relational, place-sensitive support services where people live, to facilitate engagement and to increase the opportunity for informal encounters that could lead to positive new connections, as well as aiding local partnership working. A key innovative feature was the inclusion of those in work looking to progress into higher paid employment alongside out-of-work participants.

Connecting Communities engaged over 4,000 participants across nine neighbourhoods, supporting over 3,250 participants with at least three meaningful interventions (meeting 82% of the target). Programme participants were diverse. There was a differentiated payment model for people out of work for two years or more, people out of work between one and two years, people out of work for less than one year, and people in work and seeking to progress. The likelihood of finding work was significantly higher amongst those unemployed for shorter durations. Participants were also more likely to find work if they did not have a health condition, completed an action to identify possible jobs that matched skills, or accessed support for financial and digital inclusion. There was strong qualitative evidence for increases in participant self-esteem, feelings of control and awareness of labour market opportunities.

Connecting Communities continued to deliver, with adaptations, during the Covid-19 pandemic. The shift from face-to-face to virtual support prompted by the pandemic was beneficial for participants in employment and those closer to employment who were confident in their use of digital services, but was challenging for those lacking digital skills

and access to IT. The pandemic reduced opportunities for physical co-location and serendipitous encounters. It also changed the nature of labour demand, such that some participants had to reassess their options.

#### **4. Case study 2: Households into Work**

Launched in February 2018, Households into Work is a unique and innovative employment support programme. Jointly funded by the Liverpool City Region Combined Authority (LCRCA) and the Department for Work and Pensions (DWP), its aim was not only to help people find work but to help people get to a point where thinking of employment as a realistic option was a major step forward. The programme was voluntary and there were no penalties for non-compliance. Referrals could be made by any organisation working with an individual who might benefit from a place on the programme or by the individuals themselves.

Delivered by a team of Employment Advocates who worked across the six Liverpool City Region local authorities, the programme was delivered on an outreach basis with a target number for participation of 1,600 individuals in 800 households. The advocates provided participants with 1:1 support, helping to tackle and resolve issues which were preventing them from seeking employment and for which they had limited or no access to relevant people or services. The issues faced by participants are complex and varied including debt and finance, housing, mental health illness, domestic violence, addiction(s), isolation and disaffection. Until such issues are tackled, finding and sustaining employment is a very unlikely and unrealistic expectation.

People could remain on the programme for up to 12 months during which the advocate would help the individual identify, prioritise and tackle the issues

which were preventing them from seeking and sustaining employment. Unlike similar employment programmes, other members of the household were encouraged to join so that issues could be addressed collectively as well as individually. The premise was that adopting a whole household approach to address potentially complex needs was more likely to lead to a lasting solution compared to alternative options which tend to work with the individual in isolation. Advocates also had access to flexible funding to purchase goods or services that could help the household progress towards the labour market.

Households into Work was able to mobilise a new delivery option to help its clients deal with the challenges of the Covid-19 pandemic within a matter of weeks. Not having the constraints of a centralised delivery structure ensured a swift and innovative flexing of the delivery offer. This proved to be a crucial and timely intervention for some of the households. Acting at pace to reshape service provision would have been more difficult to achieve if the programme had been part of a centralised and more restrictive contracting model.

#### **5. Policy implications**

##### ***Central-local relationships***

The recent devolution of powers, responsibilities and funding to metro mayors in England has begun to shape multi-level governance (national, city regional and local) and place-based policy across organisational divides. Whilst the UK's over centralised governance is not necessarily a problem, *"institutional reforms which either remove local monopolies or which remove top-down central government restrictions on local initiatives and which allow coalitions of local actors and institutions to undertake development activities building on local knowledge, are key to the modern place-based approach"* (McCann, 2016). MCAs

with their reach across functional labour markets are uniquely positioned to lead complex skills and employability programmes which straddle multiple policy areas and are rooted in place.

The WMCA and LCRCA pilots adopted a place-sensitive holistic approach which enabled partners to work at a strategic level, as well as test new ways of supporting a diverse range of participants to progress towards employment. This required vertical coordination through the DWP and MCA to ensure national policy intent was responsive to city region need/opportunity and strong horizontal collaborations between public service practitioners to deliver interventions at the local level. Incremental policy shifts and operational changes starting with the 2008 city region multi area agreements, the 2012 city deals and the 2015 mayoral devolution deals laid the foundations for greater local influence over employment support. The MCAs benefitted from an ‘institutional layering’ effect (Mahoney and Thelen, 2010) enabling them to move beyond transactional relationships to steer collaborative partnerships and action at both national and local levels towards shared outcomes.

### **Trust**

Trust is a powerful asset in steering collaborative effort. Levels of trust can determine how stakeholders interact with an organisation in the future, because the way stakeholders view an organisation’s motivations and behaviour influences their current and future decisions and actions towards it.

When considering what drives trust between organisations and stakeholders, PWC (2015) break it down into the following elements:

- *Competence* – Transparency, Reliability, Delivery;
- *Experience* – Expertise;

- *Responsiveness and Values* – Understanding needs, Communitarian, Vision; and
- *Social* – the extent to which the organisation cares about its impact on society as a whole.

Looking across the two case studies we can see these elements of trust apply, from the initial willingness of DWP to support innovation by devolving resources, collaboration between partners of different types and scale, and the relationships between practitioners and programme participants which were key to creating improved outcomes for their client group (Tyrrell, 2020).

The evaluation of the LCRCA pilot highlights the asset based and partnership approach as being hallmarks of the programme. Households into Work taps into the formidable resources which already exist within the local community to offer a whole system approach that puts improved outcomes for participants at the centre instead of the concerns of specific organisations.

Built over time, across policy areas and upon multiple layers of transactions, trust shapes both behaviour and actions towards organisations (Crossley et al, 2013), influencing the allocation of resources and their ability to innovate to achieve sustainable success.

### **Combining interventions in place**

There is evidence of policy silos at a local level and that the current employment support system is “*fragmented, complex and difficult to navigate for individuals, employers, employment support providers and policymakers*” (Phillips, 2022).

Nonetheless, “*the issues and challenges facing local communities are often complex, and require a holistic approach to be resolved*” (OECD, n.d.). The WMCA and LCRCA examples show how, rather than responding to challenges through a single project, policy agendas can be brought together at a local level to

respond more efficiently and effectively. The WMCA has reorganised its directorates to link learning, skills, economies and health. In Liverpool City Region, learning from the Households into Work Programme has been used to develop the Economies of Health programme.

To build understanding across organisations regarding what has and has not worked, there is need to improve data linking across policy domains and sharing of learning across organisations. This can help to create a shared body of knowledge. It is important to develop systems for practitioners to share knowledge. Strengthening links between central and local government in terms of data availability, access and sharing is likely to be key here. Secondments of staff between organisations can facilitate practical learning, language and shared learning of processes. Social networks can act as connectors to information, intelligence and opportunities and should not be overlooked.

## **6. Limits to innovation**

In the face of entrenched non-employment in particular places it is logical to suggest that innovation in policy approaches is appropriate. A decade ago, a report calling for innovation and experimentation in the jobs market (Casebourne and Coleman, 2012) identified three main policy approaches to tackling worklessness. First are policies to increase the aggregate demand for labour – through monetary and fiscal policies. Secondly, there are policies to improve the supply of labour – through adjustments to the tax and benefits system to make work pay and by increasing or improving the supply of labour through training. The third approach focuses on improving labour market efficiency by better matching of demand and supply.

Much of the existing employment support and skills provision available at local level in the UK is commissioned and procured nationally by a variety of government departments and agencies. It is complemented by local provision from local authorities and the third sector. This, coupled with the increasing use of competitive funding processes with an emphasis on innovation, has led to a fragmented and complex picture of multiple support initiatives, which is difficult for local stakeholders to navigate.

There have been important and welcome innovations in employment support policies in recent years. These include a new focus on in-work progression rather than merely employment entry and retention, enhanced involvement of service users in planning and development of policies, and a greater role for combined mayoral authorities in co-ordinating service provision. Yet measurement and evaluation of new initiatives have failed to keep up with the pace of change, partly due to shortcomings in capacity and resources (which vary between places). An undue stress on innovation can be counterproductive since it may lead to a lack of emphasis on the tried and tested fundamentals of employment support policy. Continuity is important in tackling entrenched problems.

Both case studies highlighted in this briefing illustrate how devolution offers bespoke opportunities for collaboration across multiple organisations, practitioners, participants and place to address challenges of entrenched worklessness. These examples of collaborative activity provide valuable insights for the design of policies to support place-based approaches to employment support.

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Heseltine Institute for Public Policy, Practice and Place  
University of Liverpool, 1-7 Abercromby Square, Liverpool, L69 7WY

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## About the authors

**Anne Green** is a Professor of Regional Economic Development at City-REDI/ WMREDI at the University of Birmingham. She is an experienced applied researcher working on topics including spatial dimensions of socio-demographic and economic change, employment and skills, regional and local labour markets, migration, employment support and area regeneration policy evaluation.

**Sue Jarvis** is Co-Director at the Heseltine Institute for Public Policy, Practice and Place. Sue has a professional background in local government policy making and senior leadership experience of delivering public services, including complex programmes where activities are undertaken by partners across multiple agencies. She has undertaken key roles in the development of a succession of Liverpool City Region plans, leading high impact projects focused on skills, employment and economic development, including devolution of the Adult Education budget.

**Abigail Taylor** is a Research Fellow at City-REDI/WMREDI at the University of Birmingham, who is experienced in conducting qualitative research with both policy makers and disadvantaged individuals. Abigail works on topics including employment support policy, regional and local labour markets and skills.

**Belinda Tyrrell** is a Research Associate at the Heseltine Institute for Public Policy, Practice and Place. Belinda is an experienced practitioner and qualitative researcher. Her areas of research interest include employment support, employability and skills, community participation and digital inclusion.

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