

# New Deal for Communities

## The National Evaluation

### Research Reports

#### **Intermediate Labour Markets: Early Findings**

Research Report 21

The Neighbourhood Renewal Unit is currently sponsoring the 2002-2005 national evaluation of New Deal for Communities. This evaluation is being undertaken by a consortium of organisations co-ordinated by the Centre for Regional Economic and Social Research at Sheffield Hallam University. The views expressed in this report do not necessarily reflect those of the Neighbourhood Renewal Unit.

Those wishing to know more about the evaluation should consult the evaluation's web site in the first instance  
<http://ndcevaluation.adc.shu.ac.uk/ndcevaluation/home.asp>



*Sheffield Hallam University*

**Intermediate Labour Markets:  
Early Findings**

Research Report 21

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# CONTENTS

Executive Summary.....	i
1. Introduction .....	1
1.1. Background .....	1
1.2. Research Undertaken .....	1
1.3. Structure of the Report.....	2
2. The Local Context .....	3
3. Nature of the Intervention .....	6
4. Delivery .....	9
5. Outcomes and impact.....	13
6. What works and lessons learnt.....	14
7. Conclusions.....	17
References.....	17

## List of tables

Table 1: Work and Income (all 16+)

Table 2: Work and Income (working age)

Table 3: Education and Training

Table 4: ILM Case Studies – Models of Delivery

## EXECUTIVE SUMMARY

### Introduction

1. Intermediate Labour Market Schemes (ILMs) have been established in a number of New Deal for Community (NDC) areas as part of the worklessness theme of the programme. ILMs offer a 'bridge' back to work for those who are a long way from the labour market by offering a waged placement together with training, personal support and job search activities. Placements may be in the public, private or voluntary sector, and many ILMs offer additional community benefit through community based or environmental works.
2. This report is based on the initial findings from research undertaken with three case study ILM projects within NDC areas. The three projects have been selected to represent different variations on the ILM model, different geographical locations and varying labour market contexts. The projects are:

**Preston Road Works! (Hull)** – the project offers 12 month placements plus additional support to residents in the NDC area. Placements are available in a combination of NDC funded projects and in the private sector. Additional sources of funding include New Deal 18-25/25+ and ESF monies. The project is delivered in house by Preston Road NDC and operates in an area with low levels of economic activity and low employment demand due to geographical isolation.

**Heywood ILM Project Phases 1 and 2 (Rochdale)** – offers placements of up to 50 weeks with a mixture of private sector and voluntary and community sector employers. Phases 1 and 2 had varying eligibility criteria and funding mixes, including New Deal 18-24/25+ and ESF. The project is delivered by Groundwork Oldham and Rochdale. The local labour market is characterised by low levels of local employment opportunities and there is inadequate local training provision and low levels of basic skills.

**Achieving Diversity in the Workplace (Sunderland)** – delivered by Sunderland City Council this project offers twenty placements of up to 21 months within the Community and Cultural Services Department of Sunderland City Council. Funded through ESF, the City Council and NRF (in addition to NDC) participants have to be resident in the NDC area and 50% of placements are ring fenced for participants from ethnic minority backgrounds. Despite the proximity of the NDC area to the city centre, the labour market is characterised by low levels of economic activity and low labour demand.

### Nature of the intervention

3. The three projects had all adopted slightly different delivery mechanisms, and varied in terms of the types of placement on offer and the duration of the placement. Two were delivered by external agencies (Groundwork and Sunderland City Council) and one in house by the NDC programme.
4. The projects had broadly the same aims and objectives, and focused around four main areas. These were:
  - Increasing general levels of employability of residents.
  - Removing barriers to entry to the labour market particularly for people from disadvantaged backgrounds.
  - Promoting skills development and the attainment of recognised qualifications.
  - To reduce levels of unemployment and get residents into jobs.

5. Each of the projects had specific outputs and targets relating to the number of beneficiaries recruited, the number into jobs after placement and numbers achieving recognised qualifications.

## **Delivery**

6. Projects had used a variety of means to attract clients to the project, including direct referrals from Jobcentre Plus, word of mouth, use of printed materials and leaflet drops, outreach work and by locating offices in a central prominent location within the NDC area. Whilst projects often work closely with local Jobcentre Plus offices they are able to offer services that are clearly additional to Jobcentre Plus mainstream services in terms of enhanced flexibility which means that services can be tailored to the needs of individuals, the provision of additional support to clients and extended placements.
7. Work undertaken with clients by projects had a number of core elements, including benefits advice, induction or pre-ILM support, development of an individual training plan, accredited training, regular in-placement reviews, personal support, job search and post placement support. A key issue emerged that the level of personal support required by clients should not be underestimated – this is critical to the success of projects. Clearly the amount of support required by clients varied widely and projects needed to be able to respond to the wide range of issues that clients may face in (re-) entering the labour market, for example buying suitable work clothes, advice on rent arrears, medical issues and other personal problems. The project may not be able to directly offer the full range of support required by clients, and so there needs to be clear signposting to professional sources of help.
8. Placements may be undertaken within the project or sourced from external organisations. The amount of work that needed to be undertaken with employers should not be underestimated, and it was considered important that employers have a good understanding of the project from the start. Ongoing support should also be provided to employers and there should be regular contact between the employer and the project. Gaining the commitment of the employer and sustaining this through ongoing support was critical to successful job outcomes.
9. Key partners for ILM projects are likely to include Jobcentre Plus and local training providers. The relationship with Jobcentre Plus is critical to the success of the project.

## **Outcomes and impact**

10. The three case study projects are at varying stages of delivery and so information relating to outcomes and impact is limited. Project targets in terms of numbers of beneficiaries supported are generally being achieved. It is too early to say whether numbers into jobs have been achieved, but early evidence suggests that targets may be too challenging given the client group for the projects. Lack of information and data about the potential client group may lead to unrealistic targets and there needs to be a focus on softer outcomes consistent with moving people towards the labour market.

## **What works and lessons learnt**

11. The projects provide a wealth of information around what works in delivering ILMs and lessons learnt. These are summarised below under five broad themes:

***Working with clients*** – including the need for projects to be sufficiently flexible to meet the needs of clients and not be ‘funding-led’. Projects need to have a good understanding of their client group and not underestimate the amount of support that clients require. Projects need to be able to overcome the full range of social welfare barriers facing clients.

**Working with employers** – employers need adequate support from the ILM project, which can help retention rates. Employers also need to have a good understanding of the project and what is required of them in terms of administration of the placement, support to clients and requirements of the project, for example releasing clients for job search activities.

**Working with partners** – effective partnerships are critical to the success of ILMs. Key partners are likely to include Jobcentre Plus (roles are likely to involve referrals, joint working, shared outreach arrangements, benefits calculation) as well as local training providers and other NDC projects.

**Operational issues** – the need for effective management and administrative processes should not be underestimated. Getting the right staff and retaining them was particularly important. The project needs to be able to meet demand without compromising on quality. Strategic issues – ILMs should not be stand-alone but should link into employment strategies both within the NDC and wider. More consideration should be given by NDC programmes to more flexible ways of delivering ILMs for example by ‘buying into’ existing ILM programmes.

# 1. INTRODUCTION

## 1.1. Background

Intermediate Labour Market schemes (ILMs) have developed as mechanisms to tackle long term worklessness and to overcome the multiple barriers to employment that face people from disadvantaged backgrounds. They are designed to provide disadvantaged people with work-based skill development opportunities as a route into the 'regular' labour market.

ILMs are traditionally locally based and provide funded places with employers. ILMs operate in a variety of different ways and context, but on the whole they generally offer a period of temporary paid employment (usually up to 12 months), supported with appropriate training, personal development and job search activities. Placements are often in the 'third sector', within community-based organisations or projects, but more recently ILMs have tended to source placements within the private sector. ILMs often combine regeneration monies with funding from mainstream programmes such as government-funded New Deal for the Unemployed programmes and ESF.

In a study for the Joseph Rowntree Foundation (Marshall and Macfarlane 2000) the following common characteristics of ILMs are identified:

- The main aim is to give those who are furthest from the labour market a bridge back to the world of work and improving general employability.
- The central element is paid work on a temporary contract, as well as training, personal development and job search activities
- To limit job displacement or substitution, the work is in additional economic activities, ideally of community benefit.
- Projects and programmes rely on the packaging of funding from various sources in a way that provides outputs and 'added value' for each funder.

In terms of the delivery of ILMs there are a number of models that may be adopted. Key variations are around whether ILM workers are employed by the host organisation or whether placements are sourced from external employers.

The key rationale for ILMs that they create an 'intermediate' labour market, where the long term unemployed can develop employability skills which will enable them to compete for mainstream employment. ILMs are therefore seen to have a number of policy benefits, notably reducing long term unemployment, increasing employability, lifelong learning, reducing levels of social exclusion as well as providing some level of additional community benefit.

In the context of the New Deal for Communities programme, ILM projects have been developed by a number of partnerships in response to long term unemployment and high levels of worklessness within their areas.

## 1.2. Research Undertaken

This report draws upon research undertaken with three NDC funded ILM case studies. The three case studies have been selected to reflect varying labour market conditions and geographical coverage. They also all represent different models of ILMs and have different delivery mechanisms.

The research has been undertaken in phases over a period of six months in 2003. All of the projects are at varying stages of development, but they are all up and running and well established. The three case studies are:

- Hull – Preston Road Works!
- Rochdale – Heywood ILM Project (Phases 1 and 2).
- Sunderland – Achieving Diversity in the Workplace.

Work that has been undertaken with each case study generally includes interviews with key project staff (including the project manager and frontline staff), interviews with NDC staff as well as reviews of relevant documentation including Delivery Plans, Project Application Forms, Project Appraisals and NDC National Evaluation Reports.

### **1.3. Structure of the Report**

Whilst the projects have been established for slightly different lengths of time, all are in the relatively early stages of development and findings from the research at this stage should be treated as provisional.

This report aims to focus on the early findings from ILM projects in the context of New Deal for Communities. The report therefore covers the following areas:

- The context in which ILM projects have been established and the problems that they are trying to address.
- The nature of the intervention in terms of objectives and targeted beneficiaries.
- The way in which ILMs have been delivered, in particular focussing on the different types of intervention that are offered and the assumptions behind these interventions.
- Current outcomes and impact of the projects (although these are, inevitably, somewhat limited given that the projects are in the relatively early stages of development).
- What has worked well, what has not worked well, as well as the key lessons that have been learnt so far from such interventions.



## 2. THE LOCAL CONTEXT

The development of ILM projects in NDC areas is proceeding in the context of broader strategies for employment and such projects are therefore one component of a wider set of interventions. Over time further research will be undertaken to investigate the inter-relationships between various projects (and with projects in theme areas) but at this early stage the focus has been on ILM projects.

The three case study areas all reflect varying degrees of disadvantage and labour market contexts. Baseline data from the national evaluation indicates that there are significant differences in the characteristics of the three case study areas.

Nevertheless key issues for the three areas focus around:

- Low skill levels (including basic skills) and poor educational attainment.
- A high proportion of families with no one in work.
- High levels of unemployment and economic inactivity.
- Low levels of household income.
- High levels of dependency on benefits.

Nevertheless the three case study areas all face unique circumstances in terms of the local labour market and provide the context for projects tackling worklessness.

The Preston Road NDC in **Hull** is located three miles from the City Centre. The area is predominantly white and economically poor, with a total population of 6,705 (working age population of 3,800). Activity rates in Hull are low when compared to the rest of the region. Workless households appear to be a particular issue for Hull and only 31 per cent of residents aged over 16 are in paid work. More than half of households have no one working. Interviews with key project staff revealed there is a high dependency culture in the area and almost a third of respondents to the National NDC Evaluation Household Survey 2002 were in receipt of income support, JSA or incapacity benefit.

The labour market within Hull is unique in the sense that geographical isolation has a profound impact upon access to sources of available employment for residents. The NDC area in particular is viewed as having few employment opportunities (and poor transport links) coupled with inadequate training provision. It is a low wage economy, with most employers offering job opportunities at or just above the minimum wage. These issues around training and employment were reflected in early consultation with NDC residents around key priorities for the programme.

The Heywood NDC area in **Rochdale** covers a population of 9,190 and a working age population of 5,370. There is a small BME population. The NDC area straddles the town centre and its inner residential areas. There are some limited local employment opportunities within the town centre, although these are generally relatively low paid. Levels of employment are above the NDC average, and are not as acute as in the other case study areas. Nevertheless, levels of basic skills are relatively poor and there are high levels of workless households. The perception of key stakeholders is that the area lacks a good training facility and there are general low aspirations in terms of education and employment

The NDC area in **Sunderland** (East End and Hendon) is located to the east of Sunderland and comprises three distinct sub areas: the East End, Central Hendon and South Hendon.

The total population in the NDC area stands at 10,240, with a working age population of 6,320. The area is predominantly white, with an established Bangladeshi community and an increasing number of asylum seekers. Despite the proximity of the NDC area to the City Centre, there are low levels of economic activity and low levels of labour demand: only 43% of the working age population is in paid work. Long term sickness is a critical issue for the area and there is high dependency on benefits. Almost six out of ten households have no one in work and a quarter have household incomes below £100 per week.

There are therefore a complex set of circumstances affecting the labour markets within each of the NDC areas, and a range of barriers preventing residents from accessing employment and training opportunities. Key baseline data from the 2002 National NDC Evaluation Household Survey relating to the three case study areas is outlined in Tables 1-3.

**Table 1: Work and Income (all 16+)**

	Hull	Rochdale	Sunderland	NDC Aggregate	National
<i>Base: All respondents</i>	(500) %	(500) %	(499) %	(19363) %	%
In paid work (including government training scheme)	31	53	33	42	60
Self employed	1	5	4	4	7
Registered unemployed/not registered but seeking work	11	5	8	9	3
Long term sick or disabled	14	10	16	9	n/a
No one working in household	62	47	59	51	n/a
Household Income below £100 per week	18	17	24	19	n/a
No savings (respondent/partner/spouse)	57	39	52	50	n/a
Respondent receives income support, JSA or incapacity benefit	38	22	41	29	n/a
Do not have and can't afford home contents insurance	32	17	28	30	8

Source: MORI/NOP

**Table 2: Work and Income (Working Age)**

	Hull	Rochdale	Sunderland	NDC Aggregate	National
<i>Base: All working age</i>	(361) %	(345) %	(366) %	(14992) %	%
In paid work (including gov't scheme)	40	68	43	50	75
Self-employed	2	6	5	4	9
Registered unemployed/not registered but seeking work	15	7	11	11	5
Long-term sick/disabled	17	12	20	11	n/a
No-one working in household	51	29	47	41	16

Source: MORI/NOP

**Table 3: Education and Training**

	Hull	Rochdale	Sunderland	NDC Aggregate	National
<i>Base: All respondents</i>	(500) %	(500) %	(499) %	(19363) %	%
No qualifications – all respondents	62	41	48	43	n/a
No qualifications – working age respondents	55	27	39	35	16
Have access to PC at work/home/elsewhere	31	39	29	42	45
Very/fairly satisfied with primary schools <i>(Base: Users only)</i>	90	83	88	81	88
Very/fairly satisfied with secondary schools <i>(Base: Users only)</i>	67	72	83	66	82
Taken part in education/training in last year (excluding current students)	19	18	19	19	n/a
Taken part in education/training in last year (excluding current students) – working age respondents <i>(Base: All working age)</i>	25	24	24	23	n/a
Percentage feel need to improve reading	8	7	9	11	n/a
Percentage feel need to improve writing	9	11	9	13	n/a
Percentage feel need to improve maths	14	23	16	21	n/a

Source: MORI/NOP

### 3. NATURE OF THE INTERVENTION

#### Overview of Projects

The case studies have all adopted slightly different delivery models. Whilst the projects all have similar elements, they differ slightly in terms of the type of placement, the delivery agent, and length of placement. Table 4 below outlines the key dimensions of the three case study projects.

**Table 4: ILM Case Study Projects - Modes of Delivery**

	<b>Hull</b>	<b>Rochdale</b>	<b>Sunderland</b>
<b>Project title</b>	Preston Road Works!	Heywood ILM	Achieving Diversity in the Workplace
<b>Delivery agent</b>	Preston Road NDC	Groundwork Oldham and Rochdale	Community & Cultural Services Sunderland City Council
<b>Start date</b>	June 2001	<i>Phase 1:</i> January 2002 <i>Phase 2:</i> January 2003	July 2002
<b>End date</b>	June 2004	Both phases: December 2003	December 2004
<b>Target area</b>	Preston Road NDC area	<i>Phase 1:</i> Heywood JC+ area <i>Phase 2:</i> Heywood NDC area	NDC area
<b>Eligibility criteria</b>	Resident in the NDC area	<i>Phase 1:</i> Resident in Heywood JC+ area, and New Deal 18-24/25+ eligible <i>Phase 2:</i> Heywood NDC area, workless for 6 months	Resident in NDC area. 50% of placements have been ring fenced for participants from ethnic minority backgrounds
<b>Funding mix</b>	New Deal 18-24/25+, NDC, ESF	<i>Phase 1:</i> NDC, New Deal 18-24/25+ <i>Phase 2:</i> NDC, ESF	NDC, ESF, Sunderland City Council, NRF
<b>Targets</b>	150 residents trained and supported (120 LTU) 60 residents into permanent employment 3 months after completion	<i>Phase 1:</i> 24 residents recruited and into placements, 70 into employment, 19 achieving accredited qualifications. <i>Phase 2:</i> 12 residents recruited and into placements, 8 into employment 12 achieving accredited qualifications	20 training placements
<b>Type of placement</b>	NDC funded projects and private sector	Green Team, private sector and voluntary and community sector	Public sector (within Community & Cultural Services)
<b>Length of placement</b>	Up to 12 months	Up to 50 weeks	Up to 21 months

In terms of the delivery agent, two of the projects are delivered by external organisations. In Sunderland, the Community & Cultural Service department of the City Council is contracted to deliver the project. In Rochdale, Groundwork Rochdale and Oldham were approached to deliver the project, as it was felt that they had the necessary track record in delivering ILMs. In contrast in Hull the model that has been adopted is for the Preston Road NDC Partnership to deliver the project internally. This is consistent with the approach adopted by Preston Road NDC to deliver the majority of NDC funded projects in house.

The ILM projects were developed through a range of assumptions and mechanisms. The need to tackle the twin issues of poor skill levels and high levels of worklessness was evident across all the case studies. There was a recognition that there are multiple barriers to gaining employment by the most disadvantaged residents of NDC areas and that ILMs were a 'tried and tested' approach to tackling these issues. The need to focus on the barriers to employment was supported through community consultation, which suggested that basic support was required in order for residents to access jobs, including help with completing application forms and other personal support.

A range of funding sources has been accessed in addition to NDC funding. ESF has also been accessed by all three projects. Mainstream funding from Jobcentre Plus has been accessed by Phase one of the Heywood ILM project. However the funding mix was changed for the second Phase of the project as it was felt that this was too limiting in terms of the client group for the project.

## **Aims and Objectives**

The aims and objectives of the case study ILMs were broadly similar, and focused around four main areas. These were:

- Increasing general levels of employability of residents.
- Removing barriers to entry to the labour market particularly for people from disadvantaged backgrounds.
- Promoting skills development and the attainment of recognised qualifications.
- To reduce levels of unemployment and get residents into jobs.

Each of the projects had specific outputs and targets relating to the number of beneficiaries recruited, the number into jobs after placement and numbers achieving recognised qualifications. The number of beneficiaries supported target varied by project – one project had a 'rolling target' of number of beneficiaries at any one time, whilst the other projects focused on total number of beneficiaries supported.

## **Project Beneficiaries**

Because the three case study projects draw together funding from a range of sources, they have varying eligibility criteria and target client groups.

Preston Road Works! in Hull has relatively straightforward eligibility criteria. The emphasis of the project has been on flexibility – as well as the more traditional elements of an ILM, the project also offers more general support into employment (which address minor barriers to employment) as well as offering support to people who are 'a long way from the ILM'. This means that the project is able to provide a service to all residents regardless of their current employment status. The absence of eligibility criteria has been a deliberate decision by the project as it was felt that establishing criteria would further disenfranchise those residents that most needed help.

The Phase One Heywood ILM in Rochdale was part funded through the New Deal for the Unemployed and so this restricted the client base for the project. The Phase One project largely received clients on mandatory referrals from Jobcentre Plus. This client group was found to have multiple problems with higher levels of alcoholism and drug problems than anticipated and so required high levels of support from the project. In addition, the project was open to residents outside of the NDC area covering the wider Heywood area. The second phase of the project was designed to be more flexible using ESF as match funding. This phase was restricted to residents within the NDC area, but was more flexible in the sense that it was open to all residents who had been workless (rather JSA registered) for six months or longer. Prospective beneficiaries are required to provide evidence that they have been workless for the required period.

The Achieving Diversity in the Workplace Project in Sunderland differs to the other two case studies in that it provides waged placements and training with one employer (Community and Cultural Services, Sunderland City Council). The project has fairly broad eligibility criteria in that clients must be resident in the NDC area and below retirement age. Of the 20 placements available, half were ring fenced for residents from an ethnic minority background.

There is relatively little quantitative evidence available on the types of beneficiaries the projects are supporting. Ad hoc evidence suggests that the projects are effective in meeting the needs of the hardest to help. The Preston Road Works! project was felt to have worked best for the traditional unemployed, lone parents and other more disadvantaged groups. This is confirmed in project monitoring data, which suggests that the project is reaching the hardest to help: prior to the project, 34.5% of participants were long term unemployed (12 months or longer), 31.9% had no qualifications and 18.1% were lone parents.

## 4. DELIVERY

The exact ILM delivery mechanisms varied across the three case studies, with each adopting slightly different approaches. Nevertheless there are a number of core elements which are generally common to the projects. These are outlined below under four broad headings: attracting clients, working with clients, working with employers and partnerships and networking.

### Attracting clients

A number of approaches have been adopted to attract clients to the various ILM projects. Approaches that have been adopted include:

- **Direct referrals from Jobcentre Plus** – direct referrals from Jobcentre Plus have been particularly important for the New Deal for Unemployed funded projects such as the Phase One Heywood ILM.
- **Direct referrals from other NDC projects** – this was particularly important for Preston Road Works! which had received referrals from a number of NDC funded projects including transport, finance, advice and health projects.
- **Word of mouth** – this appears to have been effective particularly in terms of the Preston Road Works! in Hull, as targets have been easily exceeded with minimal formal publicity and marketing.
- **Use of written publicity** – including leaflet drops within the NDC area and distribution through community centres.
- **Outreach work** – it was suggested by projects that outreach work was critical to targeting harder to reach groups, such as lone parents. This has been particularly effective in reaching lone parents. For example the Achieving Diversity in the Workplace project in Sunderland worked through local community groups to reach their target group. The Heywood ILM in Rochdale has worked closely with Jobcentre Plus Lone Parents Outreach Workers. Outreach is an area where ILM projects can effectively link in with other NDC projects to undertake joint outreach work.
- **Locating offices within the NDC area** – the Heywood ILM and Preston Road Works! projects have established new and accessible offices within the NDC area. The importance of projects being visible within the community was felt to be critical. Co-location with other NDC projects was also felt to be useful as projects could cross fertilise each other and clients could benefit from a more ‘joined up’ service.

Whilst adequate promotion and publicity is clearly of importance in attracting clients, this clearly needs to be balanced against ensuring projects have sufficient resources to provide a good quality service to clients. One project found that they needed to undertake relatively little promotion of the project as demand for their services was outstripping supply. At the time it was felt that the quality of the service had suffered as a result of the demands on the project.

### Working with clients

The case studies undertook a wide range of work with clients at varying stages of the ILM process. Although each project is slightly different there are a number of common elements that projects offer. These elements may be undertaken by the project centrally, contracted out to other organisations, or through referrals to other NDC projects. These elements include:

- **Benefits advice/calculation** – advice on in work benefits in order for clients to understand the impact receiving a salary will have on their benefits. This is clearly a critical barrier to participation in the labour market and need to be addressed with clients up front. Provision of advice in this area aims to encourage people into work who may perceive they are better off on benefits.
- **Induction/pre-ILM support** – most of the projects offer some element of induction or pre-ILM support. This needs to be sensitive to the needs of the client and may include a number of elements including an introduction to the world of work, basic health and safety and basic literacy and numeracy training.
- **Development of an individual training plan** – most projects work with clients to develop an individual training plan which records training intentions and achievements. It is not always appropriate that the plan is developed at the start of the placement, as training needs may become more apparent as the placement progresses. The plan provides a record of training needs and training undertaken and will need to be updated at regular intervals as the placement progresses. For example the Preston Road Works! project undertakes a monthly review with each client of progress against their training plan. In Sunderland a training needs assessment was undertaken by the local College after participants had undertaken initial taster sessions within the Council.
- **Regular in placement reviews** – most projects undertake regular reviews with clients when they are on their placement. This helps troubleshoot potential problems and maintains regular contact with the client whilst they are on placement.
- **Personal support** – a key element of ILMs is that they provide support to clients to overcome the multiple barriers they may face in undertaking employment. The experience of projects is that they need to be able to respond to the wide range of issues that clients may face, for example buying suitable work clothes, advice on rent arrears, medical problems and other personal problems. Support may not always be available from the project, but there needs to be clear sign-posting to professional sources of help and support to clients.
- **Job search** – this is an integral part of most projects, with Job Search offered throughout the placement, and more intensive support provided towards the end of the placement. One project offered generic job search activities throughout the placement, with more intensive one to one support towards the end of the placement.
- **Post placement support** – after the placement has ended, and even if sustainable employment has been secured by the beneficiary, projects usually offer an element of post placement support. If no employment has been secured this could include more intensive job search activities. Some projects offer ‘an open door policy’ for clients with no time limit, other projects offer support for a defined period for example up to 13 weeks after the end of the placement.

## Working with employers

The majority of work by ILM projects tends to be focused on the client, in terms of recruitment, support, the development of training plans and job search activities. Depending on the way the ILM has been established, the ability to offer a range of placements with employers to clients is clearly critical to the success of the ILM projects.

Placements may be offered within the project, often community or environmentally beneficial work, or with external organisations, in the private, public and voluntary sectors. The three case studies offer a range of types of placement. Preston Road Works! offers placements both within the NDC or with NDC funded projects, some public sector placements as well as with private sector employers. The Heywood ILM operates both an in-project Green Team undertaking environmental improvement works within and around



the NDC area as well as placements with other employers such as the local Citizens Advice Bureau, Rochdale Borough Wide Housing and private sector employers. In contrast the Achieving Diversity in the Workplace Project in Sunderland offers a variety of placements within Community and Cultural Services.

The balance between in project placements, with positions in the voluntary and community, public and private sectors is clearly a critical issue. Traditionally ILMs have focused upon placements that provide some element of 'public good' whether these are provided within the project or by external employers such as third sector organisations. There was recognition by the projects that whatever placements are offered they need to be clearly geared towards skills and job readiness, together with customised training moving towards industry recognised qualifications, so that clients can apply for real jobs in the labour market.

Nevertheless, it was acknowledged that there would always be capacity in the public and voluntary sectors for social or environmental placements, and that placements within the private sector are not likely to be appropriate for all client groups. General improvements in employability through employment in areas other than the private sector were likely to be important to the future chances of an individual in the labour market. Clearly providing placements in the private sector will always highlight concerns around displacement of genuine work opportunities. The identification of placements is therefore a central element of the work the ILM undertakes with employers.

In addition to sourcing placements, the provision of ongoing support to employers is also important. This was found to contribute to more sustainable outcomes and improve retention rates. The Heywood ILM found it was critical that employers had a good understanding of the ILM project and what was expected of them. To facilitate understanding and to establish proper procedures the Heywood ILM request placement providers to sign a tri-partite agreement. This is an agreement between the client, Groundwork and the employer which sets out details of the placement, the job description, the expectations of the client and the employer, and other information such as working hours and training issues.

Gaining the commitment of the employer can be critical to successful outcomes. This needs to be facilitated through a common understanding together with ongoing support from the ILM to the employer. It was noted by one project that there is an inevitable tension within ILMs between getting an individual into the workplace and helping them to feel part of it, whilst encouraging them to apply for employment elsewhere. This can be confusing for both the individual and the employer and needs to be facilitated by the ILM project.

A final issue emerged around the wider role of employers within NDC partnerships. Business representation within NDC partnerships can be difficult to sustain and is at best variable. It was felt that the involvement of employers in ILM type projects is easier to sustain if they are already engaged within the NDC, and it can act as a catalyst to wider involvement in the NDC programme.

## **Partnerships and Networking**

Projects on the whole have been developed in conjunction with a range of partners, and these have clearly been critical to their effectiveness. The key partner is Jobcentre Plus and projects appear to have established good working relationships with local offices. In terms of the Preston Road Project in Hull, Jobcentre Plus was involved in the development of the project which meant that problems could be effectively tackled together as they emerged. They have also played a key role in the ongoing development of the project, and second a number of staff to the project. The relationship between the two organisations is viewed as being mutually beneficial, enabling Jobcentre Plus to meet their targets.

Jobcentre Plus has also played a key role in the Heywood ILM in terms of referrals, work outreach and displaying placement opportunities. In both projects clients that are not eligible to receive support from the project will be referred to Jobcentre Plus.

Two of the case study projects had also established links with other (particularly NDC funded) projects. These were important in terms of providing additional support to clients. For example Preston Road Works! had established links with a financial exclusion project, a childcare project and a community transport project. These were all important in providing additional services to clients to help them overcome barriers to work.

## 5. OUTCOMES AND IMPACT

The projects are at varying stages of delivery. Some data is available on project outputs but there is relatively little information available on outcomes and overall project impact.

Project outputs are on the whole being achieved, certainly in terms of number of beneficiaries supported. The Preston Road Works! project in Hull achieved outputs in terms of numbers of beneficiaries supported in the first 10 months of the project. Demand for the project has outstripped supply, and it was felt that this was due to a lack of baseline data which did not adequately quantify the scale of the problem on the estate.

Initial outcomes for the project seem positive. These suggest that of those participants on the ILM element of the project, 78.4% completed the project, and 72.4% went on into full time or part time employment. Whilst on the project 81.0% worked towards a qualification and 43% achieved a qualification.

One interviewee commented: *'I have personally seen the impact of the project on the estate...it was fantastic and I feel very very passionate about it'*. It was also suggested the project has successfully targeted harder to reach groups, in particular those that needed extra hand holding in order to gain confidence and move on.

The Heywood ILM project has not achieved its targets in terms of actual numbers of beneficiaries supported. However there have been critical issues associated with retention and the challenging nature of the client group. A lack of baseline data about the nature of the problem and the scale of the potential client group were also felt to led to unrealistic expectations around the size of the client group in the NDC area. Whilst it is felt to be unlikely that the project will meet its targets in terms of achievable jobs, it is felt that there are other softer outcomes, for example increasing self confidence, giving residents the opportunity to do something positive, developing community spirit, addressing the dependency culture, which have not been captured. This suggests that ILMs need to realistic about what they can achieve in terms of hard outcomes particularly with more challenging client groups, as well as a need to establish monitoring systems to capture some of the softer outcomes from these types of projects.

The Achieving Diversity in the Workplace project in Sunderland has met its targets in terms of participants recruited onto the programme, and there has been little drop out from the programme so far. Participants have undertaken relevant courses of study. Clearly it is too early to assess overall outcomes or the impact of the project.

In terms of the overall impact of ILMs in tackling worklessness, it is too early to be able to assess the impact of projects. ILMs clearly need to be tailored to the needs of individual areas and project delivery mechanisms need to reflect that. A number of critical issues around the impact of ILMs have been identified, which need to be considered when designing ILM projects. These include:

- The need to ensure that placements provided within the public and private sectors do not displace existing employment.
- The sustainability of employment, particularly the quality of placements provided through different sectors.
- The need to be realistic in the outputs from ILMs particularly when working with challenging client groups. It was acknowledged by one Jobcentre Plus interviewee that whilst New Deal for the Unemployed has worked well, the client group has now diminished and they are left with the hardest to help. ILMs are critical to helping this client group. Unrealistic expectations should not be set, and the focus should be on softer outcomes consistent with a general move towards greater employability.

## 6. WHAT WORKS AND LESSONS LEARNT

Since the 1990s ILM projects have become a common response to employment and skills challenges in a wide range of regeneration programmes. They offer a means to provide a 'bridge' between benefit and the world of work by breaking down the barriers to employment and providing participants with the necessary support, training and work experience to enable them to access the labour market.

The three case studies provide different approaches to ILMs, and operate in different labour markets and local contexts. They all represent 'work in progress' and a number of key lessons may be identified from the development of the projects so far. These have been summarised in four areas: working with clients, working with employers, working with partners, operational issues and more strategic issues.

### Working with clients:

- Projects need to be sufficiently **flexible** to meet the needs of residents in NDC areas. Some funding streams can restrict the eligibility criteria of the ILM and can affect the extent to which the project is able to respond to the needs of clients. Projects that are funding-led can be prevented from delivering a truly client centred approach.
- The **importance of outreach** work in targeting hard to reach groups.
- To be successful projects should have a **good understanding of their client group** and their needs. The personal support required by clients should not be underestimated as this can lead to over stretched resources and result in poor retention rates.
- Projects need to **tackle all of the barriers** facing clients in accessing work, in particular the range of social welfare issues facing clients. There should be sign-posting to further sources of help if issues are out of the scope of the project.
- A **personal and tailored service** needs to be provided for clients.
- **Involving clients in project steering groups** can be an effective way of obtaining feedback on the project from clients and increases clients' ownership of the project.
- ILM beneficiaries can require **a lot of management in the workplace** and this should not be underestimated either by the project or by the employing organisation. It should be ensured that there is sufficient capacity and experience within the host organisation to be able to provide the necessary support.

### Working with employers:

- Consideration needs to be given to **the level of support required by employers**. Good relations with employers can help retention rates and contribute significantly towards positive job outcomes.
- **Employers need to have a good understanding** of the project and what is expected of them. It is important that experienced staff approach and deal with employers. Information for employers needs to be clear and send the 'correct message' about the project.
- Engaging with employers through the ILM has a **wider benefit to the NDC programme** and can act as a catalyst for further involvement.

### Working with Partners:

- **Effective partnerships** are critical to the success of ILMs, particularly in order to provide a 'seamless' service to clients. Successful partnership arrangements are generally based on win win situations.
- **Key partners** for ILM projects are likely to include Jobcentre Plus (roles are likely to involve referrals, joint working, shared outreach arrangements, benefit calculation) and local Colleges and training providers. Sourcing appropriate training can be a key issue for ILMs, in particular ensuring providers are sufficiently flexible to meet the needs of clients and to tie in with placements.

### Operational issues:

- The importance of **good management and administrative processes** cannot be understated. If demand outstrips supply resources can be spread too thinly and the quality of the service will be compromised. The reputation of the project amongst the client group will be critical to its success.
- **High profile premises** within the community that are accessible to residents were felt to be a key success factor in the projects. Co-location with other related projects can be of benefit to clients and to the wider NDC programme.
- **Getting the right staff** and retaining them is critical to the success of projects. Staff need to have the right experience to deal with the client group.
- Use **existing experience/resources** to deliver the ILM rather than starting projects from scratch. The best approach may be to contract out some elements of the project, for example job search, and focus on the elements that may be better delivered in house, for example personal support to clients.

### Strategic issues:

- ILM projects within NDC programmes or other regeneration programmes must be linked into **wider employment and regeneration strategies**. Projects must avoid being insular and link into wider programme and agendas or a wider ILM framework. This can help the project to be more strategic about targeting priority groups and addressing skills shortages.
- **More flexible ways of delivering** ILMs should be considered. Whilst there are benefits of small locally based projects, one option could be for NDCs to 'buy in' to existing ILM schemes. Running small scale ILMs can be more expensive, as for example they may have to have their own premises, vehicle, staff, and administration. Linking in with existing programmes means that projects are able to tap into existing experience and expertise and help achieve economies of scale. Larger programmes can be tailored to meet the needs of local communities.
- The **balance between demand side and supply side ILMs** needs to be given careful consideration when designing projects. Supply side ILMs, which respond to the needs of the client, may be more appropriate for small scale ILMs operating with a client group that is a long way from the labour market. The hardest to help are most likely to benefit from increases in general employability focusing on areas such as lack of confidence, poor education and skills levels. Demand side ILMs are more likely to respond to the needs of the employer, focusing on training clients and development of an employment record in an area where there is a specific skills shortage. Whatever approach is adopted it is important that there is a market for the skills that clients acquire.

- A linked issue is the **type of placements** that are offered by ILMs. Placements in the private sector that are more clearly linked to skills shortages may be considered to be preferable to placements in the third sector or voluntary and community sectors (although important issues around displacement need to be considered), but these will not always be appropriate for all clients.

## 7. CONCLUSIONS

This report presents the findings from the first phase of research undertaken on the Intermediate Labour Markets phase of the Worklessness Theme. To date the research has focused upon the early findings from the design and implementation of three case study ILM projects within NDC areas.

This early research has highlighted a number of issues and tensions which need to be considered in the design and development of ILM projects. These include:

- Balancing the requirements of funding regimes with the need to deliver a flexible programme tailored to meet the needs of both individuals and employers.
- Ensuring projects meet the needs of the local community, whilst ensuring a balance between improvements to general employability as well as meeting the skill needs of local employers.
- The challenge of widening the horizons of clients without compromising the operational requirements of the project.
- Ensuring a project is both embedded within the local community, whilst also linked in with wider regeneration and employment strategies.
- Determining which elements of the service provided by ILMs should be delivered in house or contracted out. Existing expertise and experience should be utilised if appropriate.
- Establishing effective partnership arrangements with key local players, including Jobcentre Plus and local training providers.
- The need to select placements carefully. Private sector placements are valuable but will not be appropriate for all clients and there needs to be careful consideration of possible displacement effects.
- The need for accurate baseline data about the potential client group when designing projects and establishing targets. Targets need to be realistic, bearing in mind the needs of the client group and their distance from the labour market. Further consideration needs to be given to softer distance travelled measures, and how these can be captured.

Further research on ILMs is due to be published in October 2004 and a final report in March 2005. Key areas for future research focus around the outcomes and impact of ILM programmes, cost effectiveness (including valuations of additional community benefit) and the linkages and the links between ILM programmes and wider employment strategies and labour markets.

## REFERENCES

Marshall, B. and MacFarlane, R. (2000) *The Intermediate Labour Market*, Joseph Rowntree Foundation Work and Opportunity Series