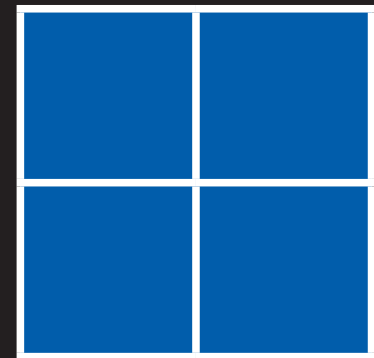


Economic Regeneration, Social Cohesion, and the Welfare-to-Work Industry: Innovation, Opportunity and Compliance in the City-Region

Alison Fuller, Lorna Unwin, David Guile and Sadaf Rizvi

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**Economic Regeneration, Social Cohesion,
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Innovation, Opportunity and
Compliance in the City-Region**

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Abstract

This paper explores the new inter-connected landscapes of provision that are emerging in relation to training, welfare-to-work, and employment policy in the UK, and the relationship this has with the State's pursuance of its goals in regard to social cohesion and economic regeneration. It draws on the findings of a study of an English city council's innovative use of planning laws and regulations to bind an international retail company, which wished to build a new facility in the city, into a series of social inclusion measures for the unemployed. This focus provides an empirical lens through which to study the extent to which existing theories of the 'privatised State' can fully explain the dynamic and shifting interplay between the State and local actors in the area of welfare-to-work pre-employment training initiatives. Furthermore, the research enables us to shed light on a group of organisations that have become central to the way in which UK governments have, since the early 1980s, sought to put into practice a raft of social policies involving young people and adults moving within and between education, paid employment, and economic inactivity. The paper examines the locus of control and power (vis-à-vis democratically elected local government institutions, national government, private and 'third' sector provider organisations, and business), and their relationship to the different agendas driving the regeneration of city-regions. These phenomena occur in different guises across Europe and, hence, raise questions of international importance.

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Introduction

Researchers concerned with theorising the changing role of the state have noted that, in the UK, public policy and services have increasingly been contracted to private and voluntary sector providers as part of public sector reform, defining this shift as the emergence of a ‘competition state’ (Jessop, 2002). The shift involves the public sector contracting and, or ‘partnering’ with external organisations to provide particular activities, with funding tied, at least in part, to the attainment of pre-specified outcomes. This process creates opportunities for new participants (forms of organisation) to become involved in public policy creation and implementation and raises questions about how such networks of actors and activity are governed as well as about accountability and quality.

Educational theorists, notably Ball (2009, 2007), have drawn on Jessop’s analysis to highlight the impact of this shift in the compulsory education sector. Ball has pointed out, for example, that an increasing number of schools and local education authorities are commissioning consultancy firms to advise and help them meet government performance targets. Moreover, he has portrayed this privatisation of the compulsory education sector as a negative development that is undermining the longstanding educational principle of local democratic oversight and responsibility for compulsory education. Our focus is on the impact of the competition state at the level of post-compulsory education and training. Whilst building on Ball’s work, we also raise new conceptual and policy issues and argue that, in relation to the post-compulsory sector, some of the features of the competition state have been in place for a considerable period of time. Our specific concern here is the new inter-connected landscapes of provision that are emerging in relation to training, welfare-to-work, and employment policy, and the relationship this activity has with the state’s pursuance of its goals in regard to social cohesion and economic regeneration.

This paper pursues the above development conceptually and empirically. It draws on findings from a project being undertaken in a city-region in England, in order to examine the role that education and training systems play in mediating between competitiveness and social cohesion

agendas at the meso (regional) level.¹ The concept of the ‘city-region’ (see, inter alia, Dias and Giordano, 2003; Scott, 2002) provides both a spatial and theoretical framework for the research reported here which is concerned with meso-level activity. In their review of the growing literature on what they call the ‘new regionalism’, Etherington and Jones (2009) discuss the extent to which city-regions provide an appropriate and illuminating ‘space’ in which to discuss the relationship between the restructuring of the state, economic development, education and training and social inequalities. Our focus is on what Considine (2001) refers to as a new configuration of ‘independent sub-systems’ constructed to provide and control public services. The specific project, on which this paper draws, is investigating the range of actors involved in these ‘sub-systems’, the locus of control and power (vis-à-vis democratically elected local government institutions, national government, private and ‘third’ sector provider organisations, and business), and their relationship to the different agendas driving the social and economic regeneration of city-regions. These phenomena occur in different guises across Europe and, hence, raise questions of international importance (see, inter alia, Esping-Anderson, 1996; Green et al, 2006).

The paper discusses the innovative use by an English city council of planning laws and regulations to bind an international retail company, which wished to build a new facility in the city, into a series of social inclusion measures for the unemployed. This involved co-designing a pre-employment training course and recruitment process linked to the ring-fencing of places at the company’s ‘assessment centre’ for individuals attending the course. This focus provides an empirical lens through which to study the extent to which existing theories of the ‘privatised state’ can fully explain the dynamic and shifting interplay between the State and local actors in the area of welfare-to-work pre-employment training initiatives. Furthermore, the research enables us to shed light on a group of organisations that have become central to the way in which UK governments have, since the early 1980s, sought to put into practice a raft of social policies involving young people and adults moving within and between education, paid employment, and economic inactivity.

¹ For a detailed discussion of the different meanings of social cohesion, both historical and contemporary, see: Green, A., Janmaat, J.G. and Han, C. (2009) *Regimes of Social Cohesion*, LLAKES Research Paper 1, Institute of Education, London.

The paper is divided into six sections. Following this introduction, the next section provides a brief historical account, and the theoretical and ideological underpinnings of the development of publicly funded support for the unemployed and those disadvantaged in the labour market in the UK. This is important because, in order to develop a detailed understanding of the contemporary approach to such support, we need to identify both the continuities within, as well as changes to, both policy and practice at the national and local level. The third section focuses on a key aspect of the recent history of public policy in the UK: the emergence and growth of organisations that provide services (including education and training) for individuals in receipt of welfare benefits. The fourth section outlines the features of the city council's pre-employment training initiative, introduces our research and outlines our data collection. In the fifth section, we present an analysis of two aspects of our findings before offering some overall discussion and conclusions in the final section.

Wrestling with the Problem of the Disadvantaged

Public concern about individuals who cannot support themselves (either through unemployment or other forms of disadvantage, including low wages) dates back to the mid 14th century in the UK when provision was made (as part of the then feudal system) for local parishes to administer 'relief' to the working and non-working poor (for a detailed history see Fraser, 2009). In the 16th century, this provision was codified within a series of Poor Laws that lasted in one form or another until 1948 when the National Assistance Act was passed. In 1832, a Royal Commission was established in response to riots in South East England amongst agricultural labourers who were protesting against the loss of jobs and reduced wages caused by the introduction of new machinery. The Commission declared that the existing system of poor relief interfered with the natural functioning of the labour market and proposed that a clear separation be made between 'paupers' (the unemployed) and poorly paid workers. Its report was quickly adopted as the basis for the 1832 Poor Law Amendment Act which required 'paupers' to enter the newly created (and notorious) 'workhouses' if they wanted to receive support. This conditional approach to relief forms the basis of contemporary welfare-to-work (or Workfare) systems used in different countries, including the UK.

The Act also required parishes within counties to group together to form Poor Law Unions so that the administration of ‘relief’ could be made more efficient. As the 19th century progressed, other forms of support began to be provided by such bodies as the trade unions and ‘Friendly Societies’. The point here is that, nearly two hundred years ago, provision for the unemployed and disadvantaged involved a range of ‘actors’ at local level, some of whom were ‘officials’ (e.g. magistrates and aldermen), some driven by political imperatives (e.g. trade unions) and some of whom, from the upper middle and aristocratic classes, were part of a growing body of philanthropists and founders of charities and voluntary organisations. This latter category of ‘do-gooders’ are the basis of what today, in the UK, is referred to as the ‘Third Sector’².

Throughout the 19th century, opposition to the horrendous and dehumanising conditions in the workhouses put pressure on government to recognise the humanitarian crisis created by the world’s fastest industrial revolution. The Liberal Party responded through a series of initiatives between 1906 and 1914, including the 1911 National Insurance Act, which established a system of social security whereby employed people paid a portion of their wages to a national fund that would provide financial support (benefit) for the unemployed. There was, however, a continuation of the distinction between the ‘deserving’ and the ‘undeserving poor’, as can be seen in the following comment by Winston Churchill, then a Liberal MP and President of the Board of Trade, when he introduced the Labour Exchanges Bill to the House of Commons in 1909:

...it is not possible to make the distinction between the vagrant and the loafer on the one hand and the *bona fide* workman on the other, except in conjunction with some elaborate and effective system of testing willingness to work such as is afforded by the system of labour exchanges (cited in King, 2005:19).

The idea for a nationwide network of Labour Exchanges was a response to reports from the Poor Law Commissioners calling for a more efficient way to bring employers and prospective workers together. Employers would advertise their vacancies and individuals could seek work in a dignified way rather than having to try and sell their labour by going from one employer to

² This term is used to distinguish the work of charities, voluntary organisations and new forms of ‘for profit’ organisations which have a social service mission (known as ‘social enterprises’) from that of institutions solely and directly funded by and responsible to government, and private sector organisations.

another. The accent was on efficiency of the labour market. The new Labour Exchanges would also be responsible for administering unemployment benefit and, just like the workhouses, this would be done on the basis of a 'fit for work' test. Thus the new Exchanges started work with an in-built tension: on the one hand, they were to help the labour market operate more efficiently, but on the other hand, they were to police the newly introduced system of welfare benefits. Governments in recent years have sought to make Labour Exchanges more 'customer friendly'. Today, they are called Jobcentre Plus and have the following responsibilities, which are prescribed by the Department for Work and Pensions (DWP) (see www.jobcentreplus.gov.uk):

- Increase the effective supply of labour by promoting work as the best form of welfare and helping unemployed and economically inactive people move into employment
- Work towards parity of outcomes for ethnic minority customers
- Pay customers the correct benefit at the right time and protect the benefit system from fraud, error and abuse
- Provide high-quality and demand-led services to employers, which help fill job vacancies quickly and effectively with well-prepared and motivated employees
- Help people facing the greatest barriers to employment to compete effectively in the labour market and move into and remain in work
- Improve continuously the quality, accessibility and delivery of services to all customers
- Ensure that people receiving working age benefits fulfil their responsibilities while providing appropriate help and support for those without work

From 1916 onwards, responsibility for labour market affairs, including unemployment, formed the work of government departments (e.g. Ministry of Labour and the Employment Department) established for the purpose. Between the first and second world wars, the problem of high rates of unemployment dominated the political agenda, despite the fact that, for many people, the period saw considerable progress in the standard of living. The misery and destitution experienced by many people was starkly illustrated by the hunger marches of the 1930s. Throughout this period, the debate continued about whether welfare benefits encouraged dependency and, according to Bernard Harris, about the extent to which the voluntary sector should be providing for people's *material* as well as social and psychological needs, as the following quotation from Sir Percy Watkins (a leading figure in the voluntary sector) in 1933 illustrates:

Our special problem is not unemployment itself, but the effects of unemployment on the life and happiness of the unemployed man and his family. And it is of vital importance, I think, that some of us should be paying special attention to this problem (cited in Harris 2010 in press).

During the Second World War, a consensus began to emerge that a more universal, as opposed to a selective approach to helping the unemployed and disadvantaged was needed. This was crystallised in the landmark reports of 1942 (*Social Insurance and Allied Services*) and 1944 (*Full Employment in a Free Society*), by the social reformer and economist, William Beveridge. As Fraser (2009, pp. 254) argues, Beveridge sought to attack what were seen as the ‘five giants of Want, Disease, Ignorance, Squalor and Idleness’. He continues that Beveridge declared his plan was for a ‘revolution’, but a very ‘British revolution’. In other words, this would not be a socialist approach (which would have meant using the tax system to fund allowances), but a contributory system from which the contributors had a ‘right’ to draw help when needed (including child benefit, and ultimately from 1948, medical care under the newly established National Health Service). Beveridge’s ideas were underpinned by the theories of his contemporary, the economist John Maynard Keynes. Lowe (2005) refers to them as the ‘reluctant collectivists’ in that, whilst both believed in the free market and the minimisation of the state, they recognised that the market was no longer working in the ideal way envisaged by classical economist theorists. Hence state intervention and regulation were necessary to protect people. After the Second World War, the introduction of the Welfare State and the NHS narrowed the scope of voluntary sector activity, for example, the role of the Friendly Societies diminished (Harris 2010). For the next thirty years or so, the principle of state intervention enabled both Conservative governments and the democratic socialists in the Labour Party to develop and sustain the welfare state.

Lowe (2005, pp. 16) argues that ‘welfare states were the unique creation of the 1940s’, because it was then that several industrialised countries ‘transformed the fundamental nature of the relationship between the state and its citizens’. He adds that Beveridge’s proposals marked a shift to the ‘ideals of universalism and comprehensiveness’:

For the first time in history *all* citizens were to be insured from the cradle to the grave against *every* eventuality which might lead to the inadvertent loss of their income. At a stroke, therefore, they were released by the state from the fear of poverty – hitherto a predominant and constraining influence on their lives... (ibid p. 17 – emphasis as in original).

As Pierson (1994 p. 3) argues, the establishment of welfare systems helped enhance the legitimacy of Western democracies and formed part of the ‘expanded scope of government activity’, which ‘generated a range of linkages between state and society’. Pierson (ibid) explains that the welfare state was seen as both a macroeconomic and microeconomic tool. From a macro perspective, investment in welfare would create deficits in recessions, but this would be off-set by surpluses in boom times. From a micro perspective, welfare programmes would help to compensate for market failure. Active Labour Market Policies (ALMPs) are seen as part of a wider change in the mode of production. Jessop (1993) argues that as economies move from an industrial to a post-industrial state, the character of the welfare state is adapted to support new mechanisms to regulate labour. The industrial welfare state was demand-side oriented (and used macro-economic instruments), whilst the post-industrial state, or what Jessop calls the ‘workfare state’, uses micro-economic tools to improve the supply of labour (e.g. improve education and training provision, increase labour mobility/flexibility, improve incentives to seek and find work). We will argue later in this paper that the case study we present provides evidence of how this works within city-regions in the UK.

Cerny and Evans (2004, p. 52) argue that the construction and conceptualisation of the welfare state was actually based on a paradox:

Although it was there to save the market from its own dysfunctional tendencies, it carried within itself the potential to undermine the market in turn. In the context of the international recession of the 1970s and early 1980s these tendencies would come to have dramatic consequences for the economic policies of advanced industrial states generally.

The post-war industrial welfare state had become, therefore, what Cerny and Evans (ibid) refer to as the ‘overloaded state’. As the economic crisis from the mid-1970s into the early 1980s

worsened, the conditions were created for the erection of the ‘competition state’, the introduction of monetarism and neo-liberal policies (the ‘New Right’) in both the US and the UK, led respectively by President Ronald Reagan and Prime Minister Margaret Thatcher. Thus began a change of direction for public policy to make welfare provision sustainable by controlling the cost of the publicly funded social security system. This included: a) that individuals were required to take and accept responsibility for their position in life, including making themselves employable; and b) that the role of the voluntary sector in supporting the unemployed was extended. One example of this, under the Thatcher government, was the requirement for social security claimants to apply for help from the voluntary sector before they were allowed to receive payments from the State’s Social Fund (Harris *ibid*). It is worth noting at this point that in his classification of welfare systems, Esping-Anderson (1990) categorises the UK and the US as representing the ‘liberal’ model, as compared to the ‘social democratic’ model of the Nordic countries, and the ‘conservative corporatist’ model of the non-Nordic north-Western European countries, including Italy. In the ‘liberal’ model, welfare systems are less universalistic and less ‘de-commodifying’ than in the other models. By ‘de-commodification’, Esping-Anderson (1990, p.12) refers to welfare services being available as ‘a matter of right, and when a person can maintain a livelihood without reliance on the market’. He also points to the emphasis on the means-tested and targeted nature of social security benefits within this model and the mix of public and private provision (e.g. for pensions, health and insurance), all of which contrasts with the more universalistic approaches found in the other two models.³

John Major’s government (1992-97) continued Thatcher’s approach. Walker and Wiseman (2003) argue that the introduction in 1996 of the Jobseeker’s Allowance is particularly significant as it combined the ‘conditionality of benefit receipt within a more coercive regime’. Unemployed individuals were required to sign an individualized Jobseeker’s Agreement setting out the job search activities they must undertake in order to receive their benefit payments. The research reported in this paper provides evidence of how the requirement for the unemployed to actively seek work and make themselves employable continues to form a major stream of work for a range of provider organizations.

³ For a detailed discussion, see Green et al (2009).

Under Tony Blair, and subsequently under Gordon Brown, the UK followed the US in establishing a 'workfare' approach to unemployment and 'worklessness' (rather than a 'welfare' approach) (see Peck, 2001; Peck and Theodore, 2001; Lodemel and Trickey, 2001). Walker and Wiseman (2003, p. 4) argue that the defining characteristic of the UK's approach to welfare since the election of the first New Labour government in 1997 has been to position welfare as: 'one component in a coordinated policy response to social and economic change that is designed to equip individuals and society better to succeed in an increasingly open and global economy'. Labour built on the previous Conservative government's approach when it introduced the New Deal for Young People (18-24) in 1997, followed by other variants (including for older people, lone parents, and those with special needs). Yet, despite the rhetoric of reducing welfare dependency that has been promulgated for the past thirty years, the current government is still trying to cut spending on welfare benefits, and it forms part of every opposition party's manifesto.

Jessop's (2002) concept of the Social Reproduction and the Workfare State (SRWS), captures the way in which, from the 1970s onwards, governments (Conservative and Labour) have fused a belief in the importance of economic growth and competitiveness (driven by the demands of globalisation) with a belief that entitlement (or 'rights') to state benefits comes with responsibilities. There is, however, an ambivalence in Jessop's argument about the way in which social policy has been subordinated to economic policy. On some occasions he uses the term 'destatisation' to imply a passing of responsibility for the delivery of publicly funded services from the state to the market. On other occasions he uses the phrase 'restatisation' to refer to the way in which the State devolves responsibility, through funding public-private partnerships, to the 'private sphere but seeks to remain *primus inter pares*. In other words, the State is not retreating, but shifting from 'government to governance' (Jessop 2004 p. 80)

We use the notion of restatisation at the macro and meso levels in the paper. In the case of the macro level, the term relates to the way that, as economic competitiveness becomes the 'major and comprehensive objective', the State is involved in 'redefining relations between the economic and the extra-economic' and, hence, in the 'steering of the (re-) commodification of social relations (ibid)'. As well as the change to welfare policy, the democratic function of education, as represented in Jessop's concept of the Keynesian Welfare National State (KWNS),

has been transformed into ‘one of reducing social exclusion to increase employability and mobilise scarce skills’ (ibid p. 55). In the case of the latter, we use the notion to guide our analysis of the new landscape of training providers.

Under New Labour, the enhancement of the ‘competition state’ was furthered by what has been termed the ‘New Governance’ (Cerny and Evans, ibid; Rhodes, 1997). This includes the increasing transfer of the management of delivery systems for public services to quasi-independent agencies of the state who, in turn contract providers (publicly-funded, private and ‘third sector’) at local level. It also involves the development of ‘partnerships’ between the state, voluntary and private sectors, with growing amounts of public money being channeled through charities and new forms of public/ voluntary/private organisations to provide a range of social services (including pre-employment assistance and training). However, as we will see in the next section, the use of sub-contracted training providers has a lengthy history and was introduced during the first Thatcher government as part of a strategy to create a market in the provision of vocational education and training (VET) programmes.

The Rise of the ‘Provider’

There is a considerable literature on the way in which the Thatcher government responded to the social effects of the global economic crisis that had begun before it came into power in 1979. Of particular concern was the steep rise in youth unemployment and the resulting riots in UK cities. The introduction in 1983 of the Youth Training Scheme (YTS) was both an attempt to provide the young unemployed with work experience and training, but it also acted as the vehicle via which the Conservative government could begin to push forward ideas (that had first found voice in a speech in 1976 by the then Prime Minister, James Callaghan). The aim was to bring education and the economy closer together by requiring young people to acquire sets of so-called generic skills required by employers, and to do this through a more vocationally-oriented curriculum in schools and colleges. In 1981, the Manpower Services Commission (MSC) had set out this agenda in its report, *A New Training Initiative* (MSC, 1981, p. 4), and had also included the need to create more opportunities for adults to ‘acquire, increase or update their skills and knowledge during the course of their working lives’, and to design education and training using

an outcomes and competence-based approach. Training began to be seen as the solution to unemployment and as the passport to jobs for anyone seeking work.

In the 1980s and 1990s, the adult unemployed were directed to a series of training schemes, including the *Job Training Scheme*, *Employment Training*, and *Training for Work*. At the same time, the publicly funded successors to YTS were providing training for 16-25 year olds. This activity required a new breed of flexible and adaptable organizations who could work in the space between the existing colleges of further education (who were regarded by governments as being slow to respond to new initiatives) and employers (for whom government wanted to ease the training burden and make available new recruits who possessed ‘work-ready’ skills and attributes. In reality, the colleges quickly became involved too (often by creating a ‘provider division’) as they realized the financial cost of staying outside the new system. The new providers were tempted by funding arrangements that were biased to ‘starts’ rather than completions and the prospects of bidding for more government-funded work as the training arm of the welfare state expanded. This development has been conceptualized by some researchers as the emergence of ‘the training state’ (Brooks 2009; Mizen 2004) as successive governments have tried to manage the post-compulsory education-to-work transition so as to minimize youth unemployment (see also Fuller and Unwin 2009).

Today, there are thousands of providers ranging from ‘for profit’ to voluntary organizations and, in England, they form part of what the current Labour government terms the ‘learning and skills sector’. The providers who deal with the unemployed and disadvantaged now service the needs of what has become a new ‘client group’ of the state: a client group that was once regarded as an ‘underclass’. One of the strongest continuities from the Victorian approach to providing ‘relief’ for the disadvantaged to the present social policy approaches is the conceptualisation of an ‘underclass’ that poses a threat to social order (see Dean 1991). The ‘vagrants’ and the ‘loafers’ that Churchill referred to in 1909, have evolved to become, in the ‘competition state’, the new client group. In his report commissioned by the DWP in 2007, David Freud argued that unemployment had been tackled as it was at a level that indicated that people who were searching for work were between jobs. (Freud, 2007) The big challenge, he added, was for the state to find ways to reduce the numbers of the class of people he called the ‘workless’.

Ritchie et al (2005 p. 10) argue that, because the causes of ‘persistent worklessness transcend individual psyches and purely personal psychological characteristics’:

... policy interventions which are restricted to advice, guidance, confidence-building and motivational encouragement (or indeed to sanction, penalty and retribution) are unlikely to be sufficient to make significant quantitative inroads into workless communities. Policy measures encouraging employment which are restricted to the individual may well be undermined by family or communal pressures, suggesting they should be clustered in ways that affect both individuals and their social network.

Ritchie et al (ibid) add that the objective barriers and constraints to taking work are likely to be complex, multifaceted, deep-rooted and individually varied’ and so interventions need to be tailored to individual need and circumstance. They continue:

Workless people often have problematic experiences of work. It should be recognised that the impact of labour market interventions may well be magnified when part of a more widespread community regeneration programme. Any intervention needs to include pre-employment preparation, such as the acquisition of sufficient skills to access satisfactory jobs, support in retaining that job, and continuing support and assistance in moving on to a better one. This longer-term investment may be necessary if the unemployment-unsatisfactory employment-unemployment cycle is to be broken.

In the next part of this paper, we present evidence from a study of the way a city council in England has attempted to respond to this challenge through the implementation of an innovative pre-employment training initiative.

The Pre-Employment Training Initiative

Bluetown was chosen as one of four English city-regions in which to undertake our research on the role of lifelong learning in promoting economic competitiveness and social cohesion at the meso level. The research has provided an opportunity to investigate how the ‘independent sub-

systems' (Considine 2001) are being reconfigured to provide new ways of responding to the state's welfare to work priorities. The focus in Bluetown has been on mapping the range of actors involved in a new sub-system that has been constructed to provide an innovative approach to supporting local unemployed people in their application for jobs with a large retail company. These actors include the city council (CC), national government, local government agencies, training providers and an employer.

The research outlined in this paper presents findings from our study of the CC's innovative use of planning regulations to tie the release of land for the construction of a retail store into an agreement with the incoming company about its recruitment strategy for staffing the new enterprise. Section 106 of the Town and Country Planning Act (1990) allows a local Planning Authority (LPA) to enter into a legally binding agreement with an organisation applying to develop land. It can be used by the LPA to place stipulations on how the land is used and the activities and operations that will take place in connection with the development. Usually, these will include requirements about how the design of the physical environment should have wider benefits by contributing to local infrastructure and providing community resources. In the case of Bluetown, the CC decided to use the provisions contained in Section 106 to produce a much less typical type of agreement, focusing on pre-employment training. Through pulling the 106 lever, the CC was able to convince the incoming company to work with it to create a bespoke application, training and supported recruitment process targeted at unemployed local residents seeking jobs at the new store. A key component of the agreement was that the company would guarantee interviews to individuals who completed a specially designed pre-employment training (PET) course. Our research has traced the progress of the initiative that took place during the autumn and winter of 2008-09. The company involved in the agreement is a large privately owned (non-UK) organisation, which has around 300 stores in 35 countries.

With the 106 agreement in place, the CC worked with the company, state agencies including the local employment office (Jobcentre Plus), the local Learning and Skills Council (LSC), and providers, to develop and implement the initiative. The CC obtained funding from the local LSC's *Skills for Jobs* fund to develop and provide the course. Three members of the company's human resources department worked with staff from the CC's Adult Learning and Skills team to develop the applicant selection process and to design the pre-employment training course. It was

decided that applicants that fitted the following criteria would be conceived as the ‘client group’ eligible to participate: a) being unemployed (not in paid employment but not necessarily claiming benefits); and b) living in Bluetown. The opportunity to participate in the supported recruitment process was advertised through the CC’s partners including Jobcentre Plus and Bluetown’s Information Training and Employment Service.⁴ The courses were facilitated by a range of training providers, including the training unit of the CC, and other local providers from across the city. Most of these organisations had a history of engagement with disadvantaged groups and had an existing relationship with the CC, based on previous collaborations.

Whilst the locus of control for this initiative (or in this subsystem) resided with the CC because its role as a LPA had enabled it to use Section 106 to achieve the agreement with the company, the policy and funding infrastructure of the initiative was shaped by other factors. In this regard, the CC’s existing *Skills for Jobs* contract with the local LSC was extended to enable the initiative to be funded and the Local Employer Partnership (LEP) model developed by Jobcentre Plus was used to guide the relationship with the employer and to prioritise the inclusion of particular client groups. These connections will be outlined in more detail below. The training providers, who were responsible for monitoring the progress of the participants, were selected on the basis of their track record of working with unemployed and disadvantaged adults and in partnership with the CC on other projects.

Data Collection

We used a case study approach, drawing on mixed methods of data collection to generate qualitative and quantitative evidence relating to the initiative. Initial interviews were conducted with representatives from the CC who had been involved from the outset in the development of the project, design of the employment and training provision and working with the company. We have analysed statistical data on the characteristics (including gender, age, ethnicity, length of unemployment, benefits claimed, neighbourhood) of the applicant population and those that progressed into and through the pre-employment training course and company recruitment

⁴ An umbrella organisation of training providers in Bluetown set up by the CC, which reports to the Council’s Skills and Employability Board.

process. We were also able to observe and participate in one of the pre-employment (PET) courses and to interview four course participants and to follow their progress through the later stages of the recruitment process.⁵ The focus of this paper, however, is on the provider network that was created to deliver this initiative and the evidence it offers about continuing attempts to find ways of reducing unemployment in the ‘workfare state’ (Jessop 1993). We undertook semi-structured interviews with the stakeholders (including seven providers) involved in the initiative as follows:

- Eight trainers
- Seven training provider managers
- Four course participants
- Three representatives from the CC
- One representative from Jobcentre Plus
- One representative from the company

The Company Context

The company has approximately 20 stores in the UK employing approximately 8,500 people. It has a large corporate head office in its home country. There is a small headquarters in London housing of a team of some 12 function managers in charge of logistics and sales in the UK. The company claims to offer workforce friendly policies and benefits to its staff such as flexible hours, health promotion facilities and Christmas discounts. This approach is believed to have improved staff retention in recent years.

At the time of the research, co-workers⁶ were paid £5.84 per hour in the first year of employment (this was above the minimum wage of £5.73 set on 1 October 2008)⁷. After completing one year’s service and the in-house foundation training programme, co-workers can expect to

⁵ A forthcoming research paper will discuss the participants’ experiences in more detail.

⁶ The company uses the term ‘co-worker’ instead of the term ‘employee’ – in this sense everybody who works at the store is a co-worker. However, there is an organisational hierarchy consisting of the store manager, function managers, managers and supervisors, and co-workers. Co-workers usually work on the shop floor, checkouts and in the warehouse.

⁷ <http://www.berr.gov.uk/whatwedo/employment/pay/national-minimum-wage/index.html>.

become 'advanced co-workers', who are paid £6.29 an hour. According to the company, paying a higher wage sends signals to prospective employees and the wider community that it values its staff. The company's pay rates are comparable to some other large retailers, but lower than others. For example (at the time of our research): Tesco's pay rate for sales assistants in London was £7.00 an hour; Marks and Spencer was offering £5.70 for the first three months of employment, before increasing the rate to £6.70 an hour; and the standard hourly rate for assistants at Boots was £7.70 an hour.

The establishment of the new store in Bluetown created 350 co-worker jobs and 93 for managers/supervisors. Of the co-worker posts, 80 per cent were part-time (ranging from 12 - 20 hours a week) and 20 per cent were full-time (37 hours a week). Co-workers have been recruited to fill a range of positions including in warehouse, sales, food, maintenance, customer service and checkout functions. The pay rate of specific positions is:

- Senior manager - approx £45,000 per annum
- Junior manager – approx £35,000 per annum
- Supervisors – approx £26-34,000 per annum
- Co-workers - hourly rate, £5.73 for first year, then £6.29.

Managers for the new store were recruited during summer 2008. The company aimed to appoint local people to create a workforce, which reflected the local community and also its socio-economically diverse customer profile. It advertised the new store opening and job vacancies in the Bluetown area through a sustained campaign in the local media, through billboards located around the town, and Jobcentre Plus. It also held a number of open days where interested individuals could meet company staff, hear about the company and the vacancies and complete application forms.

The company's selection and recruitment strategy consisted of a number of steps:

1. Completion of the application form
2. Selection/shortlisting of participants using the company's scoring template and screening criteria. Those selected through the open process were invited to attend the group interview. Those selected through the 'supported recruitment process' (see below) were invited to attend the PET course and, if they completed the course, were then invited to the group interview.
3. Group interview – this took the form of an assessment session lasting four hours. Successful candidates (from both the open and supported routes) were invited to attend the individual interview.
4. Individual one-to-one interview with the prospective line manager.
5. Job offer to successful candidates.

The application form required participants to provide their educational details, employment history and a response to the following questions:

- Please explain what the company means to you
- Please give an example of how you have worked as a part of team
- Please explain the main reason why you are applying for a job at the company.

The 'Supported Recruitment Process'

The three core features of the Section 106 agreement were: a) the restriction of those eligible to apply for jobs via the 'supported recruitment process' to local unemployed people; b) the company's commitment to consider applicants within the supported process who would not have been successful through open recruitment because they did not score highly enough against the company's own selection criteria; and c) the company's commitment to guarantee a place at the first stage of the interview process to those 'supported applicants' who completed one of the PET courses.

The application form used in the supported recruitment process included the same components as the company's usual form (including educational and employment details and evidence of interest in the company, team working and motive for applying) but also asked for information which would help the CC track the applicant group through the process. It also stated that applicants might be approached in the future for research purposes. The completed applications were initially screened and scored by the company's Human Resources Department, using the company's standard template. The maximum score available was 32 and applicants scoring 20 or higher progressed directly to the company's assessment process.

All applications scoring below 20 were then screened by the CC. This enabled the CC to add points to individual applications on the basis of their membership of Jobcentre Plus priority groups which are associated, for example, with disability, joblessness, lone parents, homelessness, and individuals claiming Job Seekers Allowance and, or living in one of the 11 priority neighbourhoods in the city. The purpose of this process was to increase the chances of the disadvantaged being invited to attend the course and, consequently, to have a guaranteed first interview with the company. The maximum score that could be awarded as a result of the CC's screening in relation to the priority criteria was 24. The company's aim was to choose people with the 'right personality' with a 'passion for furniture' and team work. Overall, the company's scoring carried the most weight and reflected its right ultimately only to employ individuals it felt met its desired business criteria.

The Participants

In total, 383 candidates applied for jobs through the PET route, of whom 143 individuals (37 per cent) were invited to attend the training. Following completion of the course and attendance at the company's group assessment stage, 49 participants were invited to the final individual interview, and 24 (13 men and 11 women) were then offered jobs. Many more males (246) than females (126) applied, but females were more likely to be successful in the selection process. The majority of male and female applicants were aged 29 or under. Women in their forties were more successful than their younger and older female peers and young males (under 25) did better at the job offer stage than older males (46+). In terms of the ethnic background of applicants, the

majority of applicants (82 per cent) were White British but the proportion of candidates from black and ethnic minority (BME) backgrounds who progressed to the assessment stage was slightly higher than the proportion of BME applicants at the outset. Similarly the proportion of applicants with disabilities rose during the selection process. Four out of ten of the initial applicants were claiming benefits and nearly six out of ten had been economically inactive for over 6 months. Most applicants came from priority neighbourhood areas in the city. Those who participated in the PET course were, in the main, from deprived backgrounds and often had multiple disadvantages such as being lone parents and on incapacity benefits.

The Pre-Employment Training Course

In total, the two-day PET course was run 11 times by the CC and five training providers (hereafter given pseudonyms) at various locations across the city situated in priority neighbourhood areas. The CC ran four courses, Red provider and Green provider each ran two and Yellow provider, White provider and Purple provider each ran one. A further provider, Orange, was involved in running crèche facilities for participants' children. The course structure and design were developed by the CC and the company, drawing on the council's experience of providing PET programmes. The proposed course format was then discussed and shared with trainers from the other providers at a half-day meeting. It was agreed that individual trainers could use their prior experience of delivering PET courses and knowledge of the client group to adapt the sessions as appropriate. For example, trainers concerned about participants' literacy skills could modify exercises requiring reading and writing. In one case, the training was offered over three shorter days to help meet the needs of participants with child care responsibilities. The courses were delivered in an informal, interactive workshop style with the trainer adopting the role of group facilitator. Each course was attended by approximately ten people. The training consisted of six modules; four delivered by the provider and two by the company. These are outlined below, along with a summary of the sessions (as observed by the research team).

Module 1: The company – its history, values, growth and the new store

The first session was conducted by a representative from the company who presented an overview of the business, its history, values, growth, and the new store being established in Bluetown. Course participants asked questions about the number of jobs, recruitment and selection process and length of time before they would hear whether they had been successful. Participants were told that they would have another chance to put questions to the company's representative in the final session of the course.

Module 2: Introduction and ice breaking

Sessions 2 - 5 were conducted by the provider. Some of the course participants were already receiving support from the provider in Bluetown, but the trainer had not previously met these individuals as she came from a different branch office. She conducted a few icebreaking exercises to facilitate introductions within the group. The participants worked in pairs to find out about each other's backgrounds and reasons for attending the course before being given the task of introducing their partner to the whole group. By the end of the session, the participants were starting to interact more confidently and to express their views. The trainer also used the session to identify and explain the course objectives and to develop a charter outlining her expectations of intra-group behaviour.

Module 3: MAAPS (Measuring Attitude, Aptitude and Personal style)

This exercise was designed to help participants learn about their personality type (e.g. extrovert, leader, creative, motivator, companion) and to provide a vehicle for discussing these. The trainer presented the topic using slides to explain how Carl Jung, a Swiss psychiatrist and founder of analytic psychology, categorised human beings into 16 personality types. The activity required reading and writing. Some participants needed extra help to understand the task and to complete the activity. By the end of the

session, each participant knew their personality type, according to the model, and the particular associated strengths.

Module 4: Motivation - SWOT (Strength, Weakness, Opportunities & Threats) analysis

This session entailed group work to discuss what 'motivation' is and how important it is for participants to be motivated in order to achieve any goal in life. The trainer explained the characteristics of motivated people and circulated handouts outlining such characteristics. The session was linked to SWOT analysis in which participants had to think about their strengths, and weaknesses, opportunities that could help them succeed in life, and any potential threats that they might face. This involved a great deal of discussion and interaction in the group.

Module 5: Interview techniques

This session provided mock interview practice, with participants taking turns to play the roles of interviewer and interviewee. Factors such as body language, communication, outlook and confidence were discussed. The session also provided an opportunity for participants to practice for the company's group assessment exercise. Two groups were created, with each being given the task of analysing the pros and cons of a piece of furniture and working out how to sell it to customers. Each group selected a representative to present the group's sales pitch to the trainer, who played the role of a customer. The participants found this session extremely useful as it provided them with practical experience of interviews and helped prepare them specifically for the group assessment.

Module 6: Question and answer session

The final session was delivered by the company's HR representative. She answered specific questions from participants about the nature of the jobs and opportunities and the assessment procedure. At the end of the session, participants were also given the

chance to raise questions with a representative from the CC before they were each handed a letter telling them the date to attend the group assessment.

The sessions were delivered in an interactive atmosphere and made use of group activities, pair work, presentations, discussion, and question and answers. All participants admired the trainer for quickly putting them at their ease, making the sessions participatory and addressing their individual concerns and needs. Refreshments and lunches were provided during (all) the courses.

Findings and Analysis

For the purposes of this paper, our analysis focuses on two areas, firstly, the location of this initiative in existing pre-employment programmes and funding arrangements and, secondly, on the nature of the training providers involved in delivering the initiative.

Locating the Initiative in other Programmes

As mentioned earlier, the agreement between the company and the CC was negotiated under the UK's planning law (Section 106). The use of 106 for the purpose of pre-employment assistance for unemployed groups was innovative. Usually it is used to extract commitments from developers to contribute to the local physical environment. However, the framework within which the initiative was implemented was located within two other programmes (*Skills for Jobs* and *Local Employer Partnerships*). This background is important as it helps illustrate the complex inter-play between public policy and the array of government agencies and other types of organisations through which the state is currently attempting to reconcile economic and social problems through welfare to work reforms. It is this policy and practice complexity that we are arguing is constitutive of the state's current approach to dealing with what we have indicated in this paper is a longstanding 'problem'.

The CC obtained funding from the LSC's *Skills for Jobs* programme. The LSC is allocated funding for *Skills for Jobs* from the DWP, which in turn has obtained the financial resources to

support this area from the European Social Fund (ESF⁸). The *Skills for Jobs* programme is an umbrella for a range of activities targeted at helping disadvantaged groups to access training and employment, including information, advice and guidance, pre-employment training and ongoing individualised support.⁹ The discourse associated with the Skills for Jobs programme chimes with Ritchie et al's (2005) analysis that welfare to work interventions should include pre-employment support as part of an ongoing assistance and support package for disadvantaged individuals, their families and communities. It is interesting, therefore, to see how this approach translates into a funding arrangement for providers delivering their Skills for Jobs contract. The mechanism allows for payment in relation to three stages or milestones: 1) the enrolment of an individual and his or her start on a course of support; 2) when the individual gains employment (at least 16 hours a week or eight hours if on incapacity benefit) and within 13 weeks of starting the programme; and 3) if the individual sustains employment for at least 13 weeks. In financial terms then the concept of pre-employment assistance amounts to an initial three month period and ongoing assistance to a further three months support for those who secure jobs.

The second policy instrument within which the supported recruitment process is located is the *Local Employer Partnership* (LEP). LEPs are developed by Jobcentre Plus to provide employer-linked pre-employment training and assistance to its priority groups. These are the same groups that attracted additional points in the CC's part of the application screening process mentioned above. The LEPs are positioned as a 'partnership deal' involving Jobcentre Plus and employers that is supported by two government departments, the DWP and the Department for Business, Innovation and Skills (DBIS) and by the LSC, which is responsible for contracting with providers to deliver the pre-employment training and assistance (<http://www.lsc.gov.uk/providers/local-employment-partnerships/>, Accessed 21 Sept 09). DBIS¹⁰. The bringing together of these actors through an initiative such as the LEP, which forms an important underpinning of the CC – company partnership, is illustrative of new attempts in England to bring the 'work first' logic of the DWP and the 'learning first' logic of DBIS/LSC

⁸ According to the official website (http://www.esf.gov.uk/introduction_to_esf/) 'The European Social Fund (ESF) was set up to improve employment opportunities in the European Union'.

⁹ See http://www.lsc.gov.uk/providers/Data/datadictionary/businessdefinitions/Skills_for_Jobs_Business_Def.htm accessed 21 September 2009

¹⁰ In yet another change to government architecture in England, the LSC will be replaced in April 2010 by two new bodies: a) the Skills Funding Agency – responsible for education and skills from age 19+ (excluding higher education); and the Young People's Learning Agency – responsible for education and training from age 16-19.

together. The point we are making here is that the initiative negotiated between the CC and the company is rooted in existing policy, practice and funding frameworks, which involve a range of national and local government departments and agencies, providers and funding obtained from the European level via the ESF as well as through the use of Section 106.

The CC's use of planning law via Section 106 was seen by Jobcentre Plus as a powerful way to lever employer engagement with groups normally highly disadvantaged in the labour market, as unlike the LEP, it allows for the signing of a legally binding agreement. In effect the approach created a new type of LEP, with the CC rather than Jobcentre Plus, in the role of principal partner with the employer. The use of Section 106 allowed a shift to occur in the locus and strength of control within the 'partnering landscape':

"They [the CC] were in the driving seat because of the 106 Agreement. In previous openings and what had happened ... was that Jobcentre Plus would have been in the driving seat because we would have had the money through *Skills for Jobs* and negotiated that."
(Manager JCP)

The emergence of a new configuration of actors involved in the sub-system at city level provides evidence of the dynamic interplay between levels of government in response to the welfare-to-work policy agenda. It also reveals that the benign rhetoric of partnership masks the existence of power relations in play in this field of policy reform and the conditions that exist for inter-actor competitiveness. We now turn to the group of training providers who the CC sub-contracted to deliver the PET course and assistance to participants in the initiative.

Provider Landscape

All the providers had experience of working with the unemployed in Bluetown and of conducting PET. The organizations were 'delivery partners' for a range of other schemes funded by various government departments and agencies and funding streams. Whilst the unemployed were an important client group for all the providers, there were differences in the extent to which they focused on groups with particular sorts of, or multiple, disadvantages. In this regard, we

identified a spectrum with some organisations focusing mainly on individuals that are relatively easy to place in jobs and others focusing on those for whom employment was a distant prospect because of their complex and severe needs (e.g. relating to homelessness, drug addiction, medical/psychological incapacity, criminal offences). This distinction was identified by the manager of Red, a long established charity working with individuals with mental health problems and other disadvantages:

“Over the years we’ve become more and more specialised, partly because there have been other people picking up other people, so probably our specialism now is we’re very much at the caring end rather than the commercial end of the voluntary sector as the sort of voluntary sector splits a bit into those two areas.” (Manager, Red)

The following three examples drawn from our interviews illustrate some of the similarities and differences between the organizations operating in this field in terms of their model of working, funding and core target groups. The organisations all espouse a caring and supportive attitude towards their clients but within this they have different priorities and expectations about placing their clients into employment.

Box 1: The White Organisation

White was started about four years ago as the ‘social enterprise’ division of an existing well-established local charity providing hostel accommodation to homeless people and assisting them in relation to their often underlying problems of drug and alcohol addiction. White aims to offer the charity’s clients some ‘meaningful activity’ as well as shelter. The idea is to collect redundant computers from local businesses in order either to dispose of them correctly or to refurbish them for use by people, who would otherwise not have access to computing equipment. The enterprise provides many opportunities for ‘clients’ to be given training in computer repair, basic computing skills, warehouse management, fork lift truck driving and so on. In line with the government’s ‘meaningful occupation agenda’ which is allied to the goal of reducing the number of people claiming Incapacity Benefit (about 80 per cent of homeless people are on this sort of benefit), the project has been awarded contracts by the CC and LSC to try and engage ‘hard to reach’ groups through training (*Skills for Jobs*). It also works in partnership with other providers such as to deliver provision to the homeless, offenders and excluded school students. The manager of White explained the challenge of integrating clients back into mainstream society:

“Our hard to reach clients are just somewhere very different. And for our adults that use us, they’ve had really bad experiences of being in school and the whole thing is... a lot of the people that come in here don’t have reading and writing skills.... I have very few incidents within here because they just want to be here, they just want to engage, and that’s been a really good thing to see. But when you try and get them to move on to the next step.... that becomes a whole different thing, because they’ve been so isolated from the mainstream society they have a real problem breaking back in.” (Manager, White P.4)

White sees itself as working at the caring end of the spectrum with the hard-to-reach end of the unemployed pool, and with people who have multiple needs. Its clients require substantial and long-term support, within which opportunities for learning play an important role. They are a ‘not for profit’ organization; any proceeds from the project are reinvested in activities for their client group or are transferred to the parent charity.

Box 2: The Green Organisation

The Green organisation is a charity that was created nearly ten years ago with the purpose of helping people in the local area get into training and employment. Green has a variety of contracts to provide training and entry to employment provision free of charge to clients. The manager summed up the organisation's approach:

“a lot of what we do I think is underpinned by four things is what I would say. Confidence building, self-esteem, aspiration and motivation, and those four things have underpinned most of our work, because it's all about progressing people. And I think one of the things I will just say as well is that we really do work on the theory that as long as people are engaging with us, even if they go into work and they come back, as long as they keep engaging, that's the success story of Green, it's not that we just get them into a job and leave them, it's that we're there for them as long as they need us” (Manager, Green organisation)

The manager estimates that 80 per cent of its activities are funded by contracts and 20 per cent from donations and fund raising. Each year Green bids for an annual grant from the CC, which provides it with some core funding, but forms a small part of its total revenue.

Initially, Green focused mainly on young people not in education, employment or training (NEETs) including those aged 14 to 16 who have been excluded or are at risk of exclusion from school. More recently it has developed provision for adults and now about 50 per cent of its activities are with people aged 25 or over. Green has two drop-in centres one in Bluetown and one in nearby town where it offers courses, and information, advice and guidance services. It is also particularly interested in helping lone parents, those from minority ethnic groups and refugees but the organisation's activities are strongly influenced by the funding it manages to attract and what funding is available. This means that Green has to have a flexible approach to its work and to be prepared to tender for available contracts. The focus of its activities and the target groups it is working with at any particular time are dependent on the funding it has managed to secure through competitive tendering processes.

In addition to the CC, Green either contracts with or is contracted by other local organisations including the city's Further Education College, CC, Jobcentre Plus, other training providers, and voluntary groups.

Box 3: The Purple Organisation

Purple organisation defines itself as a public, private, voluntary partnership, which was established nearly ten years ago. The partners include an international private sector training provider, a large international charity, an international IT and services company and a government-owned organisation. It is profit making, but its website declares: *“Profit is not our main focus. Our shareholders endorse the organisation’s social purpose and are interested in how we can create long term value”*. Purple is a large provider operating across the UK bidding for large contracts from government departments and agencies. It has a strong focus on placing the unemployed in jobs and on those working under 16 hours a week. It runs a job club and actively looks for employment opportunities that it can match its clients to. It also provides training courses, including pre-employment training, information, advice and guidance.

The manager of Purple observed:

“it [Purple] was set up to help unemployed people return to work. But [Purple] is a very forward thinking company so they do everything really differently. They try to look at it a bit entrepreneurial rather than looking at the restraints, and what they do just seems to really be working. We were set up in 2000 and to date we’ve helped over 100,000 people back to work.”

The focus of Purple is on identifying employment opportunities and placing its clients, and sustaining their employment for at least 13 weeks so that it benefits as far as possible from funding arrangements which reward job placement and maintenance. The organisation presents itself as entrepreneurial and commercial, with a strong belief in the benefits that a ‘work first’ approach can bring to the individual and society.

The organisation has relationships with other providers and there is some cross-referral of clients, particularly, as the manager explained those likely to be harder to place:

“We do refer into other charities and organisations, not necessarily unemployment charities because we like to think we can do that and do it quite well. But for example if someone to join our books and they had a drug or alcohol problem, then we might refer them into a charity that could help them - that sort of thing...”

These three cases provide an indication of the diverse types of organisation, their foci and funding models, operating in the area of PET and job placement and which were contracted by the CC to deliver the course as part of the supported recruitment process. Other providers included a well-established Christian-based charity focusing on the long-term unemployed, people with mental health problems and disabilities and a not-for-profit community activist organisation undertaking community development work including training and family learning but which is now also gaining contracts which put the emphasis on employment:

“I suppose in terms of where [Yellow] is coming from it was...you know, we didn’t start off by doing the employment focused bit, we were more interested in the skills people how to be active in their communities.” (Manager, Yellow)

She went on:

“So the employment bit is a sort of part of it rather than the only part of it. So you see it’s not the whole purpose of ...[Yellow’s] work is certainly not only being employment related, it’s being about building up the skills of people involved in the community sector both for their own personal development but also so that the community sector has got better volunteers and better people out there doing better work.”

The providers were reliant on the funding attached to contracts to add to their other funding streams (e.g. core funding from the CC, donations) to enable them to stay ‘in business’ and fulfil their various missions. The tension for those at the ‘caring end’ of the spectrum was that the focus of publicly funded contracts has increasingly been directed towards employment. The example of *Skills for Jobs* was used to illustrate this:

“... *Skills for Jobs* only has employment outcomes. I mean obviously every contract will have its own targets, so *Skills for Jobs* has specific outcomes, which are jobs basically. So it’s “did they get a job” and “did they stay in a job for so many weeks or months.” (Manager, Red)

The relationship between the goal of employment and the support required to help particularly harder to reach groups to get jobs preoccupied several of the providers we interviewed. In particular, as the quotation below from the manager of Red shows, they were grappling with, on the one hand, the government's welfare to work agenda which privileges work (as the route to economic and social benefits) and promotes the individual's responsibility to be or become 'employable' and, on the other, their practical experience of working with people who have perhaps been 'damaged' through their previous work or who are not in a position to gain or hold down a job.

“If someone has a specific “I’ve got a job”, that can lead to all sorts of positive social and psychological outcomes for them. The equation, or if you like the aggregate equation, everyone in work is happy and everyone outside of work is... is an interesting equation but clearly at the individual level there's lots of issues and a lot of people who have become unemployed or become mentally ill, it's because of the stress of their job, and simply to get any job isn't necessarily good for people, which is if you like the...certain sectors of government would equate that. However, nevertheless, for people to get jobs can be extremely positive for them in terms of their well-being. I think we tend to work with...but actually for a lot of people who are very stuck we've got to get them unstuck first before you can get them into a job and therefore we're trying to deal with the social and psychological levels first, so therefore employment is an important part of both getting people out of poverty ... but it's not as simple as some of them make out.” (Manager, Red)

The third sector organisations involved in the delivery of the PET course were interconnected, as they were often delivery partners on various publicly funded initiatives. They form part of a network of support that exists for disadvantaged groups in Bluetown. Although providers may be increasingly reliant on public funding associated with initiatives being created in response to Government policy, they can still exercise 'agency' within the system. In addition, they often have a long history of involvement with disadvantaged people, expertise with particular client groups and memory of previous local and national government initiatives. This local capacity is an extremely valuable source of knowledge and understanding about what, in terms of pre-employment activity in the city, works for which groups and why.

Some providers argued that public policy in the area of welfare-to-work has been placing an increasing emphasis on economic goals. This is manifested through the use of outcomes-based funding arrangements (where the distribution of payments to providers is weighted towards the clients starting and keeping jobs for a set period). One effect of this is that providers are more likely to ‘cherry pick’ clients who they believe will find it easier to gain employment and to pay less attention to those who face multiple barriers to employment. Programmes that focus too strongly on getting people into jobs rather than on helping them become employable were criticised by some providers and were seen to raise moral issues if people were pushed into any available job, irrespective of their interests, experience or aspirations. Providers who have traditionally focused on the ‘harder to reach’ find themselves having to develop strategies to manage this tension by extending their objectives and finding creative ways to ensure that they can still meet the needs of all their clients.

In the final section of this paper, we discuss our findings in terms of the changes being associated with the changing role of the State in addressing unemployment and disadvantage through welfare to work policies and the range of actors involved in their delivery.

Discussion and Conclusions

In contrast to debates about the changing role of the state led by writers such as Jessop (1993, 2002) and the increasing role of privatisation in compulsory education led by Ball (2009, 2007), which portray these developments in generally negative terms, we have drawn a rather different set of conclusions.

The picture revealed through our research into the initiative described above provides evidence about an innovative attempt to use pre-employment preparation, tied to the prospect of an authentic job offer, to assist a ‘client group’ into work and to improve their ‘employability’. Our analysis suggests that the case is illustrative of the new ways in which government policies across the areas of welfare, training, employment, urban regeneration and now planning, are being combined in an evolving model of the state and are being enacted by a range of actors. A recent illustration of this process is provided in the 2008 All Party Urban Development Group

report which presented evidence on ways in which local people can, and from the perspective of the report's authors *should*, benefit from regeneration activities by gaining access to training, skills and jobs that will help them participate in the building of new facilities and the associated jobs this creates in sectors such as construction and retail. (Betts et al, 2008) The mechanism of public – private partnership between developers, incoming companies and local authorities is promoted as the key strategy, through provisions such as Section 106, for achieving what are viewed as shared public – private goals (ibid).

However, the historical account presented in the first half of this paper shows that the dilemmas and challenges involved in addressing unemployment as a public issue and the involvement of a diverse range of providers are not new. In particular, the notion that publicly funded support for those out of work is conditional on their engagement in the changing activities and interventions offered by the state has been a longstanding theme. The developing character and scope of public policy in this area is associated in Britain, and other industrialised countries, with the creation of the welfare state in the 1940s and the possibilities for public intervention and services to which this gave rise. More recently, the debate, as we have discussed above, led by writers such as Jessop (1993, 2002) has turned to questions about whether the state is now in transition to a new 'competition' or 'workfare' model characterized by 'active labour market policies' and 'de (or re-) statization', a trend reflecting the increasing detachment of the state from the provision of public services. A very different interpretation of 'active labour market policies' would argue that they provide an important means for the state to intervene in times of economic turbulence (for example when a large company employing many people was in danger of closing) to support workers through re-training and/or the maintenance of jobs over a difficult period. Nickel and Layard (1998) argue that this means these policies can actually help to square the circle of competitiveness and social cohesion (see Green et al, 2009, for further discussion).

The narrative of the competition state suggests that welfare-to-work policies are designed to tackle unemployment and other skills-related issues by enhancing the quality of labour in order to improve national success in a globalised economy. The associated policy discourse includes the state's attempts to create a more highly skilled and qualified labour force through the expansion of higher education and its preoccupation with moving people off welfare benefits and into jobs. In relation to the unemployed, as we have seen from the research presented in this

paper, the policy goal is to reduce the ‘deficits’ of the unemployed by offering (or even compelling them) to participate in activities such as pre-employment training, guidance sessions and jobs clubs. There may, as in the case of LEPs, be a link between these activities and potential jobs with a specific employer.

The evidence from our providers suggests that, even if we accept that welfare-to-work policies are a genuine attempt by policymakers to re-include sections of the population, such initiatives are unlikely to be sufficient to meet the complex needs of some groups. This may well be the case irrespective of whether the economic conditions at the time are creating high or low labour market demand. Nonetheless, evidence from the Bluetown initiative does raise the issue of employer involvement as ‘partners’ in the delivery of publicly funded programmes and their autonomy vis-à-vis other actors in the partnership. Further comparative research would help reveal whether this type of employer engagement is specific to the UK or a more general feature of employer action across the EU. It could also explore the involvement in and attitudes of Trades Unions to this type of engagement across countries with different traditions and experience in this area.

As our research into the role of city region actors in shaping and implementing public policy is extended to cities in other parts of England, we will have the opportunity to develop our understanding and conceptualization of the changing relationship between the state and intermediary stakeholders at the meso level. In this paper, we have suggested that the notion of ‘restatisation’ provides a useful starting point for thinking about the relationship, but the work in other cities will enable further exploration to take place. In particular, we will consider the extent to which the idea of ‘restatisation’ can capture the way in which the market for services in the area of pre-employment training and other publicly funded training interventions has grown in recent years, and the dynamic nature of the state that this presupposes. This is increasingly being expressed in policies which seek to promote the use of public procurement and public sector contract compliance designed to increase employer involvement in the provision of skills, training, and jobs as part of firms’ corporate social responsibilities and contribution to the regeneration of disadvantaged localities and reskilling and upskilling the workforce. For example, the recent *Skills for Growth* White Paper (DBIS November, 2009 p. 15) states:

The Government spends over £220 billion a year on its procurement of goods and services. We want those who undertake government contracts to play their part in raising the skills of the workforce by investment in skills training and apprenticeships.

We also argued earlier in the paper that the state has a relatively long history of sub-contracting the delivery of public services and programmes for the unemployed to private, public and voluntary sector provider organisations. The evidence from the providers included in our research indicated that some had been established for many years and had a lengthy track record of undertaking publicly funded work in support of government (local and national) schemes. In addition, the evidence suggested that the UK providers were used to forming partnerships (often either sub-contracting to, or being sub-contracted by other providers in our sample) to deliver contracts. Our research has identified a range of actors involved in sub-systems at the city level that are being formed, dissolved and reconfigured to provide publicly funded services. They are relevant to the shaping of, and in turn are being shaped by the state's evolving welfare-to-work policy and relationship with the voluntary sector and new types of public/private/voluntary providers.

What emerges from this analysis is a differentiated picture of providers' reasons for seeking sub-contracts from agencies overseeing the delivery of education and training or accepting sub-contracts from other providers who have been awarded sub-contracts. At one level, the reasons run along a continuum starting with not-for profit providers who have a longstanding philanthropic commitment to combat disadvantage and social exclusion (as in the case, for example, of White organization), and ending with providers who have used the privatisation of education and training as an opportunity for entrepreneurial development (as in the case, for example, of Purple organization).

At another level, it is apparent from the missions of the providers in our sample that they all revolved around caring and support for individuals with complex needs. Providers all viewed the provision of learning opportunities and training as important and valuable. Most did not adopt a 'work first' perspective as employment was generally seen as a longer-term aspiration for many of their clients. The discourse surrounding the initiative was supportive, with the tool of pre-employment training seen as a positive activity. However, there was a tension between this and

the use of *Skills for Jobs* funding which was skewed towards the achievement of employment outcomes, within a three month period. This tension provides some evidence to support Jessop's (2002) contention that contemporary social policy is secondary to the achievement of economic goals.

In relation to the role of the State in the case of the UK, our analysis suggests a strengthening over the past 30 or so years of both government and governance with regard to the construction and management of welfare-to-work (and more broadly publicly-funded vocational education and training) policies and provision. Whilst the concept of 'de-statisation' holds in terms of the way in which the State has devolved responsibility for provision to a quasi-market of public-private partnerships, the State itself has engineered a situation in which the providers have been drawn into a large and expanding government-controlled tent. Over time, welfare-to-work and training providers (public, private and third sector) have come to be very dependent on staying inside the tent due to the increased opportunities to access funding. Latest available figures show that in 2006/07, 71% of voluntary organizations involved in employment and training services were entirely dependent on government funding, which then amounted to £0.9 billion. (Clark et al, 2009) An important feature of this increased dependency is the shift from government awarding grants to a much greater use of contracts for delivering pre-specified services, pitching organizations into a constant bidding war. This, in turn, has encouraged growth of larger organizations with the resources and capacity to chase funding. There is, of course, continued debate about this dependency, particularly among third sector, not-for-profit organizations. A 2008 report reviewing the Compact between the third sector and government stressed that:

The underlying philosophy of the Compact is that voluntary and community activity is fundamental to the development of a democratic, socially inclusive society. Voluntary and community groups, as independent, not-for-profit organisations, bring distinctive value to society and fulfil a role that is distinct from both the state and the market. (Rocket Science UK Ltd, 2008 p. 5)¹¹

¹¹ The *Compact on Relations Between Government and the Voluntary Sector*, launched in 1998, is an agreement to improve relationships between government and the voluntary sector to mutual advantage.

As our research findings show, third sector providers are clearly playing a crucial role in the field of welfare-to-work in Bluetown, but the extent to which that role is distinctive in relation to the state and the market needs careful consideration. We would argue that the distinctiveness rests in the person-centred approach of the providers and their long-term commitment to caring for the holistic needs of individual clients. Once an individual comes under the care of a provider, the objective is to provide a continuity of service within and despite of a very fragmented landscape of initiatives and schemes, with the ultimate aim of eventually helping the client to move forward. The providers are, however, on a spectrum in this regard. The Purple organisation could be said to lie much closer to the state-controlled end of the spectrum in that its primary goal is to move clients on by assisting them into work as quickly as possible, so as to maximise its government funding. In contrast, the Red organisation is more representative of the traditions of the charitable and voluntary sector in that its focus is primarily on helping to address its clients' often multiple and complex needs; getting them to the point when they could secure and sustain employment is seen as a longer term aspiration.

As the range of government-led and funded initiatives has expanded and diversified, so too have the providers adapted and extended their own capabilities in order to capitalize on the permissive social policy climate. They have learned to survive and prosper through becoming expert in accessing funding, in adapting existing services to suit the new ideas of in-coming government ministers, and to organize their systems and procedures to ensure targets are met and inspections passed. In turn, the state has an army of compliant and largely silent organizations, kept busy by continued chasing of contracts and meeting audit requirements.

In their study of regional economic development and what they term the 'institutions of innovation' (the firm, the region and the State), Cooke and Morgan (2008 p. 19) conceive the State as playing the role of 'animateur' in that it has the power (through regulation and sponsorship of activity) to create a milieu for innovation. They argue that, over the past fifty or so years, there have been two main ideological waves of thought in relation to the state's role, each with limitations: a) the Keynesian state-centred approach; and b) the neo-liberal approach of privileging the market over the state. In contrast, they promote a newer third wave, which they see as being 'associational' in character (seeking to empower intermediate associations that lie between the state and the market). In the latter approach, the State creates the conditions (formal

framework and informal norms of trust and reciprocity) whereby firms, intermediate associations and public agencies can engage in a self-organised process of interactive learning. In this model, the state remains the only institution to have overall responsibility for social cohesion and the integrity of the national system of innovation. For this to be achieved, it is imperative that power is devolved to local and regional tiers. Trust is also a key factor (drawing on Fox, 1974) in terms of the relationships between the State and the regional/local actors and is part of the ‘associational repertoire’ that underpins this approach. This then begs the question: is the associational approach a reflection of what Jessop calls ‘restatisation’? In stressing the importance of the state’s role in creating the conditions that facilitate innovation and learning at the meso level, Cooke and Morgan (1998) show the potential for different interpretations of how ‘restatisation’ (and its accompanying concept of ‘governance’) might evolve.

More research is needed to map the full range of organisations involved at the meso level in post-compulsory education and training (including welfare-to-work), their models of ownership and organizational goals, and to evaluate fully how far current theories of the state can explain this landscape. Our ongoing research aims to reveal the role of the city-region in this picture and its use of education and training to achieve both competitiveness and social cohesion goals.

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